



24th December 2010

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited

Peel places additional shares to satisfy strong demand

Peel Exploration Limited is pleased to announce that its recent rights issue to raise approximately \$1.5 million has closed fully subscribed.

However, to satisfy strong demand from investors wishing to take up the shortfall from the rights issue, the Directors today made a placement under ASX Listing Rule 7.1 of an additional 10.7 million shares at 7 cents, the same price as the rights issue, to raise a further \$752,000. The placement was made to a group of sophisticated investors.

The total amount raised from the rights issue and placement was approximately \$2.3 million. Funds raised will be used to continue and accelerate exploration work on Peel's newly acquired Apollo Hill gold project, May Day gold-lead-zinc project and its high-grade Attunga tungsten-molybdenum project.

Two weeks ago the Company announced a maiden resource estimate for Apollo of 11.1 Mt at 1.0 g/t Au for 341,000 ounces of gold (using 0.5 g/t gold cut off). The deposit, located 50 kilometres south-east of Leonora, extends from surface and the maximum depth of the resource estimate is 150m. It remains unexploited. Directors believe there is potential to increase the resource with minimal further drilling. An IP survey is scheduled for January 2011 with drilling planned to start in March 2011. Initial planning for a scoping study into the Apollo Hill project is under way.

Further exploration will also be carried out at the high-grade Attunga tungsten-molybdenum deposit near Tamworth in NSW where Peel has outlined a resource of 1.29 Mt at 0.61% WO₃, and also at the May Day gold-lead-zinc deposit near Cobar where mineralisation remains open.

At Attunga, Peel is currently involved in discussions with a potential investor regarding a more rapid advancement of the project, which remains open at depth and along strike. Directors believe the high-grade nature of the deposit, its proximity to excellent infrastructure and services, and the potential for further discoveries, bodes well for its development potential.

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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NOTICE UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT

An Appendix 3B was lodged on 24 December 2010 with respect to the issue of **10,748,439** ordinary shares pursuant to a placement made to sophisticated investors and professional investors (as described in Section 708 of the Corporations Act 2001 (**Corporations Act**)).

The Company gives this notice pursuant to Section 708A(5)(e) of the Corporations Act.

The shares were issued without disclosure to investors under Part 6D.2, in reliance on Section 708A(5) of the Corporations Act.

The Company, as at the date of this notice, has complied with:

- the provisions of Chapter 2M of the Corporations Act; and
- Section 674 of the Corporations Act.

As at the date of this notice, there is no excluded information for the purposes of Sections 708A(7) and (8) of the Corporations Act.

Yours faithfully



David Hocking
Company Secretary