MARCH 2010 QUARTERLY REPORT

30 April 2010

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About Peel Exploration Limited:

- The Company has six 100%-owned tenements/ELAs covering approximately 550 km^2 of highly prospective tenure in New South Wales.
- These projects comprise the Attunga, May Day, Dungowan, Armidale, Mt Tennyson East and Yerranderie tenements and are host to numerous historic mines and workings.
- Peel's core asset – the Attunga Tungsten Deposit – is a high grade tungsten deposit located near excellent infrastructure.
- May Day gold-lead-zinc VMS deposit on granted mining lease near Cobar offers commodity and risk diversification with exciting exploration potential.
- 44 million shares on issue.
- $4.4 Market Cap at 29 April 2010.

Highlights for March quarter 2010

- **Significant molybdenum-copper mineralisation intercepted in drilling at Attunga.**
- **Regional geological mapping programme completed at Attunga.**
- **Transfer of May Day mining lease (ML1361) to Peel completed.**
- **EL7461 granted (Gilgunnia, approximately 84km^2, surrounds May Day ML1361).**
- **Commencement of 2,000m May Day drilling programme (first drilling in 20 years).**
- **May Day/Gilgunnia gravity and IP geophysical surveys completed.**
- **Modelling of May Day/Gilgunnia gravity, IP and regional magnetic data underway.**
- **Desktop study of historical May Day drilling and geological data including 3D modelling.**

Plans for June quarter 2010

- **Completion by mid-May of drilling at May Day and Attunga Copper Mine.**
- **Interpretation of May Day and Attunga drilling data.**
- **Continue desktop studies on May Day resource potential.**

Exploration

Attunga Project: Gold, Tungsten, Molybdenum, Copper; NE NSW (PEX 100%).
Tenements: EL6883 (Mt Patterson), EL6884 (Attunga).
Targets: Intrusive-Related Gold System style gold-tungsten mineralisation; skarn style tungsten-molybdenum mineralisation and skarn-style precious/base metals mineralisation.

Attunga Copper Mine Prospect drilling

During the quarter follow-up diamond drilling commenced at the Attunga Copper Mine prospect. Subsequent to the quarter Peel reported the intersection of significant visible molybdenum (molybdenite) and copper (chalcopyrite) mineralisation.

Drillhole ACMD-008, which was designed to test for up-dip (near-surface) extension to previously identified gold-copper-molybdenum mineralisation (ACM-004 drilled May 2009), intersected approximately 30 metres of cumulative skarn alteration in multiple zones.

Visible sulphide mineralisation was identified in various skarn and breccia zones, with an alteration zone recorded between about 46m and 54m downhole including encouraging chalcopyrite, and locally-strong molybdenite mineralisation (*see Figure 1*).

Figure 1 – Coarse-grained molybdenite with accessory chalcopyrite.

In May 2009, Peel reported that the drillhole ACM-004 intersected 75m at 1.02 g/t gold, 0.87% copper, 0.09% molybdenum, 0.06% bismuth, and 22 g/t silver from 136m including 27m at 1.60 g/t gold, 1.66% copper, 0.18% molybdenum, 0.1% bismuth, and 39 g/t silver from 136m.

Visual estimation indicates an intersection of 0.5 metres from about 53m down hole in the order of 10-20% molybdenite (MoS_2) content (plus chalcopyrite) within a broader envelope of lower content molybdenite-copper mineralisation prevalent over the entire 8 metre downhole interval. The true width of the broader mineralised intercept is estimated to be about 3 metres.

It should be noted that molybdenite and chalcopyrite mineralisation was observed in other skarn and breccia zones. A Niton XLT field portable XRF instrument provided support of mineral recognition and identification.

The mineralisation intersected in ACMD-008 is interpreted to be approximately 20m along strike south and about 80m up-dip from that discovered in ACM-004. ACMD-008 has been geologically logged, cut and sampled with assays expected by early-mid May.

The current drilling programme, which comprises five to six diamond drill holes, is designed to test for up and down-dip, and along strike extensions to the discovery reported in May 2009.

Peel is encouraged by the sparsely drilled nature of the prospect and the potentially significant level of molybdenum encountered at a relatively shallow depth and notes that the current price of molybdenum is approximately US$40,000 per tonne or about five times the price of copper.

Alteration observed in ACMD-008 is also interpreted to indicate a possible proximal source to the mineralising system, supporting Peel's belief that the Attunga skarn deposits are part of a larger metalliferous system.

As at 29 April, drilling at Attunga Copper Mine was continuing. Further details will be provided as results come to hand.

Supporting data

Hole No.	Northing (MGA94 Zone 56)	Easting (MGA94 Zone 56)	RL (m above sea level)	Azimuth (mag)	Dip	Final Depth (m)
ACM-004	6578510	302871	667	250	-70	222
ACMD-008	6578473	302835	672	0	-90	121

1. Coordinates and RL of ACM-004 was via DGPS.
2. Coordinates and RL of ACMD-008 was via Garmin handheld GPS72.

Attunga Tungsten Deposit

The Attunga Tungsten Deposit was discovered in the late 1960s and has undergone minimal modern exploration. In April 2008, Peel announced the completion of an independent inferred resource estimate for the Attunga Tungsten Deposit with results including 1.29 Mt grading 0.61% WO_3 and 0.05% Mo for 9,400t contained WO_3 equivalent using 0.2% WO_3 equivalent cutoff.

Garnet Review

During the previous quarter Peel initiated a review of the garnet potential of the Attunga Tungsten Deposit. As a result of this work a high-grade garnet concentrate was produced and Peel plans to test the sandblasting qualities and marketability of Attunga's garnet in due course.

Other

During the quarter, regional geological mapping was completed with results used to aid in exploration planning.

<u>May Day Project:</u> Gold, Lead, Zinc, Silver, Copper; W NSW (PEX 100%).
Tenements: ML1361 (May Day), EL7461 (Gilgunnia)
Targets: Volcanogenic Massive Sulphide mineralization.

During the quarter, the transfer of mining lease ML1361 from Imperial Corporation Ltd (ASX:IMP) was completed. ML1361 contains the historic May Day gold-base metal deposit is located approximately 100km south of the mining town of Cobar in central NSW. Also during the quarter, Peel was granted EL7461 (previously ELA3776) covering approximately 84 km^2, encompassing the May Day mining lease.

May Day was discovered in 1898 and was initially developed as an underground copper-lead-silver mine. Exploration in the 1970s identified high grade gold-base metal mineralisation to a depth of about 250m below surface. Exploration in the late 1980s defined a shallow gold resource, which eventually led to the development in 1996 of a small-scale mining operation comprising an open pit with a heap leach gold circuit. No drilling directly targeting the May Day Deposit has been completed since 1989.

Desktop studies indicate substantial gold-base metal mineralisation immediately below the historic open pit, with deeper drillhole intersections demonstrating depth continuance of high-grade gold-base metal mineralisation.

Drilling

Subsequent to the end of the quarter (on April 29), a 2,000m RC/diamond drilling programme at May Day commenced. The programme is designed to test for down-dip continuance of known mineralisation, immediately below the historic May Day open pit. In-house geological modelling indicates good potential for the existence of significant VMS-related gold-base metal mineralisation.

Geophysics

During the quarter, Peel completed several geophysical surveys in advance of drilling and to provide additional geological information about the local geological environment. An approximately 12km^2 gravity survey and a 15 line kilometre Induced Polarisation (IP) survey was undertaken over the immediate May Day mine environment and 2 kilometres along strike to the northeast.

This data, along with regional airborne magnetic data is currently being modeled, however preliminary interpretation shows that a moderate-to-strong chargeable IP anomaly and a deep (greater than 400m depth) magnetic anomaly is associated with the May Day deposit.

Other

Also during the quarter, Peel continued historic data compilation and interpretation along with in-house geological and resource envelope modeling. Peel also completed a survey pick-up and transformation of historic grid and drilling data, and 3D laser mapping of the May Day open pit.

Yerranderie: Silver, Lead, Gold; Central NSW (PEX 100%).
Tenement: EL7356.
Targets: Silver-lead-gold mineralisation in surface waste and tailings dumps.

Substantial amounts of silver-lead-gold mineralisation remain present in surface waste and tailings dumps at Yerranderie. During the quarter, Peel received initial metallurgical testwork results indicating cyanide leaching could yield an average 67% silver recovery and 81% gold recovery on the sample material tested.

Mt Tennyson East: Molybdenum, Tungsten; Central NSW (PEX 100%).
Tenement: EL7272.
Targets: Skarn-hosted molybdenum and tungsten mineralisation.

No fieldwork was undertaken during the quarter.

Dungowan Project: Copper, Zinc, Gold, Silver; NE NSW (PEX 100%).
Tenement: EL6613.
Targets: Polymetallic VHMS mineralisation; syngenetic exhalative gold mineralisation; and epigenetic structurally-controlled gold mineralisation.

No fieldwork was undertaken during the quarter.

Armidale Project: Silver, Gold, Antimony, Tungsten; NE NSW (PEX 100%).
Tenement: EL6722.
Targets: Intrusive-related precious metals mineralisation.

No fieldwork was completed during the quarter.

Corporate

Board appointment

During the quarter, Mr Graham Hardie was appointed as a non-executive director of the Board.

Mr Hardie is the principal of Hardie Finance Corporation, a private Perth-based property development company, and has extensive experience in commercial and financial transactions. Mr Hardie is also Peel's largest shareholder.

For further information, please contact Managing Director Rob Tyson on mobile 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 styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Persons 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 their information in the form and context in which it appears.