



25th February 2011

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited

Exploration Update – Drilling Underway at May Day Project

May Day-Gilgunnia Project

Exploration is now underway at Peel's 100%-owned May Day-Gilgunnia Project. Peel considers the May Day-Gilgunnia area to be highly prospective for Cobar-style precious and base metal deposits.

In December 2010, a 120 line kilometre airborne VTEM survey was flown over the May Day gold-lead-zinc deposit and G5 magnetic anomaly areas. Subsequent interpretation of the VTEM data has resulted in the identification of a moderate EM anomaly closely coincident with a magnetic high, located about 10km east of the May Day deposit. This magnetic high is adjacent to a negative magnetic feature with an appearance suggestive of remnant magnetisation, possibly caused by disseminated pyrrhotite. The EM conductor is located in the centre of the historic Four-Mile Goldfield, and represents a firm exploration target, suitable for drill testing. To this end Peel has commenced a program of RAB drilling to test for possible shallow mineralisation and to provide geochemical and geological data.

Four-Mile Goldfield comprises a series of pits, shafts and underground workings up to 30m deep covering an area approximately 900m x 600m. Production figures are not available, although gold grades of up to 14 g/t in quartz veins are known to have occurred.

Peel plans to refine the Four-Mile EM anomaly by completing a ground-based fixed-loop TEM survey scheduled for early March prior to completing deeper RC/diamond drilling in mid-March. Peel is also planning to complete additional RAB drilling adjacent to the May Day deposit, targeting historic workings and anomalous base metal geochemistry.

Apollo Hill

Peel is also pleased to report that exploration and drill planning for Apollo Hill has been completed with a Programme of Work lodged with the WA Department of Mines and Petroleum and Department of Indigenous Affairs, seeking required regulatory approvals prior to commencement. Subject to regulatory approvals, Peel anticipates the commencement of drilling at Apollo Hill by late March/early April 2011.

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

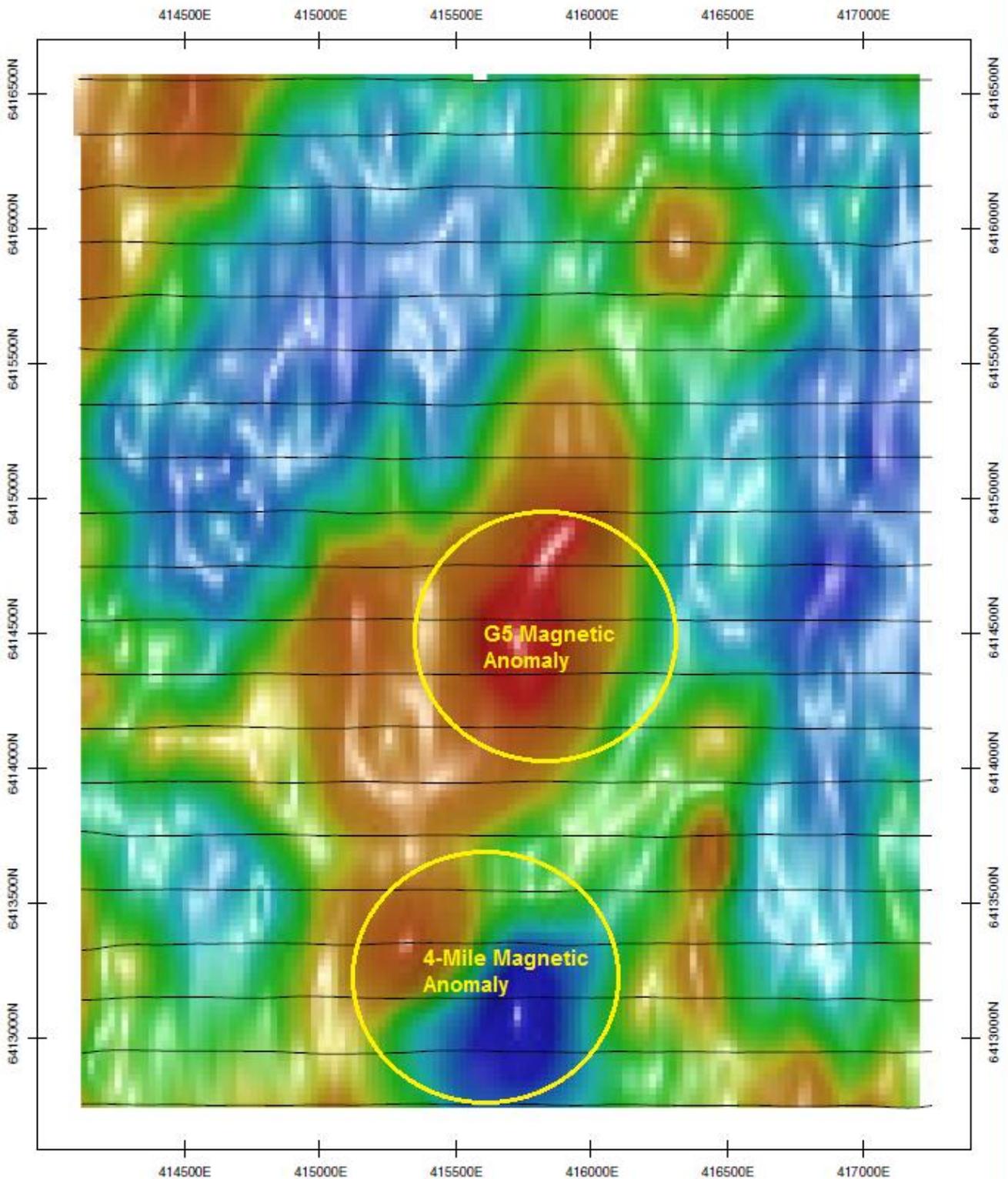
The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Tyson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience which is relevant to the style of mineralisation and type of deposit under 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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Scale 1:20,000
Coordinates are
MGA Zone 55 GDA94



VTEM Flight Line

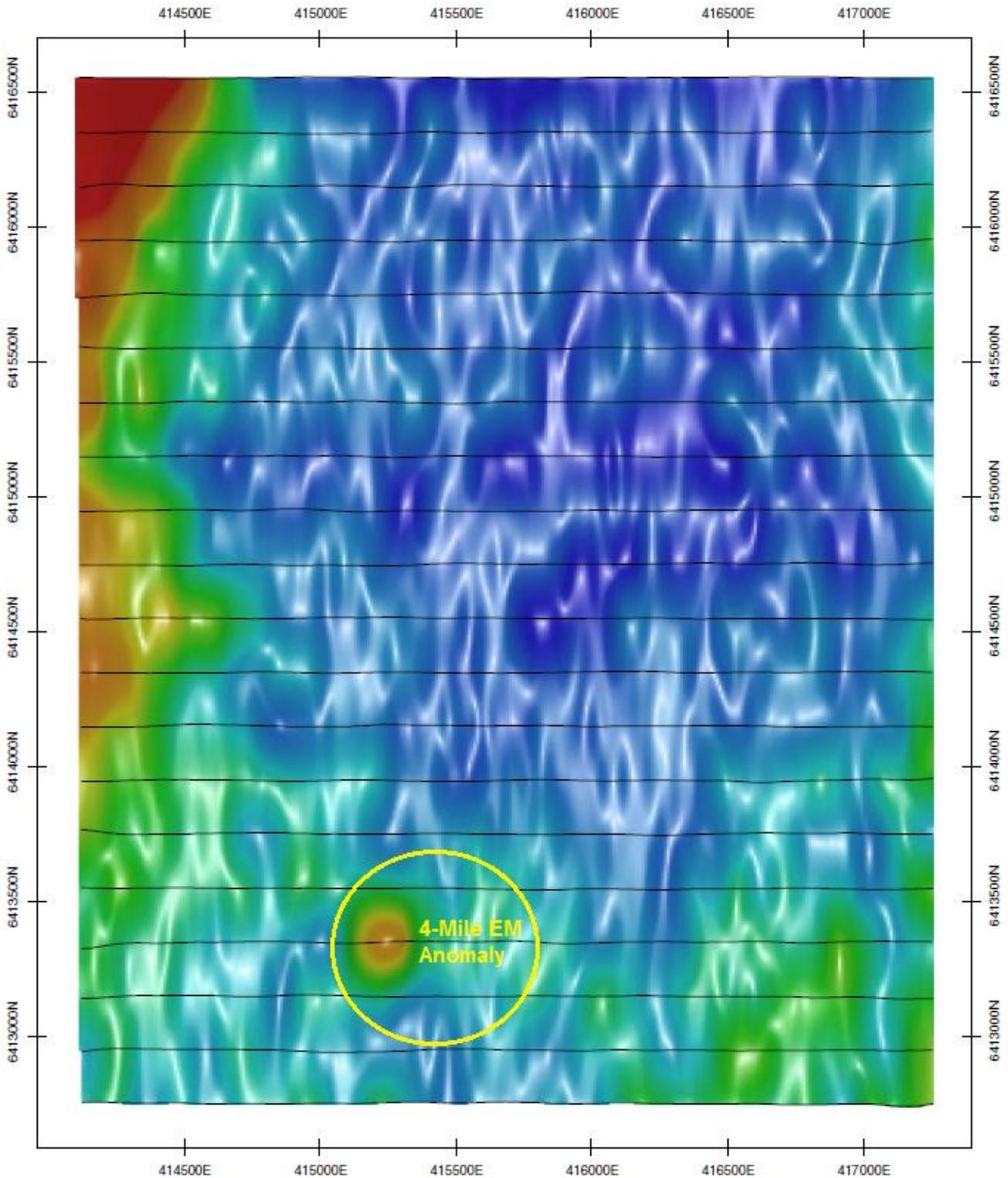


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