

## **WAGGA TANK-SOUTHERN NIGHTS RESOURCE UPGRADE DRILLING UNDERWAY**

- Drilling is now underway at Wagga Tank and Southern Nights as part of a program to upgrade the current Mineral Resource Estimate (MRE)
- The program is to comprise ~10,000m of RC/Diamond drilling
- The objectives of the drilling are to:
  - increase the quality of the MRE by converting further mineralisation to the Indicated Resource classification
  - increase the quantum of the MRE by adding further mineralisation at both Wagga Tank and Southern Nights
  - test for extensions/additions to the mineralised system away from the Wagga Tank and Southern Nights mineral resources
- An updated MRE will form the basis for a formal Scoping Study; an internal Scoping Study is underway
- Metallurgical testwork remains ongoing with additional material selected for an expanded testwork program

Peel Mining Limited (ASX: PEX) ("Peel" or the "Company") is pleased to report drilling has resumed at its 100%-owned Wagga Tank-Southern Nights project, south of Cobar in western New South Wales, with two multi-purpose (RC/diamond) drill rigs recently commencing activity on site.

In July 2019, a maiden Indicated and Inferred Mineral Resource Estimate (MRE) for Wagga Tank-Southern Nights of **3.8Mt @ 5.5% Zn, 2.1% Pb, 75 g/t Ag, 0.27% Cu and 0.31 g/t Au for 9.2% Zinc Equivalent<sup>1</sup>** was published.

The drilling program will comprise ~10,000m of RC and diamond drilling and is designed to continue to progress the Wagga Tank-Southern Nights Project towards development. Drilling will primarily target higher grade areas of Inferred Resource with the aim of increasing confidence in these areas by converting further mineralisation to Indicated Resource classification.

Drilling will focus initially on Wagga Tank where the quality of historical drilling impacted the resource confidence in the recently released Maiden MRE (see ASX release dated 12 July 2019). Infill drilling combined with drilling to confirm historical high-grade intercepts presents a good opportunity to rapidly improve the scale and quality of the Wagga Tank Mineral Resource.

Further infill drilling at Southern Nights will target higher-grade Inferred Resources to continue to improve resource confidence. In addition, step out drilling has been planned along strike and down dip of the main resource area, testing for extensions to grow the overall resource base.

Drilling is also planned within the Corridor Zone (between Wagga Tank and Southern Nights) targeting an offhole electromagnetic conductor associated with a massive sulphide drill intercept of 14.45m @ 2.43% Cu, 2.67 g/t Au, 123 g/t Ag, 2.58% Zn, 0.87% Pb from 435.55m in WTRCDD123.

**(<sup>1</sup> See also Pages 2/3 for further information and details of the Mineral Resource and Competent Person Statements.)**

On completion of drilling, an updated Mineral Resource Estimate will be undertaken which will then form the basis of a formal Scoping Study. In the meantime, an internal Scoping Study, which is now underway, will be completed to aid with the formal study process.

Metallurgical testwork remains ongoing with additional material being selected to characterise a wider variety of mineralisation styles. This work coupled with geotechnical assessments will provide input into the planned Scoping Study.

The Company will provide further information from the exploration and resource drilling at Wagga Tank and Southern Nights as results are received and interpreted.

**For further information, please contact:**

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**Competent Persons Statement Resource**

The information for the Southern Nights and Wagga Tank Mineral Resource included in this report is extracted from the ASX announcement dated 12<sup>th</sup> July 2019 – Robust Maiden Resource Confirms Outstanding Mining & Growth Potential at Southern Nights-Wagga Tank and is available to view on Peel Mining’s website. Peel Mining confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Peel Mining confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

**Table 1 – Southern Nights and Wagga Tank Mineral Resource (3.5% ZnEq<sup>1</sup> cut-off)**

Mineral Resource Estimate for the Southern Nights Deposit							
Resource Classification	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Indicated	1,126,000	8.8	3.5	107	0.28	0.44	14.3
Inferred	2,106,000	4.5	1.5	69	0.14	0.13	7.2
<b>Total Resource</b>	<b>3,232,000</b>	<b>6.0</b>	<b>2.2</b>	<b>83</b>	<b>0.19</b>	<b>0.24</b>	<b>9.7</b>
Mineral Resource Estimate for the Wagga Tank Deposit							
Resource Classification	Tonnes (t)	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Inferred	532,000	2.4	1.2	31	0.74	0.77	6.6
<b>Total Resource</b>	<b>532,000</b>	<b>2.4</b>	<b>1.2</b>	<b>31</b>	<b>0.74</b>	<b>0.77</b>	<b>6.6</b>
Mineral Resource Estimate for the Southern Nights and Wagga Tank Deposit							
Resource Classification	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Indicated	1,126,000	8.8	3.5	107	0.28	0.44	14.3
Inferred	2,638,000	4.0	1.4	62	0.26	0.26	7.1
<b>Total Resource</b>	<b>3,764,000</b>	<b>5.5</b>	<b>2.1</b>	<b>75</b>	<b>0.27</b>	<b>0.31</b>	<b>9.2</b>

**Note:** Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding. 1 - Zinc equivalent (ZnEq) has been calculated using assumptions regarding metal sale prices detailed on pages 3 & 4 and in Table 3 of this announcement. It is Peel Mining’s opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

**Zinc Equivalent**

For the reporting of the Mineral Resource Estimate, a 3.5% Zinc Equivalent cut-off grade has been used for an assumed underground mining resource. The Zinc Equivalent grades have been calculated for both the zinc

dominated and copper dominated material which contains potentially economic quantities of zinc, lead, copper, gold and silver. The formula used has been based on the following price assumptions (in Australian dollars): Zinc - \$3,450/t; Lead - \$2,685/t; Silver - \$20/oz; Copper - \$8,350/t; Gold – \$1,880/oz.

The Zinc Equivalent values have been calculated for each estimated block.

**Table 2 – Zinc Equivalent Assumptions**

Metal	Price A\$	Unit	Metallurgical Recovery	ZnEq Factor
<b>Zinc</b>	3,450	t	90%	1
<b>Lead</b>	2,685	t	81%	0.7
<b>Silver</b>	20	oz	81%	168
<b>Copper</b>	8,350	t	81%	2.18
<b>Gold</b>	1,880	oz	81%	15,768

The Zinc Equivalent formula is:

$$\text{ZnEq \%} = (\text{Zn\_ppm} + (2.18 * \text{Cu\_ppm}) + (0.70 * \text{Pb\_ppm}) + (15,768 * \text{Au\_ppm}) + (168 * \text{Ag\_ppm})) / 10000$$

#### **Competent Persons Statements**

The information in this report that relates to Exploration Results is based on information compiled by Mr Rob Tyson who is a fulltime employee of the company. Mr Tyson is a member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Tyson consents to the inclusion in this report of the matters based on information in the form and context in which it appears. Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures.