ASX / MEDIA RELEASE **5 JULY 2010**

ENCOURAGING GOLD-BASE METALS AT MAY DAY, MOLY-GOLD AT ATTUNGA

Peel Exploration is pleased to announce that recent drilling at the Company's Attunga and May Day projects has yielded encouraging mineralisation. The Attunga project lies within EL6884, approximately 20 kilometres north of Tamworth, whilst the May Day project lies within ML1361, approximately 100 kilometres south of Cobar. Both projects are 100%-owned by Peel Exploration.

Results from recent drilling at **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.

Results from recent drilling at the **Attunga Copper Mine** include the following intercepts:

- **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** and **1.4m at 22.70 g/t Au, 13 g/t Ag, 0.70% Cu from 55m** in ACMD008;
- **2m at 4.28 g/t Au, 15 g/t Ag, 0.68% Cu from 86m** and **2.5m at 0.71 g/t Au, 48 g/t Ag, 2.48% Cu from 94m** in ACMD011.

May Day Deposit

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.

Peel is encouraged by the results returned, which confirm down dip extensions containing several higher grade zones including a massive sulphide intercept. Several drillholes were abandoned prematurely due to adverse ground conditions. 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.

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.

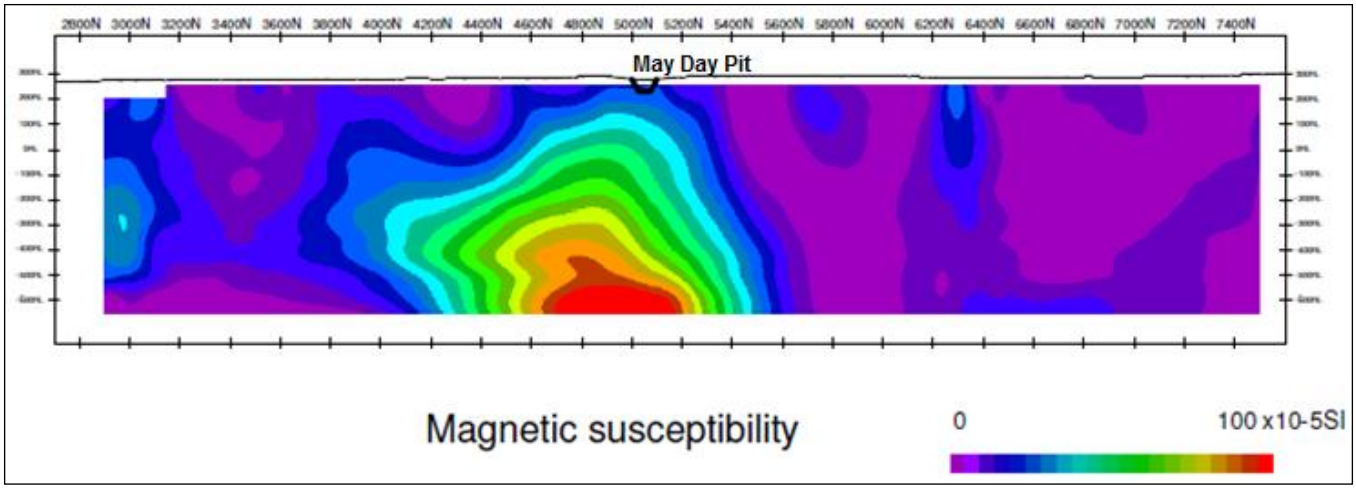

Figure 1 - May Day magnetic modelling

Peel also 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 plans to complete a review of all recently acquired and historic data, along with a shallow aircore/RAB drilling programme testing for near surface mineralisation.

Attunga Copper Mine

Between March and May, Peel completed a programme of six diamond drillholes for 944m 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.

Current Activities

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.

Rob Tyson - Managing Director.
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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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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:

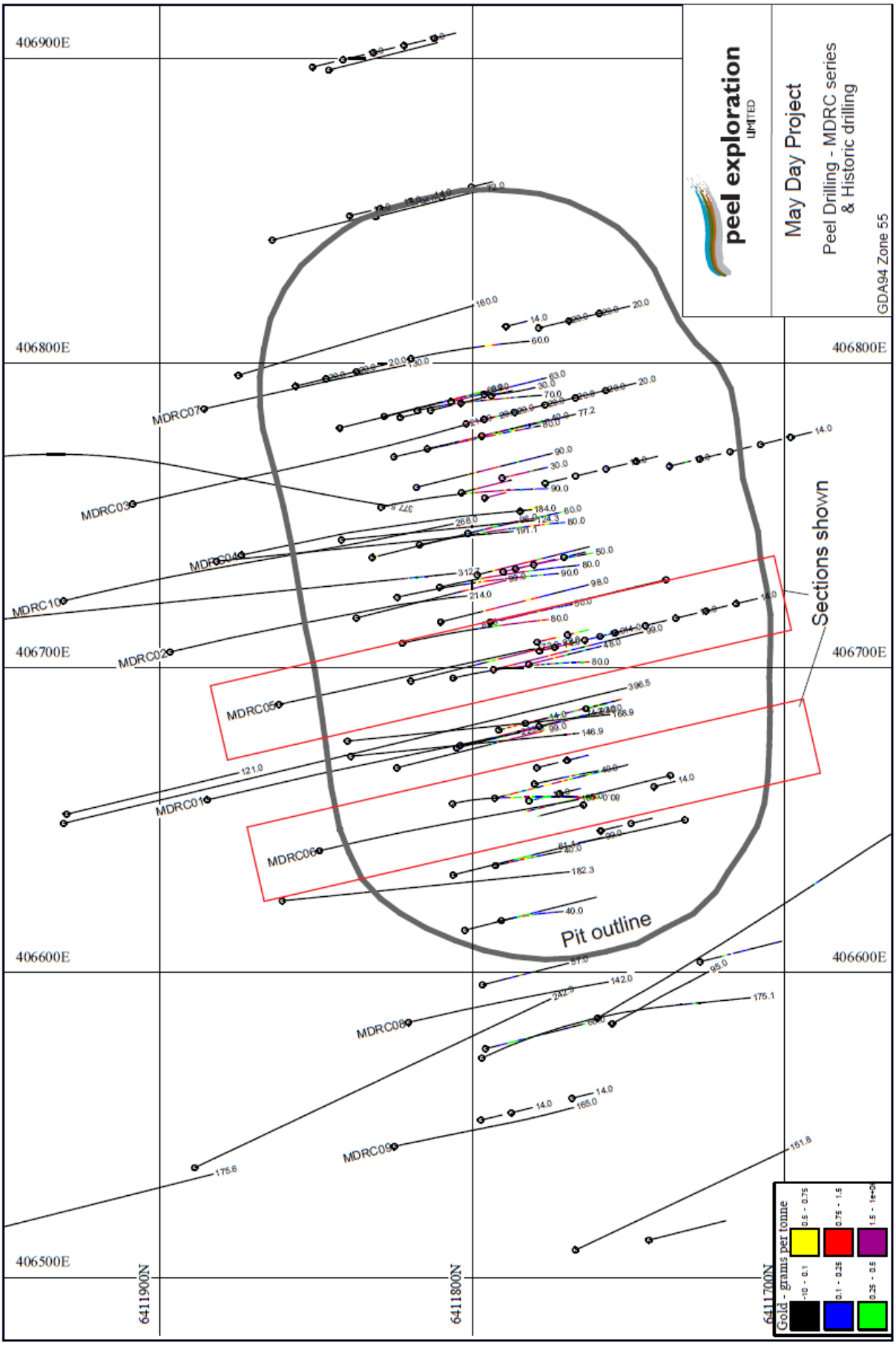
1. All drillholes were drilled reverse circulation using 5.5" face sampling hammer.
2. Drill chips were collected in plastic bags at 1m intervals. Sample recoveries were considered adequate for all samples.
3. Drillchips were logged in detail based on lithology, mineralisation, and alteration.
4. Samples 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.



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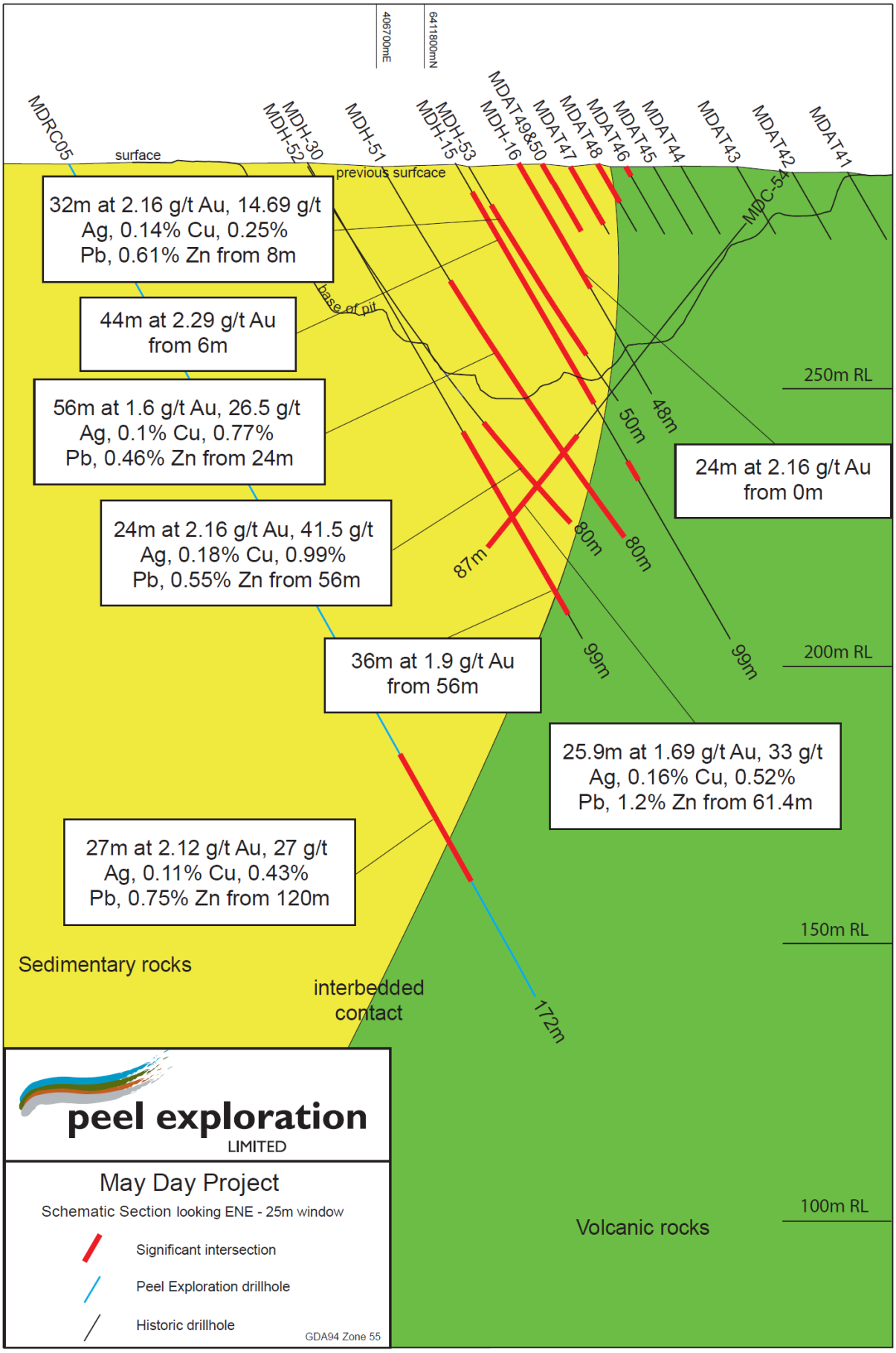

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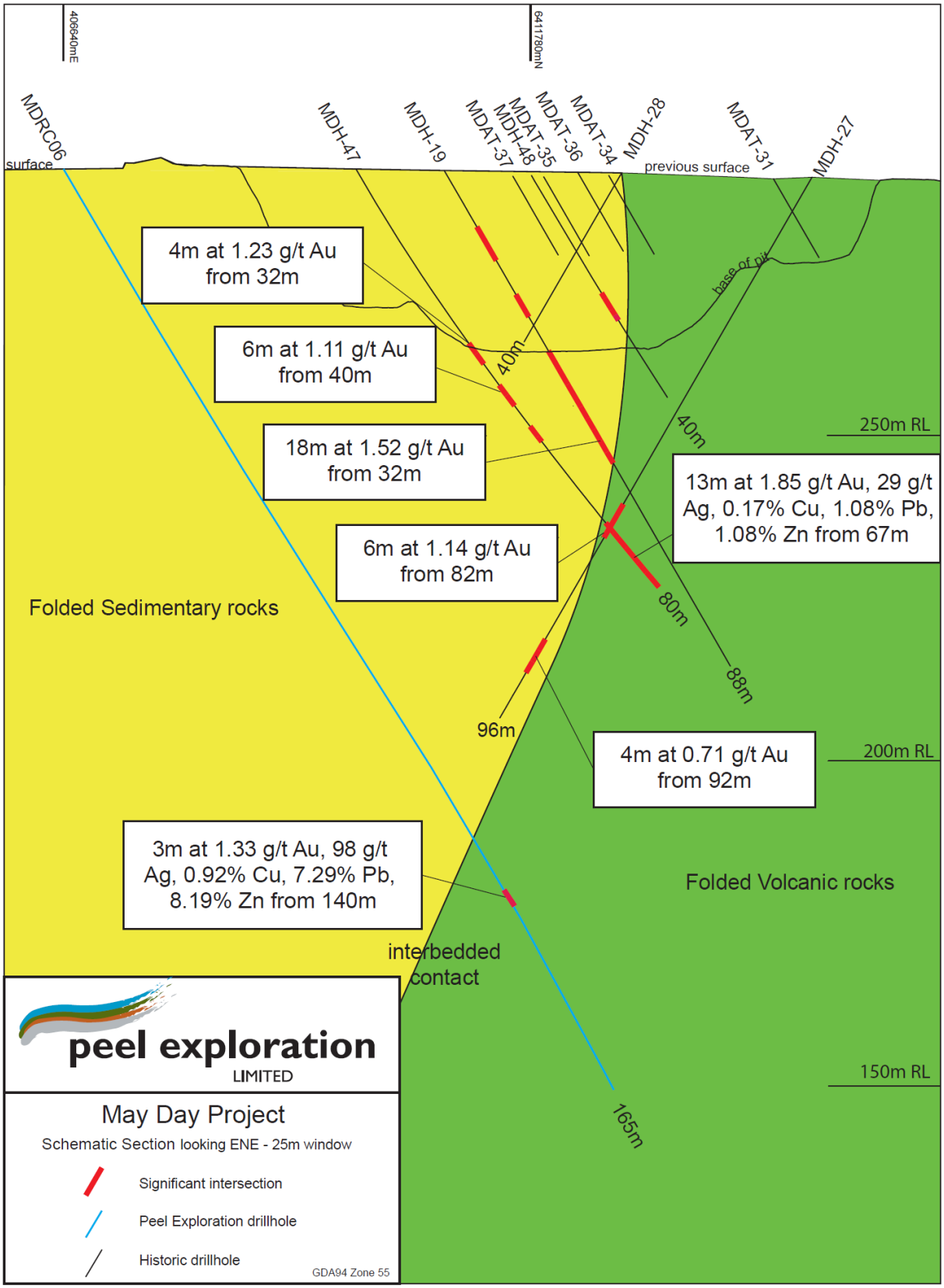

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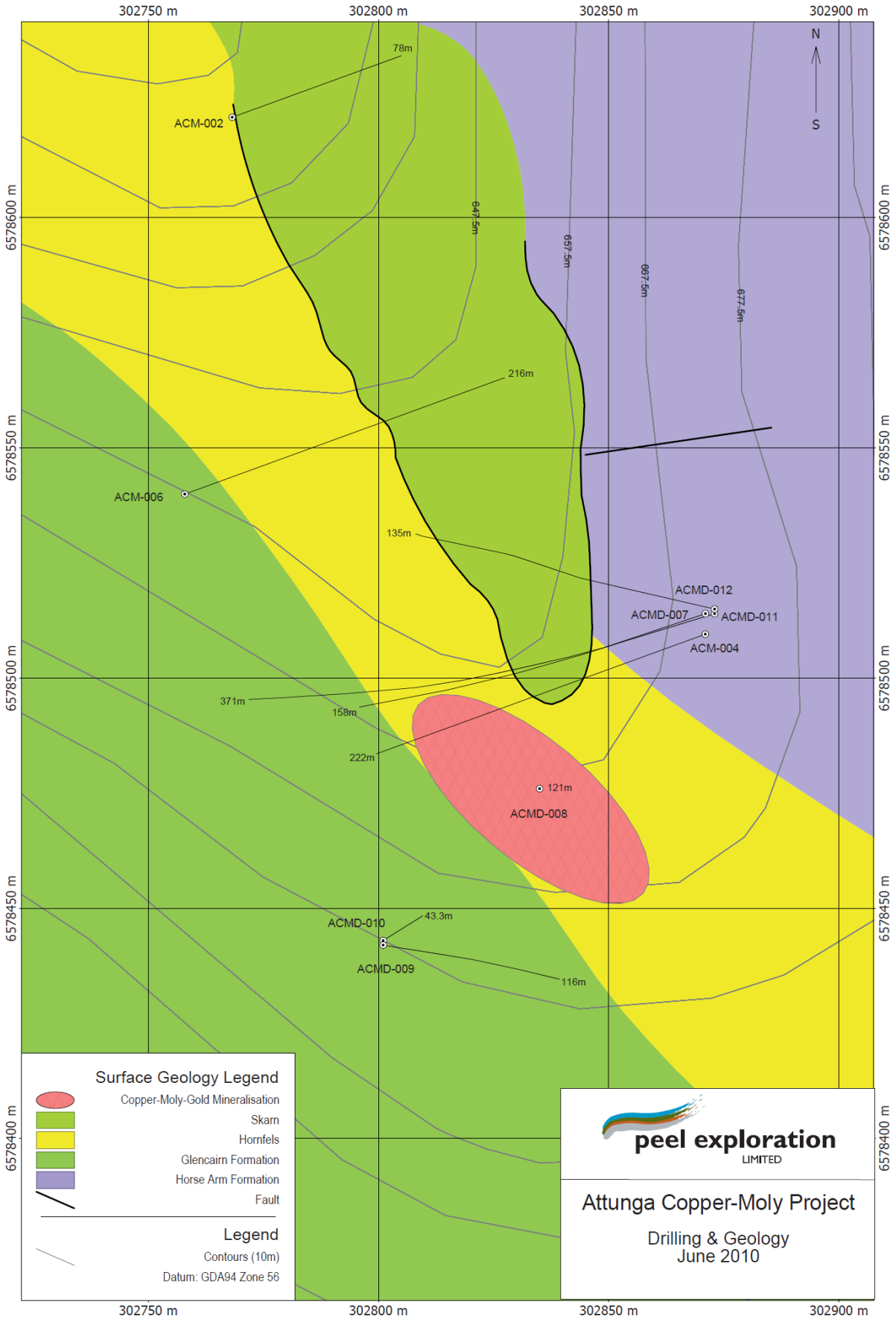

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