

24th June 2010

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge St
Sydney, NSW 2000

Peel Acquires Option Over Apollo Hill Gold Project

Peel Exploration Limited (ASX: **PEX**) is pleased to announce 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). 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.

For further information please contact:

Mr Rob Tyson
Managing Director
Peel Exploration
Tel: (08) 9382 3955

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.

Peel Exploration Limited ACN 119 343 734

Level 1, 79 Hay St, Subiaco, WA 6008. Ph: (08) 9382 3955. Fax (08) 9388 1025. E: info@peelex.com.au.

www.peelex.com.au

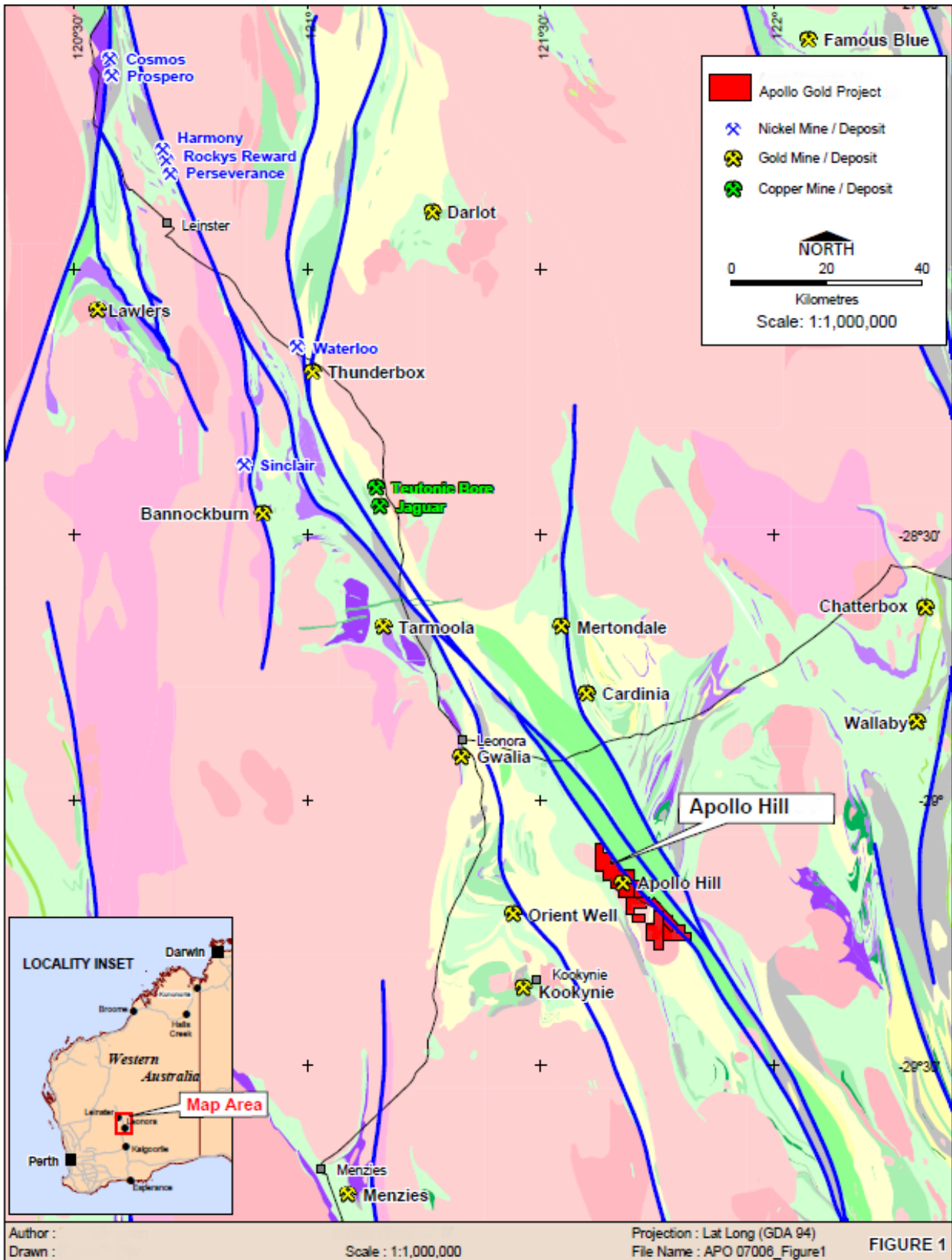
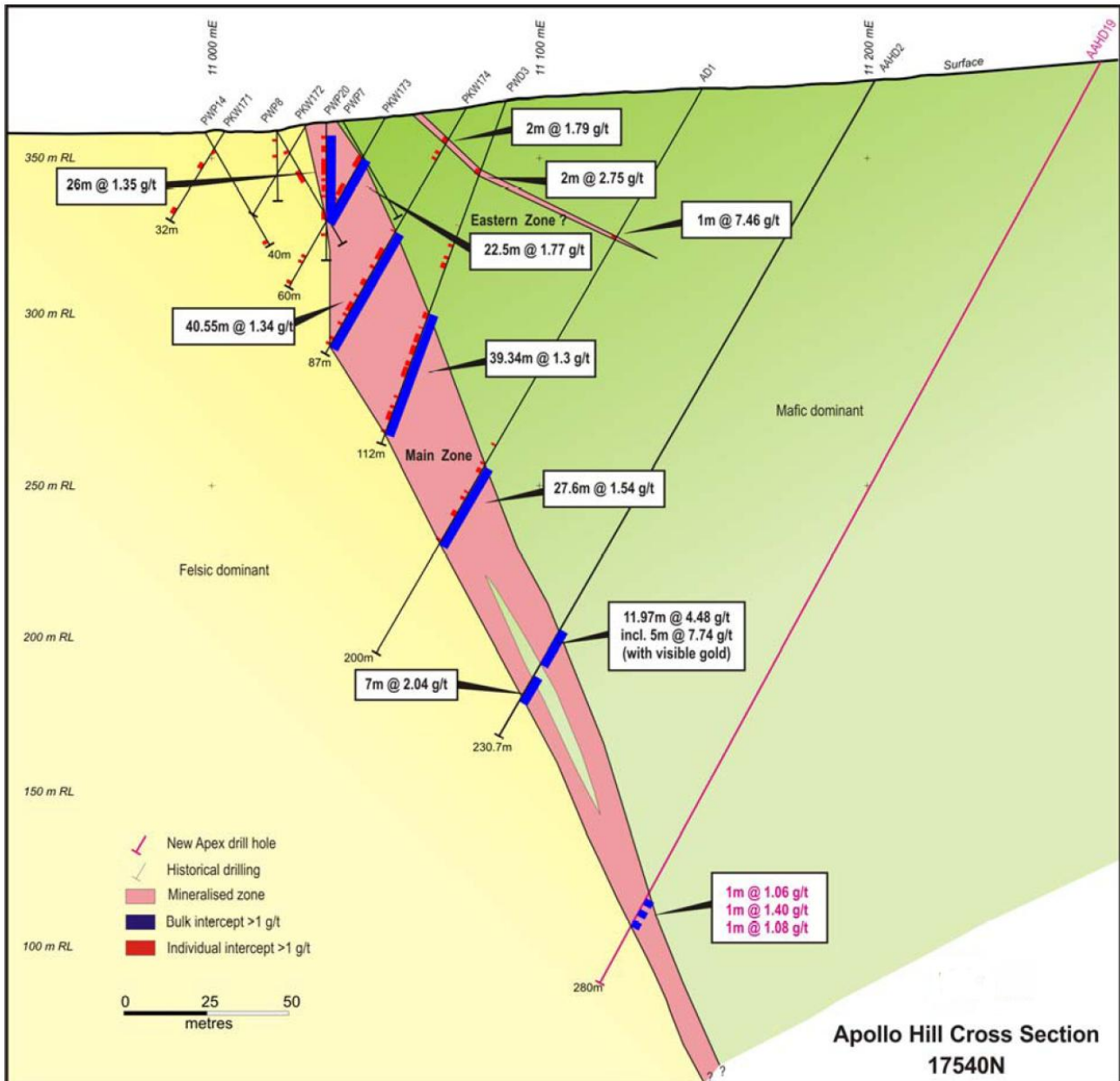


Figure 1 - Apollo Hill Tenement Location Plan

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Figure 2 - Apollo Hill Cross Section 17540N