

GREEN LIGHT TO ADVANCE MALLEE BULL VIA EXPLORATION DECLINE

- Peel Mining and CBH Resources to seek regulatory approval to develop an exploration decline at Mallee Bull to ~300m below surface
- The objectives of the exploration decline are to enable:
 - diamond drilling and exploration from underground with the intention of increasing the scale and quality of the resource (initially in the upper 300m, and then below 300m below surface where broad, high-grade copper intercepts have previously been returned)
 - the advancement of current mineral resources to a mining inventory
 - mining of a bulk sample from the high-grade, near-surface Silver Ray Lode for trial processing at CBH's Endeavor Mine
 - testing for extensions/replications proximal to deeper, high grade intercepts (e.g. 84m @ 4.42% Cu, 38 g/t Ag, 0.14 g/t Au from 575m in MBDD009W2W1)
- Successful exploration will see the JV seek approval for a full-scale mining operation
- Revenue generated from bulk sample is anticipated to provide significant contribution towards offsetting of capital costs

Peel Mining Limited (ASX:PEX) (Peel) is pleased to provide an update on the Mallee Bull copper-polymetallic project following the completion and in-depth review of recent development studies. The Mallee Bull project, located near Cobar in western NSW, is a 50:50 Joint Venture with CBH Resources Limited (CBH), a wholly owned subsidiary of Toho Zinc Co Ltd. CBH is a significant producer of zinc, lead and silver operating the Endeavor mine at Cobar, and the Rasp mine at Broken Hill. CBH also owns and operates a concentrate ship-loading facility at Newcastle.

Peel and CBH have agreed to seek regulatory approval to establish an exploration decline to enable definition drilling and exploration from underground of the deeper portions of the deposit, and to obtain a bulk sample of the Silver Ray zinc-lead-silver lens for processing at CBH's Endeavor Mine. Exploration declines are a common method of de-risking underground mining developments, particularly in NSW. Current examples include Aurelia Metals and Evolution Mining, with both groups announcing plans to construct exploration declines at their respective Peak and Lake Cowal operations.

Following the finalisation of development studies into the project's advancement, an exploration decline has been deemed by Peel and CBH as a low risk path to unlock the value of the multitude of high-grade base metals-rich drill intercepts recorded at Mallee Bull. Deeper drilling at the project has returned many exceptional intercepts highlighting the project's strong economic potential, with better intercepts including:

- 72m @ 2.11% Cu, 41 g/t Ag, 1.13 g/t Au from 363m in MBDD002
- 53m @ 4.08% Cu, 42 g/t Ag, 0.22 g/t Au from 470m in MBDD009W1
- 69m @ 3.48% Cu, 34 g/t Ag, 0.14 g/t Au from 533m in MBDD009
- 84m @ 4.42% Cu, 38 g/t Ag, 0.14 g/t Au from 575m in MBDD009W2W1

Successful underground exploration will see the JV seek approval for conversion to a full mining operation, with the benefit of established infrastructure, sunk capital costs and a streamlined regulatory approvals process. Regulatory approval for the exploration decline is anticipated to take between 6-12 months and is being sought via a Review of Environmental Factors (REF) which is being submitted to the NSW Department of Planning and Environment – Resources Regulator.

The high-grade bulk sample from the Silver Ray lens is anticipated to contribute significantly towards offsetting of capital costs. Final development approval is subject to JV agreement and project funding. In this regard, discussions between Peel and CBH are ongoing.

Commenting on the joint venture decision, Peel Managing Director Rob Tyson said: *“The advancement of Mallee Bull via an exploration decline is a logical, low-risk way to unlock the project’s obvious economic potential and we are extremely pleased to see the project moving forward.”*

“Given the exceptional grades of copper mineralisation at depth, and the nature of the deposits in the Cobar Basin, Peel and CBH have formed the view that there is strong potential for a significantly economic operation to exist at Mallee Bull. Mallee Bull is a Cobar-style deposit and is viewed by the JV as a CSA-mine analogue. It is worth noting that CSA is amongst the highest-grade copper mines in the world and is operating at more than 1,700m below surface.”

Development concept and bulk sample

The project has been designed to have minimum surface impact with less than 10 hectares of disturbance planned. The joint venture proposes to develop a box cut to ~30m below surface, to provide a suitable portal for the establishment of an exploration decline to ~300m below surface (~2,000m in length), along with a ventilation rise and escapeway and all other necessary infrastructure, including: waste, ore and topsoil stockpiles; water storage dam; water diversion drains and settling ponds/sumps; workshop facilities; explosive magazine; fuel storage; power generator; site office, ablution blocks and car park; heavy vehicle parking and laydown areas; haul and access roads; waste storage facilities; and an accommodation camp for ~30 personnel.

After the exploration decline has reached ~130m below surface, a bulk sample of up to 20,000t (5,600m³) of material is to be excavated from the Silver Ray Lode, which lies between approximately 60m and 130m below surface. The bulk sample is for the primary purpose of confirming the metallurgical characteristics (including mineral recovery rates) using conventional sulphide flotation processing methods. Metallurgical testwork to date has yielded total recoveries of up to 90.3% Zn, 92.3% Pb and 82.3% Ag, producing separate zinc and lead concentrates.

The Silver Ray Lode is characterised by high-grade zinc-lead-silver mineralisation, with intercepts including:

- **13.5m @ 21.1% Zn, 14.1% Pb, 268g/t Ag from 82m in MBDD028**
- **12m @ 20.3% Zn, 14.8% Pb, 308g/t Ag, 1.59g/t Au from 83m in MBRC024**
- **9m @ 20.8% Zn, 10.6% Pb, 338g/t Ag, 1.91g/t Au from 88m in MBRC085**

The bulk sample will be hauled to CBH’s Endeavour Mine Site for testing. No processing or tailings production will be undertaken at the Mallee Bull site.

For further information, please contact:

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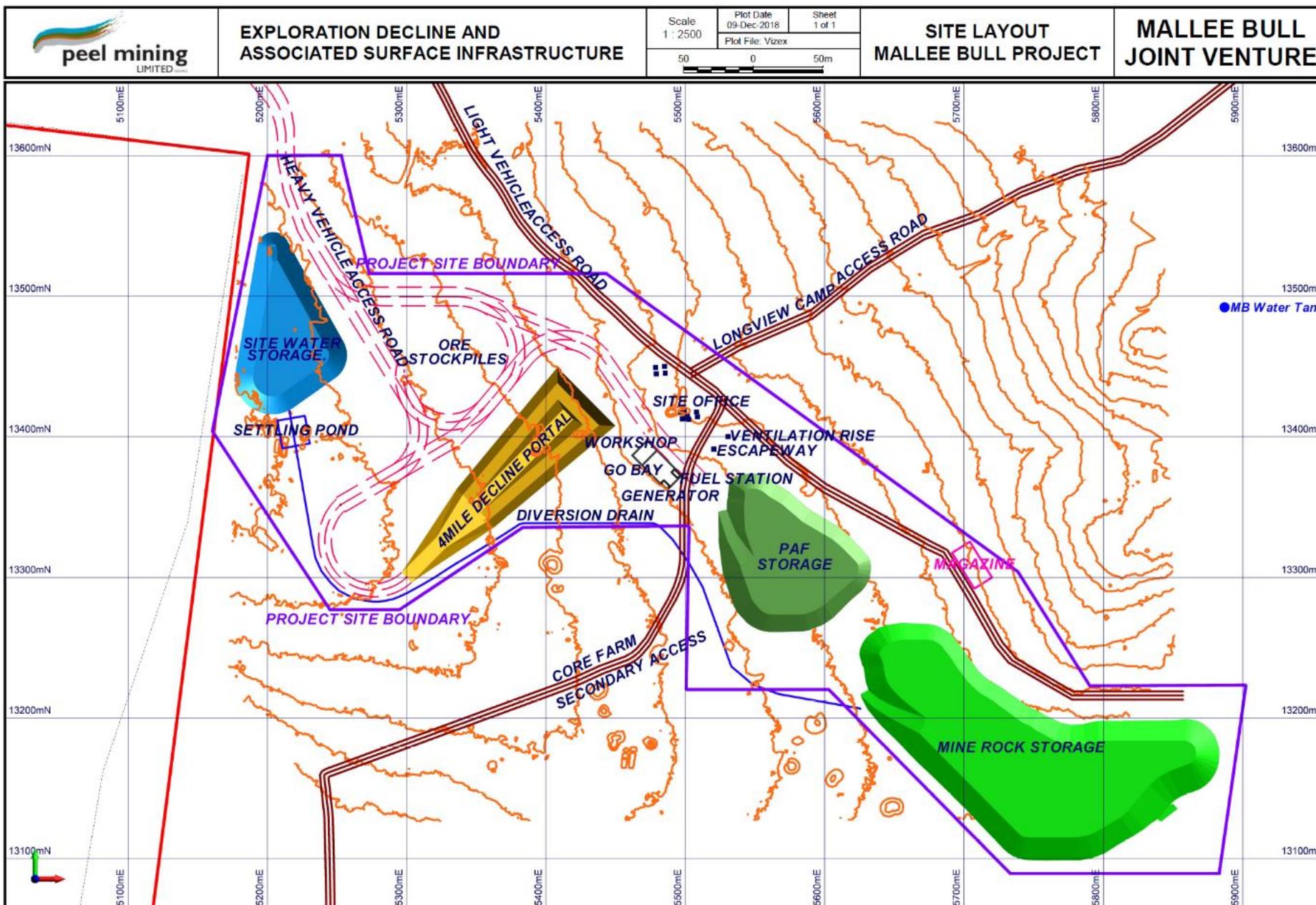


Competent Persons Statements

The information in this report that relates to Exploration Results is based on information compiled by 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.

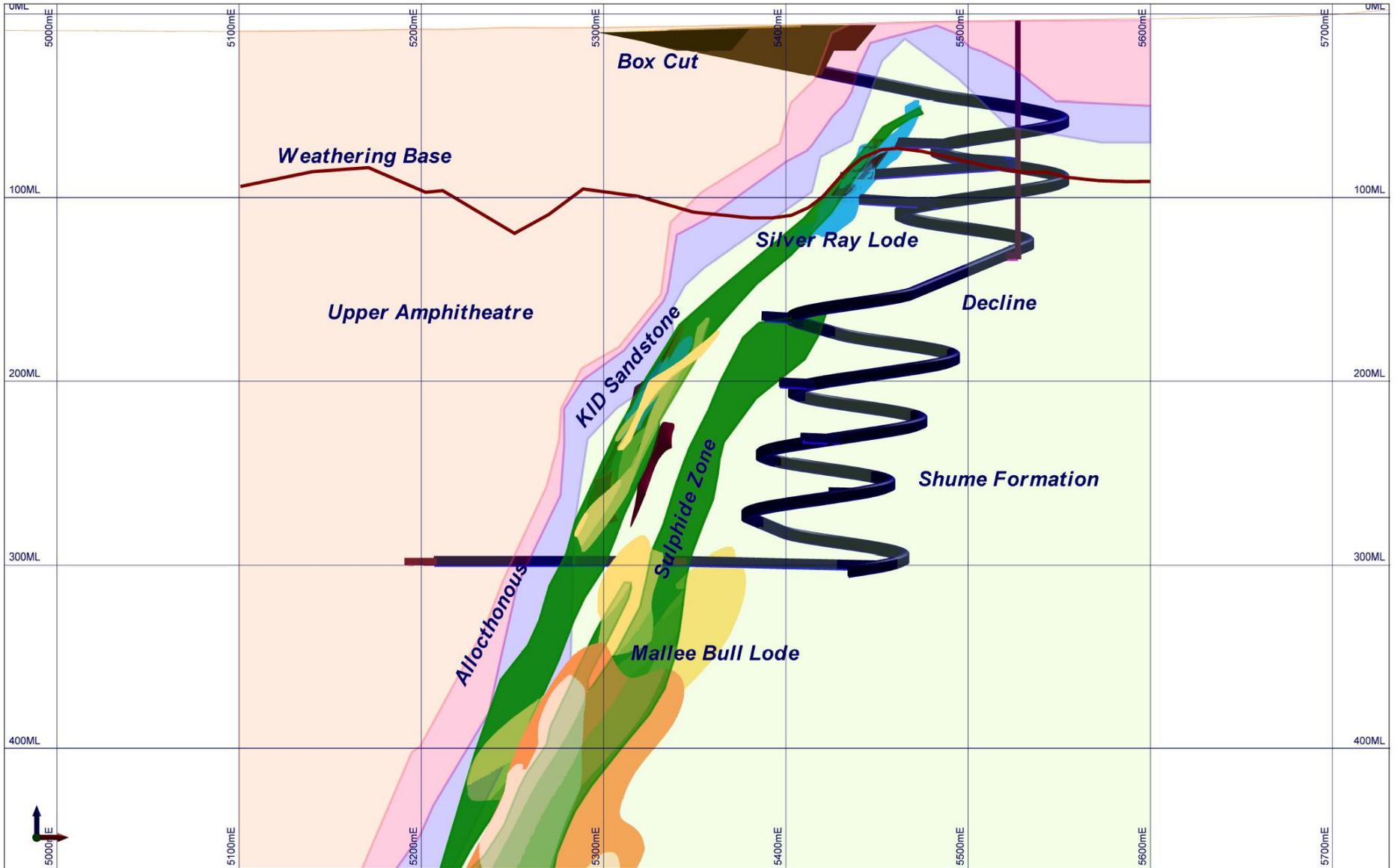
Previous Results

Previous results referred to herein have been extracted from previously released ASX announcements. Previous reports are available to view on www.peelmining.com.au and www.asx.com.au. Additional information regarding Mallee Bull is available in the Company's quarterly reports from September 2011 through to March 2019. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company 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.





peel mining LIMITED



Notes:
Diagrammatic view of
Mallee Bull Exploration Decline Development

Scale 1 : 2000	Plot Date 14-Feb-2019	Sheet 1 of 1
Plot File: Vizex		
20 0 20m		

Mallee Bull Project
(1:2,000)
Diagrammatic View

**MALLEE BULL
JOINT VENTURE**

