JUNE 2010 QUARTERLY REPORT 30 July 2010

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About Peel Exploration Limited:

- The Company's six 100%-owned tenements cover approximately 550 km^2 of highly prospective tenure in New South Wales.
- These projects comprise the May Day, Attunga, Dungowan, Armidale, Mt Tennyson East and Yerranderie tenements and are host to numerous historic mines and workings.
- Peel's core asset – the Attunga Tungsten Deposit – is a high grade tungsten deposit located near excellent infrastructure.
- May Day gold-lead-zinc VMS deposit on granted mining lease near Cobar offers commodity and risk diversification with exciting exploration potential.
- 44 million shares on issue.
- $4 Market Cap at 29 July 2010.

Highlights for June quarter 2010

- **Option over Apollo Hill gold project acquired.**
- **Encouraging gold-base metals mineralisation intercepted in drilling at May Day including: *16m @ 1.78 g/t Au, 42 g/t Ag, 0.25% Cu, 0.95% Pb, 1.33% Zn*; and *27m @ 2.12 g/t Au, 27 g/t Ag, 0.07% Cu, 0.43% Pb, 0.75% Zn*.**
- **Encouraging molybdenum-gold-copper mineralisation intercepted in drilling at Attunga including: *5.6m at 0.44% Mo, 0.70 g/t Au, 12 g/t Ag, 0.45% Cu, 1.9 g/t Re*; and *1.4m at 22.70 g/t Au, 13 g/t Ag, 0.72% Cu*.**
- **Modelling of May Day/Gilgunnia gravity, IP and regional magnetic data completed.**
- **Desktop study of historical May Day drilling and geological data including 3D modelling completed.**
- **Desktop study of historical Apollo Hill drilling and geological data including 3D modelling commenced.**

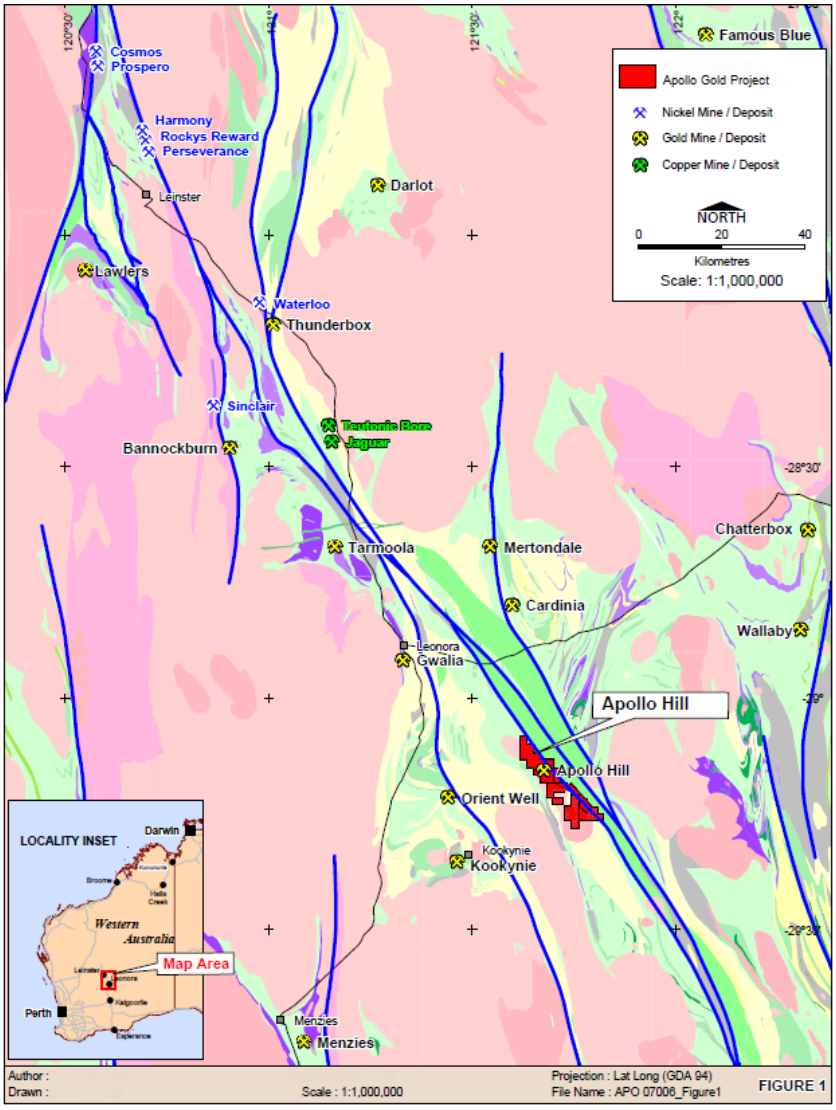
Plans for September quarter 2011

- **RAB drilling at Kensington/Kensington NW.**
- **Aboriginal heritage survey at Apollo Hill.**
- **Resource modelling to commence at Apollo Hill.**
- **Interpretation of May Day and Attunga drilling data.**

Exploration

Apollo Hill Project: Gold; NE Goldfields WA (HHM 100%, PEX option to acquire).

During the quarter, Peel announced that it has entered into an option agreement with Hampton Hill Mining NL (ASX:HHM) to acquire the entire issued capital of Apollo Mining Pty Ltd, the 100%-owner of the Apollo Hill gold project in the North Eastern Goldfields of Western Australia. The Apollo Hill gold project, located about 50 kilometres southeast of Leonora, comprises 16 mineral leases covering about 140 square kilometres and is focused on the advanced Apollo Hill gold deposit, an extensively mineralised gold system (see Figure 1).



The key terms of the option agreement will see:

- Peel granted an exclusive call option over the assets comprising the Apollo Hill gold project (expiring 30 November 2010);
- Peel complete an aboriginal heritage and work programme clearance survey during the option period.

If Peel elects to exercise the option and proceed with the acquisition of Apollo Mining Pty Ltd then the sale agreement will see:

- Peel issue 11 million fully paid ordinary shares to Hampton Hill Mining NL in consideration for the entire issued capital of Apollo Mining Pty Ltd (subject to Peel shareholder approval);
- Hampton Hill Mining NL transfer E31/0685 to Peel (being part of the Apollo Hill gold project - not held by Apollo Mining Pty Ltd);
- Hampton Hill Mining NL granted a 5% gross overriding royalty on Apollo Hill gold production exceeding 1 million ounces.

The Apollo Hill gold project exhibits the hallmarks of a major mineralised system, showing extensive and intense hydrothermal alteration and deformation. Two significant gold deposits, Apollo Hill and the Black (or Camp) deposit, have been identified to date and remain open in several directions. Peel believes that excellent potential exists for the delineation of additional mineralisation.

Background and Geology

Fimiston Mining discovered Apollo Hill in December 1986 during a drill program aimed at finding the source of abundant eluvial gold at the base of a prominent hill in the area. Active drilling since then has outlined extensive gold mineralisation and alteration over a one kilometre strike length, which is up to 250m wide and dips 45-60 degrees to the east (see Figure 2).

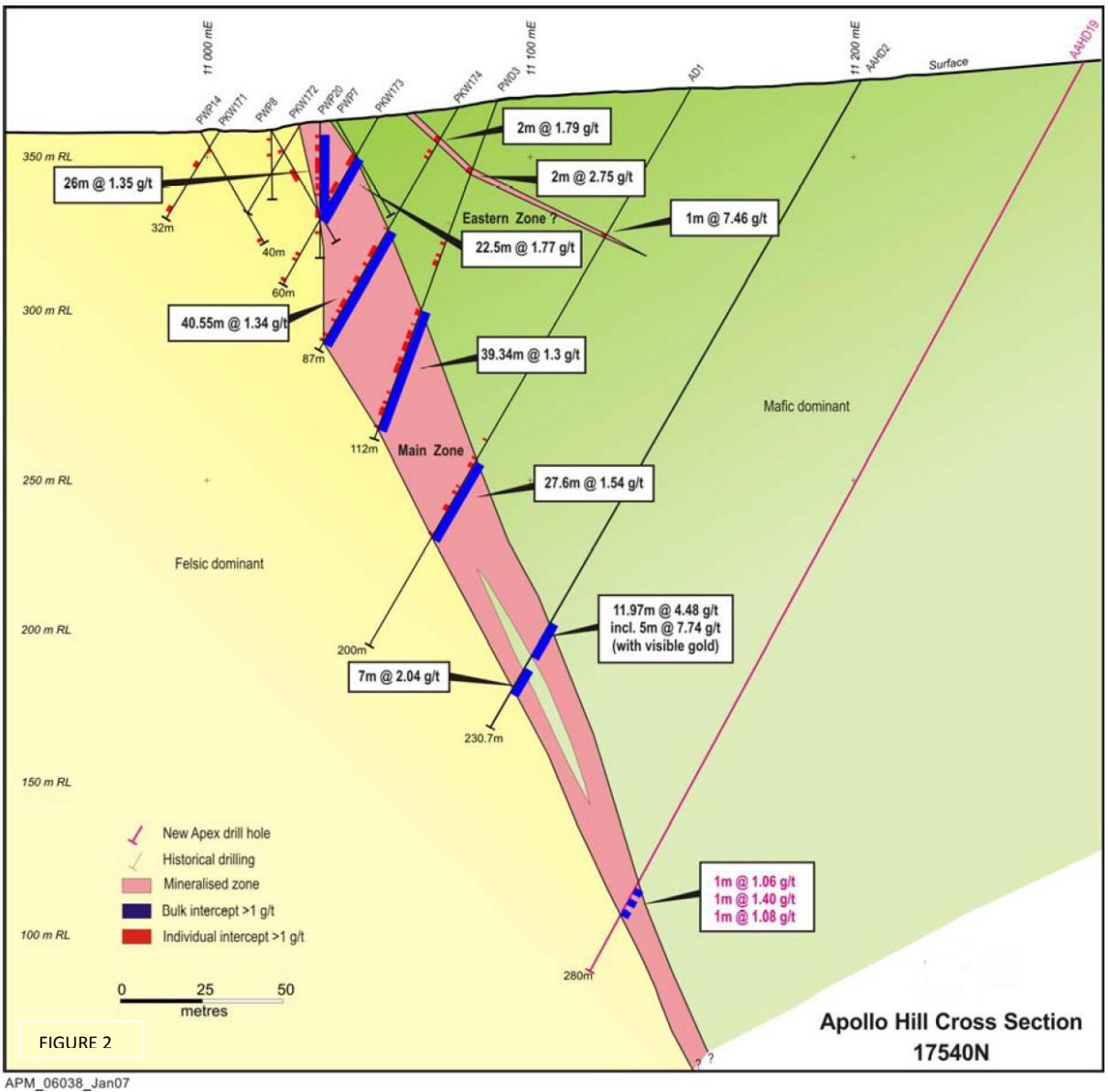


FIGURE 2

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Multiple gold mineralisation events are interpreted to have occurred at Apollo Hill during a complex deformational history. Gold mineralisation is accompanied by quartz veins and carbonate-pyrite alteration associated with a mafic-felsic contact.

The Apollo Hill gold project straddles a major shear zone, known as the Apollo shear zone, which is a component of the Keith Kilkenny Fault system. This shear zone is largely concealed beneath transported overburden, often associated with the Lake Raeside drainage system, and previous surface geochemical sampling and shallow RAB drilling has consequently been of limited effectiveness. Deeper drilling by previous explorers has largely focussed on the only locality where

this shear zone is exposed at surface, Apollo Hill itself, and also on a nearby parallel trend termed the Western trend (Black deposit).

Resources and Targets

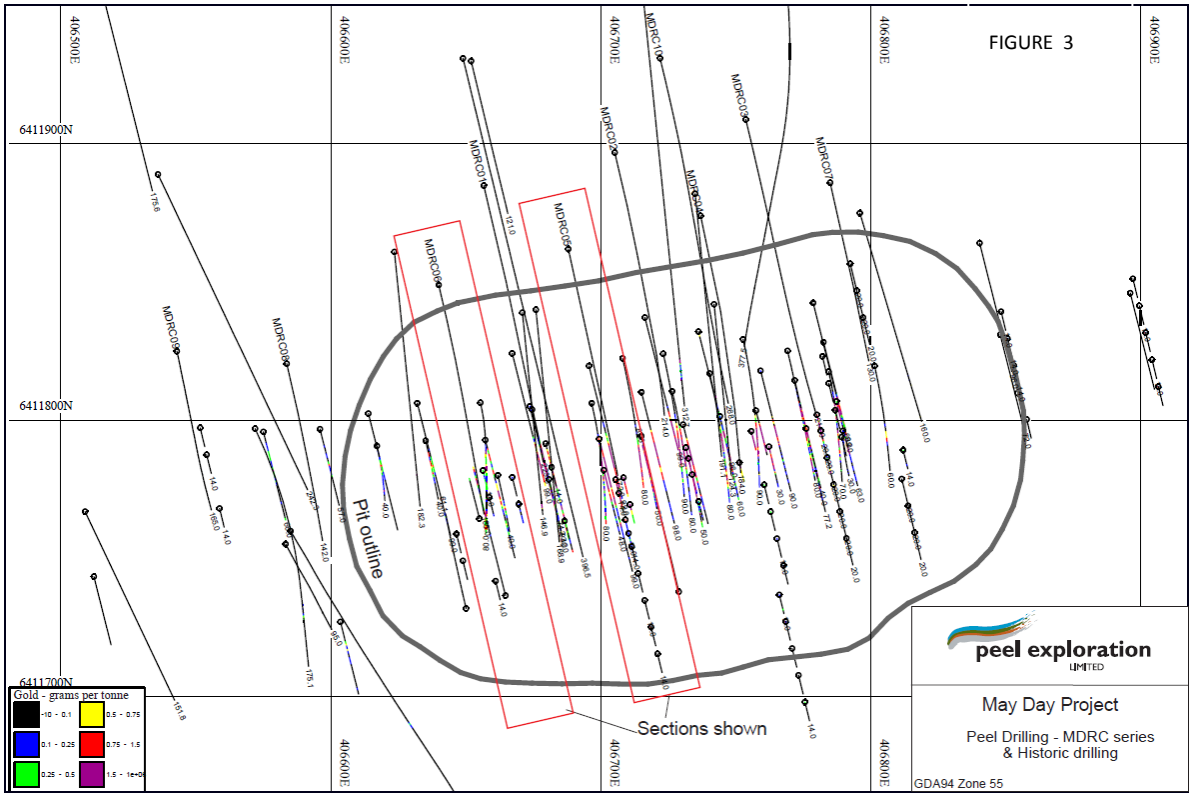
The main Apollo Hill deposit has been drilled by traverse sections spaced 20m to 100m apart. Gold mineralisation is open along strike and down dip on most sections. Preliminary mineral resource studies were undertaken by Fimiston in 1996 using a manual cross sectional polygonal method, however, no detailed report was prepared and hence the resource estimate calculated does not meet ASX JORC code reporting requirements.

Peel has completed an in-depth systematic review of the Apollo Hill database and believes that a significant gold resource target is achievable with minimal additional exploration. Furthermore, it is also apparent that previous exploration has identified multiple gold geochemical anomalies away from the known gold deposits that require priority follow-up.

<u>May Day Project:</u> Gold, Lead, Zinc, Silver, Copper; W NSW (PEX 100%).
Tenements: ML1361 (May Day), EL7461 (Gilgunnia)
Targets: Volcanogenic Massive Sulphide mineralisation.

Drilling

In early May, Peel completed a programme of 10 RC drillholes for 1,877m at the May Day gold-base metal deposit, located about 100km south of Cobar in central-western New South Wales. This drilling programme was primarily designed to test for down-dip extensions to known mineralisation.



Better drill results from May Day include the following intercepts:

- **16m at 1.78 g/t Au, 42 g/t Ag, 0.25% Cu, 0.95% Pb, 1.33% Zn from 159m** in MDRC002;
- **24m at 0.96 g/t Au, 20 g/t Ag, 0.07% Cu, 0.70% Pb, 0.85% Zn from 120m** in MDRC004;
- **27m at 2.12 g/t Au, 27 g/t Ag, 0.11% Cu, 0.43% Pb, 0.75% Zn from 120m** in MDRC005;
- **3m at 1.33 g/t Au, 98 g/t Ag, 0.92% Cu, 7.29% Pb, 8.19% Zn from 140m** in MDRC006, and;
- **10m at 2.15 g/t Au, 28 g/t Ag, 0.06% Cu, 0.34% Pb, 0.39% Zn from 213m** in MDRC010.

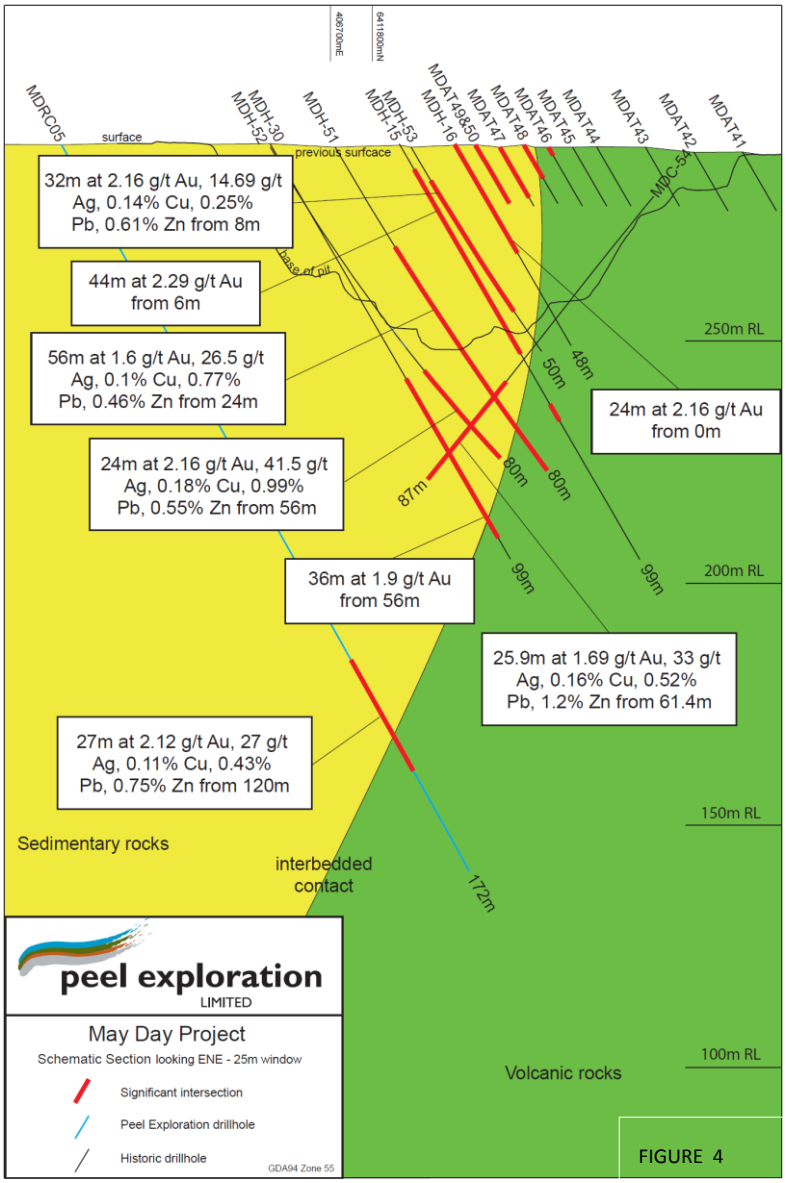


FIGURE 4

Peel is encouraged by the results returned, which confirm down dip extensions containing several higher grade zones including a massive sulphide intercept. A full list of significant assay data is contained in Table 1.

The drilling at May Day confirms that mineralisation is shear-related and occurs as a sub-vertical lense/shoot. Mineralisation occurs at or near the interbedded contact of a fine-grained sedimentary hangingwall and a porphyritic volcanic footwall. Mineralisation at May Day is associated with silica/talc alteration and includes disseminated through to massive sphalerite-galena-pyrite-pyrrhotite-chalcopyrite sulphide mineralisation. The true width is estimated to be approximately 65% of the reported intercepted widths.

Peel believes that the May Day deposit, a structurally controlled-volcanogenic massive sulphide (VMS) system, is an analogue for Cobar-style precious and base metal mineralisation. Peel was attracted to the May Day prospect by its encouraging historic drilling results, geophysical signatures, and lack of modern exploration. Peel believes that the drilling results returned confirm the prospectivity of May Day.

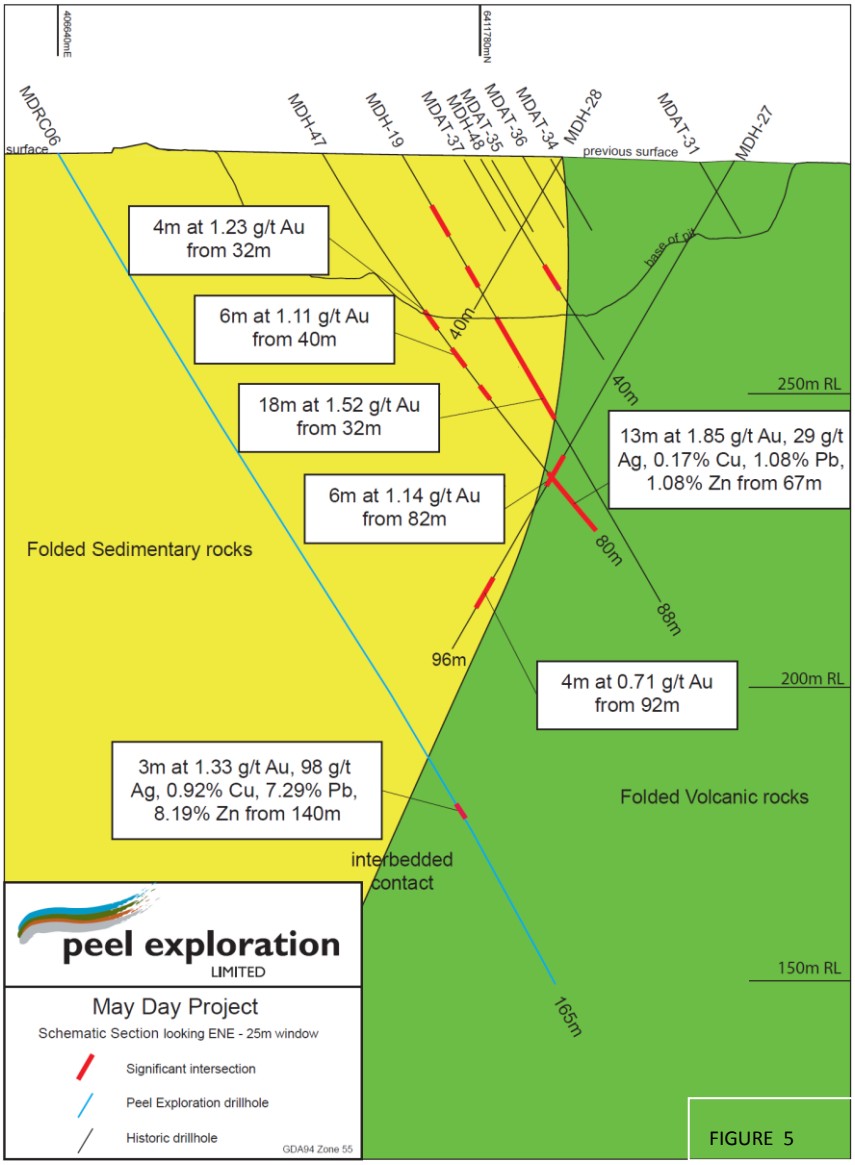


FIGURE 5

Geophysics

Since acquiring May Day in late 2009, Peel has completed several geophysical surveys comprising a gravity survey, an Induced Polarisation (IP) survey and remodelling of regional airborne magnetic data. Interpretation shows that a moderate-to-strong chargeable IP anomaly and a deep magnetic anomaly are associated with the May Day deposit.

Peel believes that drill results support the Company's belief that the May Day deposit possibly represents "leakage" from a deeper mineralised system. Interpretation of the magnetic data indicates the source of the anomaly to be located at greater than 400m below surface (see Figure 1). Drillhole MDRC010 intercepted mineralisation at about 185m below surface, with mineralisation remaining open at depth.

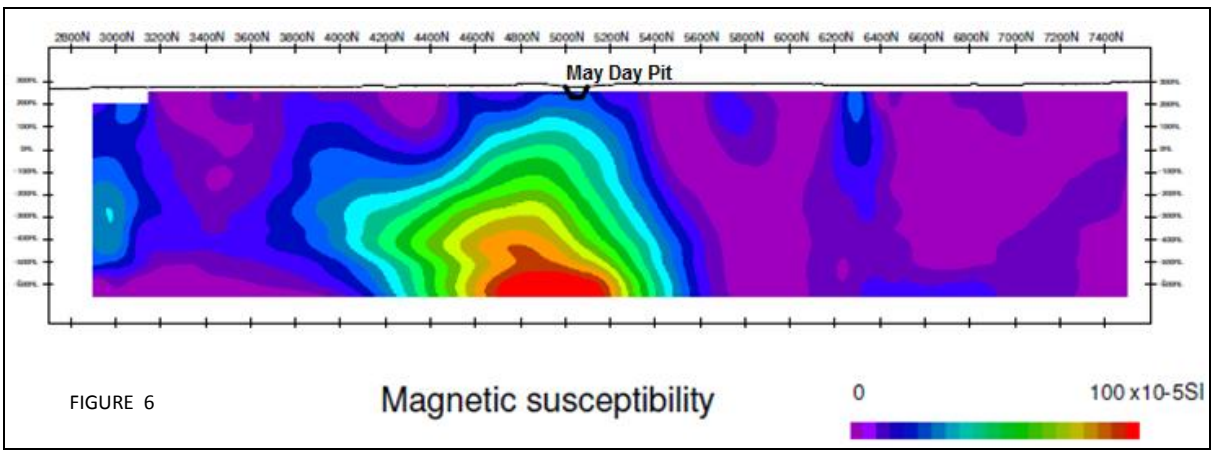


FIGURE 6

Future work

Peel believes that good potential exists for the discovery of additional near-surface gold-base metal mineralisation along strike from the May Day deposit. Shallow historic RAB drilling completed to the west of May Day in the 1970s delineated near-surface geochemical lead-zinc anomalism in close proximity to several historic workings. No gold assays were undertaken at the time of drilling, and no follow-up drilling has ever been completed. Peel is looking to complete a review of all recently acquired and historic data, along with a shallow aircore/RAB drilling programme testing for near surface mineralisation.

In addition, a regional airborne VTEM survey is planned by several neighbouring tenement holders. VTEM has been shown to be an effective exploration tool in the Cobar district and has the ability to penetrate to up to 500m depth. Peel is examining the merits of completing a survey over the May Day area.

Attunga Project: Gold, Tungsten, Molybdenum, Copper; NE NSW (PEX 100%).
Tenements: EL6883 (Mt Patterson), EL6884 (Attunga).
Targets: Intrusive-Related Gold System style gold-tungsten mineralisation; skarn style tungsten-molybdenum mineralisation and skarn-style precious/base metals mineralisation.

Attunga Copper Mine Prospect drilling

Between March and May, Peel completed a programme of six diamond drillholes for 944m of drilling at the Attunga Copper Mine prospect. This drilling was designed to test for up- and down-dip and along strike continuation of significant polymetallic mineralisation discovered in May 2009 (drillhole ACM004 intercepted 75m at 1.02 g/t Au, 0.87% Cu, 0.09% Mo, 0.06% Bi, and 22 g/t Ag from).

Peel is buoyed by the results with several drillholes returning high grade molybdenum and gold values (see Table 2). In April, Peel reported that ACMD008 had intercepted encouraging visible molybdenum-copper mineralisation over an approximate 8m zone. Final analysis confirmed a high grade molybdenum interval of **5.6m at 0.44% Mo, 0.70 g/t Au, 12 g/t Ag, 0.45% Cu, 1.9 g/t Re from 48m**. ACMD008 also contained several other zones of encouraging mineralisation including a high-grade gold intercept of **1.4m at 22.70 g/t Au, 13 g/t Ag, 0.72% Cu from 55m**.

Mineralisation at the Attunga Copper Mine is interpreted to be sub-vertical and occurs in garnet-rich calc-silicate skarn with sulphide minerals including chalcopyrite, bornite and molybdenite. The true width of the intervals reported is unknown due to the uneven geometry of the skarn alteration system, however the overall width of the system is assumed to be less than 8m.

The results from Attunga confirm the presence of significant molybdenum-gold-copper skarn mineralisation that remains open in several directions. Peel will review all drill results and is planning to complete an IP survey as part of future exploration work.

Attunga Tungsten Deposit

No further work was undertaken during the quarter.

Kensington/Kensington NW

Peel is currently completing a shallow RAB drilling programme at Kensington targeting tungsten and gold mineralisation. Historic data indicates the presence of a large, shallow, low/mid grade tungsten occurrence. RAB drilling currently underway is designed to test for this occurrence, along with associated gold mineralisation. Kensington is located just 5km north of Peel's 100%-owned Attunga Tungsten Deposit.

A limited RAB programme is also planned for the Kensington NW gold prospect. Rock chip sampling by Peel has returned anomalous gold values associated with an outcropping breccia whilst a previous explorer has reported a significant gold-in-bedrock anomaly over 1.5 km strike.

Yerranderie: Silver, Lead, Gold; Central NSW (PEX 100%).
Tenement: EL7356.
Targets: Silver-lead-gold mineralisation in surface waste and tailings dumps.

No fieldwork was undertaken during the quarter.

Mt Tennyson East: Molybdenum, Tungsten; Central NSW (PEX 100%).
Tenement: EL7272.
Targets: Skarn-hosted molybdenum and tungsten mineralisation.

No fieldwork was undertaken during the quarter.

Dungowan Project: Copper, Zinc, Gold, Silver; NE NSW (PEX 100%).
Tenement: EL6613.
Targets: Polymetallic VHMS mineralisation; syngenetic exhalative gold mineralisation; and epigenetic structurally-controlled gold mineralisation.

No fieldwork was undertaken during the quarter.

Armidale Project: Silver, Gold, Antimony, Tungsten; NE NSW (PEX 100%).
Tenement: EL6722.
Targets: Intrusive-related precious metals mineralisation.

No fieldwork was completed during the quarter.

Corporate

During the quarter, Peel announced that it has entered into an option agreement with Hampton Hill Mining NL (ASX:HHM) to acquire the entire issued capital of Apollo Mining Pty Ltd, the 100%-owner of the Apollo Hill gold project in the North Eastern Goldfields of Western Australia. Apollo Hill represents an advanced gold project.

For further information, please contact Managing Director Rob Tyson on mobile 0420 234 020.

The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Tyson who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the '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 their information in the form and context in which it appears.

Table 1: Summary of May Day assay results

Hole No.	Northing GDA	Easting GDA	Azimuth (GDA)	Dip	Depth (m)	From (m)	To (m)	Interval (m)	Au (ppm)	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)	Comment
MDRC001	6411885	406657	166	-60	223	**160**	**186**	**26**	**0.75**	**16**	**0.05**	**0.24**	**0.39**	Includes 2m composite
						incl. 168	173	5	1.70	31	0.10	0.46	0.70	
MDRC002	6411897	406705	166	-60	214	**159**	**175**	**16**	**1.78**	**42**	**0.25**	**0.95**	**1.33**	
						incl. 165	171	6	3.70	86	0.59	2.02	2.81	
MDRC003	6411909	406754	166	-60	214	153	159	**6**	**1.04**	**27**	**0.15**	**0.69**	**0.88**	
						66	168	2	0.97	12	-	-	-	
						184	185	1	1.05	-	-	-	-	
MDRC004	6411874	406737	166	-60	184	**120**	**144**	**24**	**0.96**	**20**	**0.07**	**0.70**	**0.85**	Includes 2 x 2m composites
						incl. 120	131	11	1.90	33	0.08	0.66	0.49	
						incl. 139	143	4	0.22	10	0.12	1.48	2.51	
						147	151	4	-	8	-	0.66	1.37	
MDRC005*	6411862	406688	166	-60	172	**120**	**147**	**27**	**2.12**	**27**	**0.11**	**0.43**	**0.75**	Includes 2 x 4, 1 x 3m composites
						incl. 123	128	5	4.35	22	0.07	0.16	0.28	
						incl. 134	139	5	2.10	50	0.20	0.80	1.11	
						incl. 142	146	4	2.60	44	0.24	1.11	2.24	
MDRC006*	6411849	406640	166	-60	165	**140**	**143**	**3**	**1.33**	**98**	**0.92**	**7.29**	**8.19**	
MDRC007*	6411886	406785	166	-60	130	125	127	2	0.64	42	0.17	1.19	2.18	
MDRC008	6411821	406584	166	-60	142	64	68	4	1.11	5	-	-	-	4m composite
						112	115	3	0.10	14	0.06	0.65	1.00	
MDRC009	6411825	406543	166	-60	165	52	56	8	-	54	-	-	-	2 x 4m composites
MDRC010	6411931	406722	166	-60	268	**213**	**223**	**10**	**2.15**	**28**	**0.06**	**0.34**	**0.39**	
						225	227	2	0.46	11	0.08	0.63	1.03	

Notes:

1. All drillholes were drilled reverse circulation using 5.5" face sampling hammer.
2. Drill chips were collected in plastic bags at 1m intervals. Sample recoveries were considered adequate for all samples.
3. Drillchips were logged in detail based on lithology, mineralisation, and alteration.
4. Samples for analysis were collected by hand spearing rock chip material.
5. Samples were submitted as 1m, 2m, 3m or 4m composite intervals. All mineralised composite samples have since been resplit on individual 1m basis' and submitted for assay (results are awaited).
6. Samples were analysed at ALS Chemex utilising methods: Au-AA25 and Au-AA26 for Au (fire assay); ME-ICP61 for multi-element including Ag, Cu, Pb, Zn; Ag-OG62 for >100 ppm Ag; Cu-OG62 for >1% Cu; Pb-OG62 for >1% Pb; and Zn-OG62 for >1% Zn.
7. Standards for Au and base metals were routinely included (approximately 5% of all samples). Duplicates were also included (approximately 2% of all samples).
8. Drillhole collars were surveyed by handheld GPS (Garmin GPS72).
9. Downhole surveys were routinely run at approximately every 60m downhole and at the end of each hole.
10. * = hole abandoned due to adverse ground conditions.

Table 2: Summary of Attunga Copper Mine assay results

Hole No.	Northing GDA	Easting GDA	Azimuth (GDA)	Dip	Depth (m)	From (m)	To (m)	Interval (m)	Au (ppm)	Cu (ppm)	Mo (ppm)	Ag (ppm)	Re (ppm)	Comment
ACMD007	6578514	302871	250	-75	371				-	-	-	-	-	NSA
ACMD008	6578476	302835	-	-90	121	20	23	3	0.31	0.30	-	8	-	
						32	36	4	0.26	0.37	-	8	-	
						48	**53.6**	**5.6**	**0.70**	**0.45**	**0.44**	**12**	**1.9**	
						55	**56.4**	**1.4**	**22.70**	**0.72**	-	**13**	-	
						59	61	2	0.15	-	0.15	-	-	
						68	71	3	0.41	0.1	0.21	-	-	
ACMD009	6578442	302801	100	-70	116				-	-	-	-	-	NSA
ACMD010*	6578443	302801	58	-76.5	43.3				-	-	-	-	-	NSA
ACMD011	6578514	302873	253	-60	158	**86**	**88**	**2**	**4.28**	**0.68**	-	**15**	-	
						94	**96.5**	**2.5**	**0.71**	**2.48**	-	**48**	-	
						100	101	1	0.40	0.80	0.16	19	-	
ACMD012	6578515	302873	283	-60	135				-	-	-	-	-	Assays outstanding.

Notes:

1. All drillholes were drilled NQ2 core.
2. All drillcore was measured, marked and geologically logged prior to sampling.
3. Core recoveries were considered satisfactory at greater than 95% for sampled sections.
4. Where appropriate, half core was cut by diamond saw.
5. Drill core was sampled at approximately 1m intervals unless a geological contact was available.
6. Samples were analysed at ALS Chemex utilising methods: Au-AA25 and Au-AA26 for Au (fire assay); ME-ICP61 for multi-element including Ag, Bi, Cu, Mo; ME-MS62 for Re; Mo-OG62, ME-XRF05 and ME-XRF15b for selected zones >2000 ppm Mo; and Cu-OG62 for >1% Cu.
7. Drillhole collars were surveyed by handheld GPS (Garmin GPS72).
8. Downhole surveys were routinely run at approximately every 30m downhole and at the end of each hole.
9. * = hole abandoned due to adverse ground conditions.