

PEEL SECURES HIGH-GRADE SILVER PROJECT

Highlights:

- **EL7711 covering historic Ruby-Tulloch-Rockvale silver-field granted 22 February 2011**
- **Ruby silver mine produced 350,000 ounces silver at 620 g/t Ag**
- **Tulloch silver mine produced 50,000 ounces silver at 6,200 g/t Ag**
- **Minor modern exploration - minimal drilling**
- **1968 drill intercept of 5.08m at 6,700 g/t Ag from 90.5m at Ruby mine; never followed up**

Peel Exploration Ltd is pleased to announce that it has recently been granted a 21 unit (~60 km²) exploration licence covering the historic Ruby-Tulloch-Rockvale silver-field. EL7711 is located approximately 30 km east of Armidale in north-eastern New South Wales.

EL7711 encompasses much of the central part of the Rockvale Adamellite which hosts silver-gold-antimony-arsenic mineralisation both at its margin and within the intrusion on northeast/northwest fracture zones, possibly associated with aplite dykes. Major known deposits are the Ruby and Tulloch silver mines and the Rockvale arsenic mine. There are, however, many other underexplored prospects and anomalies within EL7711, adding to its prospectivity for silver and gold.

The Ruby silver mine, associated with an outcropping aplite dyke, has a lode up to 1.4 metres wide and was worked to a depth of 120 metres between 1895 and 1905. Historic production is estimated to be about 350,000 ounces silver at a recovered grade of ~20 ounces per ton (~620 g/t Ag).

In 1968, a nine-hole diamond drill program was undertaken by Silver Valley Minerals to test the main workings at Ruby. Records of this work are poor, but it is known that the first hole intersected 5.08 metres at a grade of 216 ounces per ton (~6,700 g/t Ag) from 90.5 metres downhole. True width was estimated at about 3 metres. Three of the other drillholes intersected old workings, while values in a further three were reported only as "low". No results were recorded for the other two drillholes. No further drilling has been completed at Ruby.

Results from an IP geophysics survey completed in 1969 suggest that sulphide mineralisation possibly extends well beyond the known silver-rich shoot at Ruby, and presents future exploration targets.

At the Tulloch mine, mined between 1913 and 1928, an estimated 50,000 ounces silver at a recovered grade of ~200 oz/t (~6,200 g/t Ag) have been won. The silver mineralisation is developed in fissures associated with three obliquely intersecting sets of shears near the contact of sediments.

The Rockvale arsenic mine was discovered in 1923, and in the period to 1928, produced 2,950 tonnes of ore containing about 600 tonnes of white arsenic. Mineralisation occurs as irregular shoots in altered aplite within the Rockvale Adamellite. Mineralisation is predominantly pyrite-arsenopyrite, but gold-silver-lead mineralisation (similar to both the Ruby and Tulloch mines) is recorded.

The Silver Point prospect lies about 2 kilometres along strike from the Ruby silver mine and comprises a pipe-like body of aplite approximately 50 metres in diameter. Previous exploration has

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identified highly anomalous silver-gold mineralisation in surface rock chips. Peel believes that Silver Point has bulk tonnage potential and should be drill tested accordingly.

The Happy Valley and G Reef prospects lie along strike to the west of the Tulloch silver mine. These prospects also contain historic workings, along with highly anomalous silver-gold mineralisation in surface rock chips. A strong IP anomaly between the Tulloch mine and Happy Valley which has an associated magnetic anomaly also remains untested.

Commenting on the acquisition, Managing Director Rob Tyson said: “The Ruby Silver Project is an excellent addition to Peel’s existing precious and specialty metals mineral assets and offers potentially high-grade exposure to an increasingly valuable metal – silver. Peel has commenced landowner negotiations and is looking to kick start exploration over the near term.”

References

Title	Company	NSW DIGS Reports
EL1517	New England Antimony Mines NL	GS1981/563,GS1981/563,GS1982/501
EL5926	Mount Conqueror Minerals NL	GS2003/245,GS2004/111,GS2005/276,GS2006/271,GS2006/344
EL5434	Gordon, Dudley	GS2000/268, GS2000/269, GS2001/292
EL2728	Omega Mines Limited	GS1987/268,GS1991/056
EL1405	Kratos Exploration Pty Limited	GS1981/064,GS1983/327,GS1985/318
EL0525	Messara Holdings	GS1973/312
EL0124	Silver Valley Minerals Pty Limited	GS1969/044,GS1969/574,GS1969/611,GS1970/120,GS1971/312,GS1973/263,GS1975/122
EL2246	Aurotech	GS1984/430,GS1986/274,GS1986/274,GS1986/302,GS1988/041
EL6601	Silver Mines Limited	GS2008/0336 GS2008/0535
EL7229	Love, John Leslie	GS2009/0524,GS2010/0803

For further information, please contact Rob Tyson on 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 style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person 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 his information in the form and context in which it appears.

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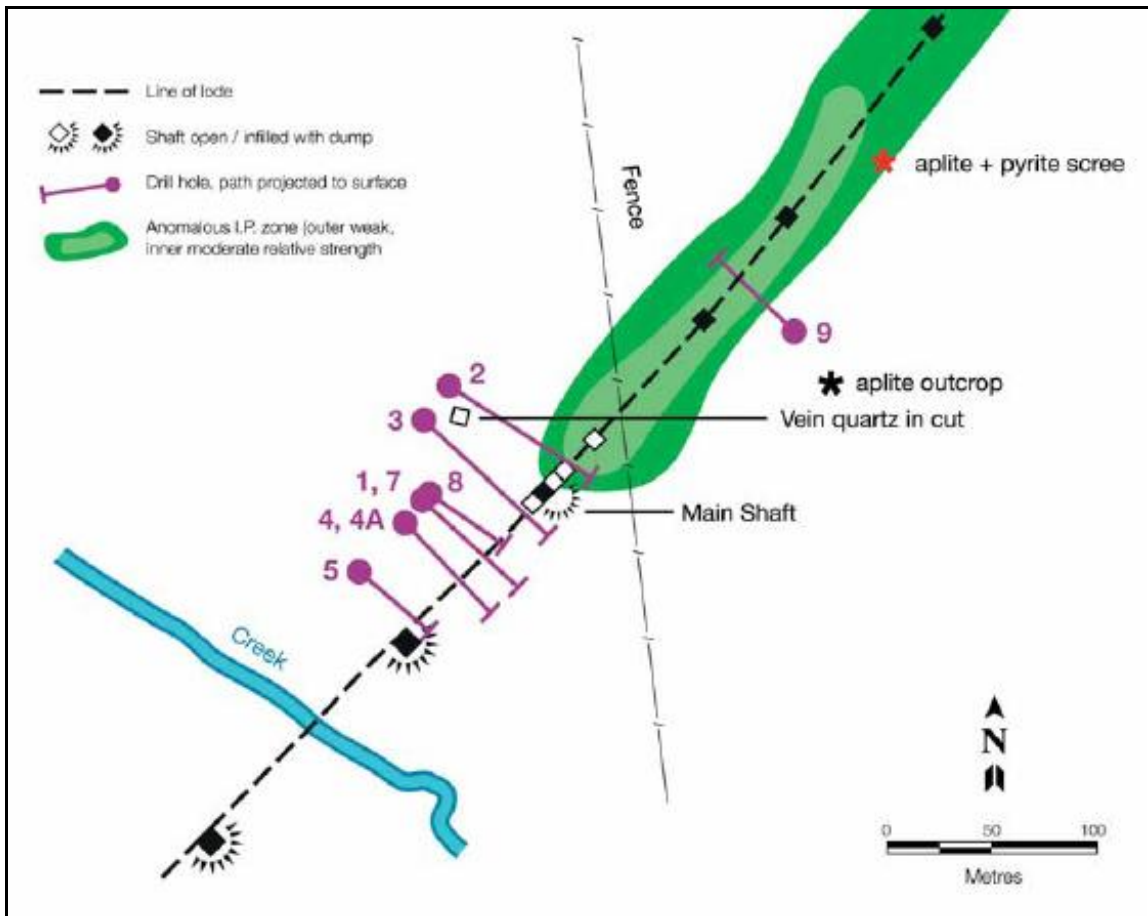


Figure 1 – Plan of Ruby Silver Mine

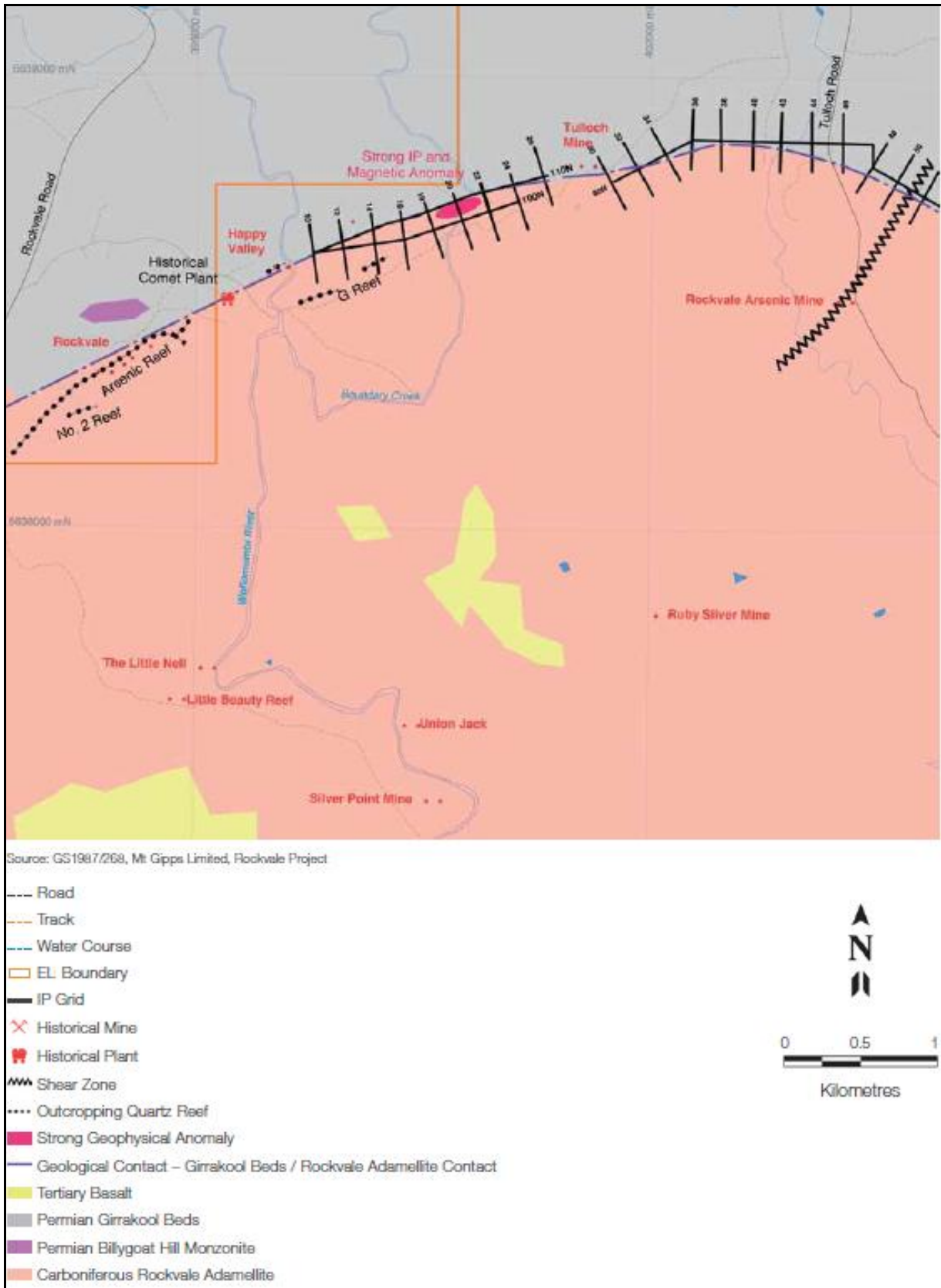


Figure 2 - EL7711 Local Geology, IP Survey Grid and Historical Workings

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Table 1 – Historic rock chip assay data from Ruby Silver Project.

Sample No.	Source	Prospect	Ag (ppm)	Au (ppm)	As (ppm)	Sb (ppm)	Pb (ppm)
1	Mt Conqueror Minerals Ltd	Silver Point	3	0.9	NA	NA	NA
2	Mt Conqueror Minerals Ltd	Silver Point	591	0.5	NA	NA	NA
G83/179	NSW Geological Survey	Silver Point	0.2	0.24	<40	<15	105
G83/180	NSW Geological Survey	Silver Point	<0.1	0.05	<40	<15	65
G83/181	NSW Geological Survey	Silver Point	4.8	0.32	<40	<15	60
G83/186	NSW Geological Survey	West of Silver Point	1640	3.7	3200	2290	180
G83/187	NSW Geological Survey	West of Silver Point	140	0.12	290	810	60
P:1701	Aurotech NL	Silver Point	580	1.36	2250	2350	NA
P:1702	Aurotech NL	Silver Point	350	1.96	4000	14000	NA
P:1703	Aurotech NL	Silver Point	4.3	0.14	85	140	NA
P:1704	Aurotech NL	Silver Point	49	0.25	175	145	NA
P:1705	Aurotech NL	Silver Point	0.9	0.08	460	12	NA
P:1706	Aurotech NL	Silver Point	1.3	0.17	105	35	NA
P:1707	Aurotech NL	Silver Point	46	0.15	55	21	NA
P:1708	Aurotech NL	Little Nell	0.7	0.02	60	8	NA
P:1709	Aurotech NL	Union Jack	11.4	20.3	2700	47	NA
P:1710	Aurotech NL	Union Jack	0.8	0.12	55	7	NA
P:1711	Aurotech NL	Union Jack	12.4	11	2150	29	NA
P:1712	Aurotech NL	East of Wollomombi R.	2.2	0.42	675	58	NA
P:1713	Aurotech NL	East of Wollomombi R.	4.2	0.43	675	47	NA
P:1714	Aurotech NL	East of Wollomombi R.	280	0.81	2600	250	NA
P:1715	Aurotech NL	Ruby Silver Mine	29.5	0.26	1750	3	NA
P:1716	Aurotech NL	Ruby Silver Mine	190	0.37	26000	580	NA
P:1717	Aurotech NL	Ruby Silver Mine	470	0.81	15000	470	NA
P:1718	Aurotech NL	Ruby Silver Mine	580	0.94	30000	1550	NA
P:1719	Aurotech NL	Ruby Silver Mine	540	0.82	56000	720	NA
P:1720	Aurotech NL	Ruby Silver Mine	720	0.07	10200	660	NA
P:1721	Aurotech NL	Ruby Silver Mine	460	1.15	52000	720	NA
P:1722	Aurotech NL	Ruby Silver Mine	76	0.4	2400	52	NA
P:1723	Aurotech NL	Ruby Silver Mine	230	0.2	12100	140	NA
P:1724	Aurotech NL	Ruby Silver Mine	5	0.29	1700	17	NA
P:1725	Aurotech NL	Ruby Silver Mine	720	0.47	10000	2050	NA
P:1726	Aurotech NL	Ruby Silver Mine	19	0.16	1425	68	NA
8233010	Kratos Exploration Pty Ltd	G Reef	<0.1	0.38	7000	NA	750
8233011	Kratos Exploration Pty Ltd	G Reef	175	5.6	31000	NA	20000
8233012	Kratos Exploration Pty Ltd	G Reef	92	4.2	26000	NA	16700
8233013	Kratos Exploration Pty Ltd	G Reef	159	2.8	22000	NA	28000
8233014	Kratos Exploration Pty Ltd	G Reef	99	2.4	21000	NA	15200

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