

## Apollo Hill – Maiden Resource Estimate of 341,000 oz

Peel Exploration Ltd (ASX: **PEX**) is pleased to announce a maiden resource estimate for the Apollo Hill and Ra deposits within its recently acquired Apollo Hill gold project in the North-Eastern Goldfields of Western Australia.

### Highlights

- Maiden resource at Apollo Hill and Ra deposits estimated at **11.1 Mt at 1.0 g/t Au for 341,000 ounces of gold** (using 0.5 g/t gold cut off).
- Maximum depth of the resource estimate is 150m below surface.
- At a 0.2 g/t gold cut off for scenario planning the estimated resource is **26.6 Mt at 0.6 g/t Au for 534,000 ounces of gold**.
- The Apollo Hill deposit extends to surface and remains unexploited.
- Mineralisation at Apollo Hill and Ra deposits remains open at depth and along strike to the south of both deposits.
- Potential increase in resources with minimal further drilling.
- Exploration planning now underway, IP survey planned for January, infill and extensional drilling planned for March 2011.

The Apollo Hill resource consists of two deposits: the main Apollo Hill deposit and the Ra deposit to the south-east (see Figure 2). A breakdown of the inferred resources present at 0.5 g/t gold cut off for each deposit is shown in Table 1.

	<b>Mt</b>	<b>Au g/t</b>	<b>Ounces</b>
<b>Apollo Hill (total)</b>	<b>9.9</b>	<b>1.0</b>	<b>318,000</b>
<i>fresh</i>	7.5	1.0	241,000
<i>oxide</i>	2.4	0.8	62,000
<b>Ra (total)</b>	<b>1.2</b>	<b>1.0</b>	<b>39,000</b>
<i>fresh</i>	0.8	1.0	26,000
<i>oxide</i>	0.4	1.0	13,000
<b>Combined Total</b>	<b>11.1</b>	<b>1.0</b>	<b>341,000</b>

Table 1. Summary of Apollo Hill inferred resource estimate at 0.5 g/t cut-off.

Note: The significant figures in Table 1 reflect the precision of estimates and include rounding errors.

Peel Managing Director Rob Tyson commented:

*“The maiden resource estimate of 341,000 oz gold confirms that Apollo Hill is a substantial gold deposit and represents a strongly value accretive acquisition by Peel at a cost of just \$3 per ounce. This resource estimate will also form the base for future work that is expected to add further value to the project. To this end, Peel is planning an exploration programme including IP geophysics, infill and extensional drilling, comprehensive metallurgical testwork and a preliminary scoping study.”*

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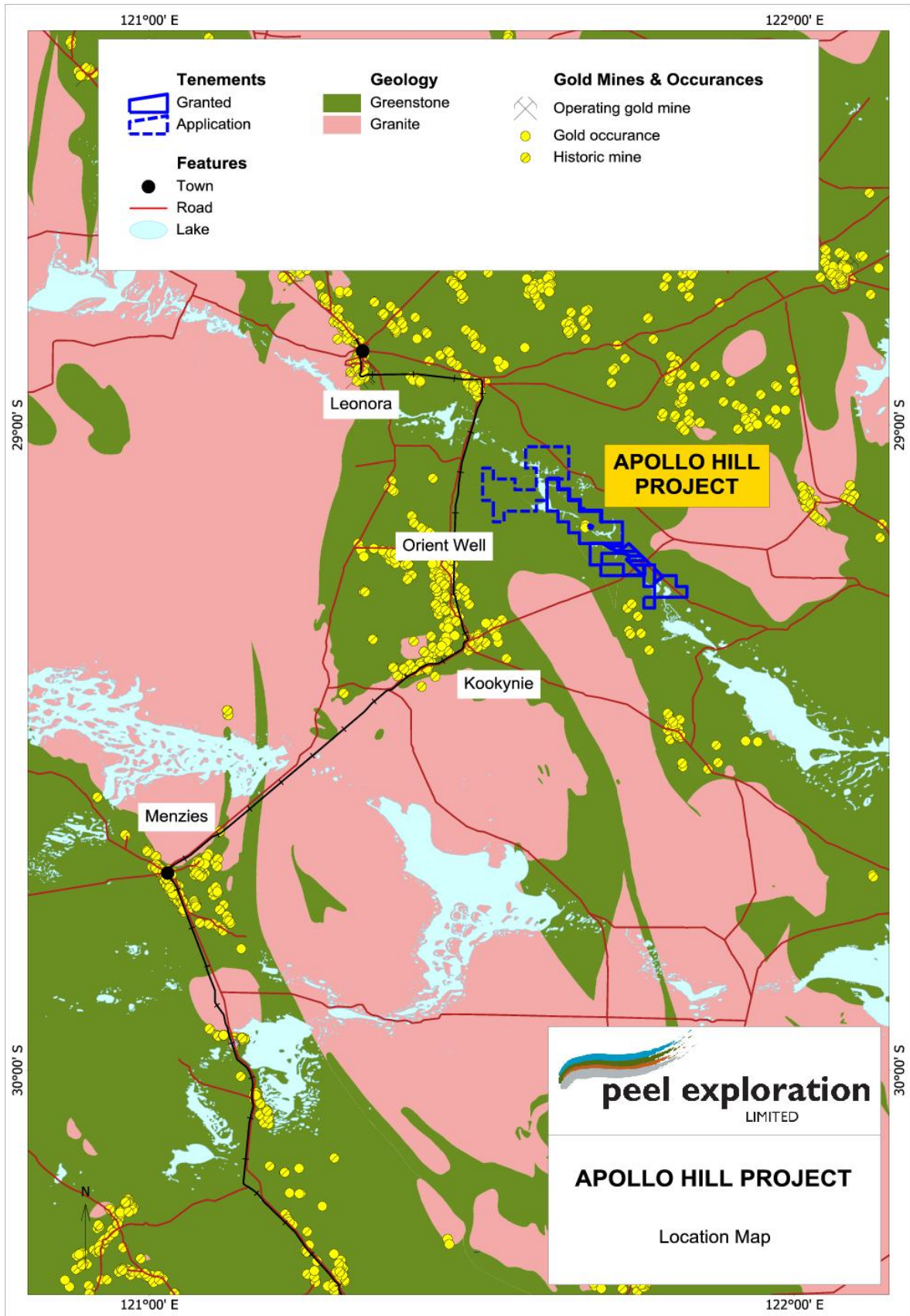


Figure 1. Apollo Hill Project location map showing simplified geology and gold occurrences.

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## Resource Estimate Details

The Apollo Hill Project, located 50 kilometres south-east of Leonora, comprises 16 mineral licences covering about 140 square kilometres within the highly mineralised North-Eastern Goldfields of Western Australia.

The resource estimate, completed by independent consultants Hellman & Schofield Pty Ltd, is based on 22,887 metres of historic drilling made up of 35 diamond, 214 reverse circulation and 136 aircore drill holes completed by a number of explorers since 1986. The resource estimate has been classified as Inferred under the JORC code (2004 edition). Work completed by Peel Exploration has included re-sampling and examination of diamond core, field visits, and compilation and validation of data. The current estimates assume densities of 2.3 and 1.8 t/bcm for oxidised Apollo Hill and Ra (previously known as Camp) mineralisation respectively, with a density of 2.6 t/bcm for fresh rock at both deposits.

Cut off Au g/t	Weath.	Ra			Apollo Hill			Combined		
		Mt	Au g/t	koz	Mt	Au g/t	koz	Mt	Au g/t	koz
0.2	Oxide	1.6	0.5	26	7.3	0.5	117	8.9	0.5	143
	Fresh	2.3	0.6	44	15.4	0.7	347	17.7	0.7	391
	Total	3.9	0.5	63	22.7	0.6	438	26.6	0.6	534
0.4	Oxide	0.6	0.8	15	3.4	0.7	77	4.0	0.7	92
	Fresh	1.2	0.8	31	9.5	0.9	275	10.7	0.9	306
	Total	1.7	0.8	44	12.9	0.9	373	14.7	0.8	398
0.5	Oxide	0.4	1.0	13	2.4	0.8	62	2.8	0.8	75
	Fresh	0.8	1.0	26	7.5	1.0	241	8.3	1.0	267
	Total	1.2	1.0	39	9.9	1.0	318	11.1	1.0	341
0.6	Oxide	0.3	1.1	11	1.7	0.9	49	2.0	0.9	60
	Fresh	0.6	1.2	23	6.0	1.2	231	6.6	1.2	255
	Total	0.9	1.1	32	7.7	1.1	272	8.6	1.1	314
0.8	Oxide	0.2	1.3	8	0.9	1.2	35	1.1	1.2	43
	Fresh	0.4	1.5	19	3.9	1.4	176	4.3	1.4	195
	Total	0.5	1.4	23	4.8	1.4	216	5.4	1.4	238
1.0	Oxide	0.1	1.6	5	0.5	1.4	23	0.6	1.4	28
	Fresh	0.2	1.7	11	2.6	1.7	142	2.8	1.7	153
	Total	0.4	1.7	22	3.1	1.7	169	3.4	1.7	181

Table 2: Apollo Hill resource estimates to 150 metres depth

Note: The significant figures in Table 2 reflect the precision of estimates and include rounding errors.

Documentation of historic sampling details is variable, however approximately 35% of the sample data (metres drilled) used in the resource estimation has documentation covering details of the methodologies used.

Assaying was carried out at a number of laboratories in Perth and Kalgoorlie. About 75% of the samples used in the estimation were analysed by fire assay with AAS finish method with the remainder analysed using either aqua regia or LeachWell digests with AAS finish or unknown finish methodology. More than 15% of assay results have had repeat analysis carried out and further check analysis has also been carried out on a number of batches.

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In addition, Peel Exploration submitted 100 quarter core samples from three drill holes to ALS Laboratory Group in Perth, WA for triple analysis by fire assay (50g) and AAS finish. Standard reference material was also submitted by Peel Exploration. ALS conducted duplicate sample checks, lab standard checks and blank sample checks. Pulps of these samples were the submitted to Standard Reference Laboratories in Perth, WA for analysis by fire assay as a further check. The results largely confirmed previous sampling and assaying results.

Location of drill hole collars was sourced from historic reports with variable survey methodologies completed. Down hole surveys were predominately conducted with a down hole camera. Structural studies in 2004 indicate that the predominate drilling direction previously used has the highest probability of intersecting the greatest number of mineralised features.

The topographic surface used was generated from all drill hole collar coordinate data, and 200 by 200 metre spaced spot heights from a ground gravity survey completed by Fugro Ground Geophysics in March 2004.

Hellman & Schofield estimated resources for the Apollo Hill gold project by using Multiple Indicator Kriging with block support correction methodology, to reflect open pit mining selectivity. The model estimates recoverable resources into panels sized 10 metres across strike by 30 metres along strike by 5 metres vertical. Although the model estimates extend to around 290 metres depth, the reported resources only include estimates to approximately 150 metres below surface to reflect realistic extraction depths.

Peel Exploration believes that the shallow and extensive nature of mineralisation at the Apollo Hill gold project suggests that the project has reasonable prospects for eventual economic extraction.

### **Apollo Hill deposit details**

At Apollo Hill, two zones of mineralisation have been identified: West (or Main) Zone and the East Zone (see Figures 2, 3 & 4). The current resource extends for 600m in strike length and Peel Exploration expects to increase this to the south-east with further drilling. The gold mineralisation dips to the north-east at 45-60 degrees and is accompanied by quartz veins and carbonate-pyrite alteration associated with a structurally deformed mafic-felsic lithological contact. Mineralisation is present at surface.

The Apollo Hill mineralisation has been tested by generally 30 metre spaced, 45 degrees trending traverses of drill holes generally inclined towards the south-west. Across strike spacing is variable. For most traverses, the upper approximately 50 metres has been tested by holes spaced at around 20 metres. Below this depth the coverage is highly variable, ranging from around 20 metre spacing on some sections to commonly greater than 60 metres.

The western mineralised domain strikes 315 degrees and has an average width of approximately 95 metres. The eastern domain strikes 330 degrees and has an average width of approximately 115 metres.

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Recent metallurgical testwork by Peel Exploration has been favourable showing gold extraction levels of over 80% by gravity separation alone and greater than 98% of gold extractable via gravity and cyanidation.

### **Ra deposit details**

The Ra gold deposit is covered by a layer of transported material, with mineralisation hosted by dolerite rock and dipping 30-60 degrees to the east (see Figure 5). The current resource at Ra has a strike length of approximately 300m (see Figure 2), with mineralisation open along strike and at depth.

Ra deposit mineralisation has been tested by generally 20 metre spaced, 45 degrees trending traverses of drill holes inclined towards the south-west. Across strike spacing is generally around 15 metres to a depth of approximately 60 metres below surface. Below this depth, sampling is limited to rare, broadly and irregularly spaced drill holes.

### **Further work**

Planning of additional exploration at Apollo Hill is well advanced, with an IP geophysical survey scheduled to commence in January 2011, followed by infill and extensional drilling with the aim of increasing resources and providing sufficient material for comprehensive metallurgical testwork. A preliminary scoping study is also planned.

### **For further information please contact:**

Mr Rob Tyson - Managing Director  
Tel: (08) 9382 3955; Mob: 0420 234 020.

### **Competent Persons Statements**

*The information in this report that relates to mineral resource estimation for Apollo Hill is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Hellman & Schofield was not required to review the quality or validity of the sampling data, as Peel Exploration are accepting responsibility for these aspects of the estimates. Mr Abbott 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 Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to the validity/quality of the Apollo Hill sampling database and Apollo Hill exploration results, densities, cut off grades, potential for eventual economic extraction and comments on the resource estimates and project background is based on information compiled by Rob Tyson, who is a Member of The Australasian Institute of Mining and Metallurgy. Rob Tyson is a full-time employee of the company and 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'. Rob Tyson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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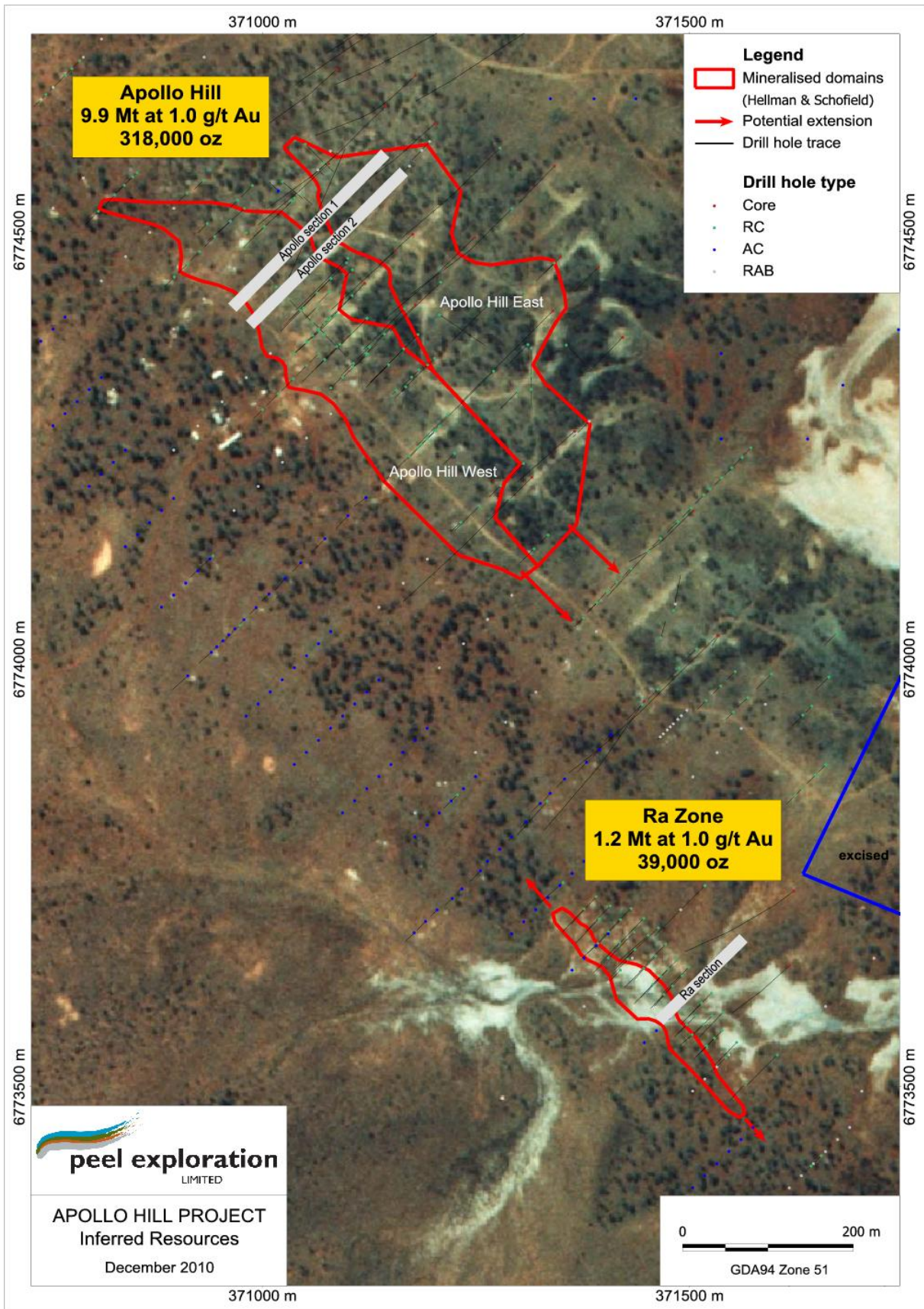


Figure 2. Apollo Hill Project drill hole location map showing mineralised domains.

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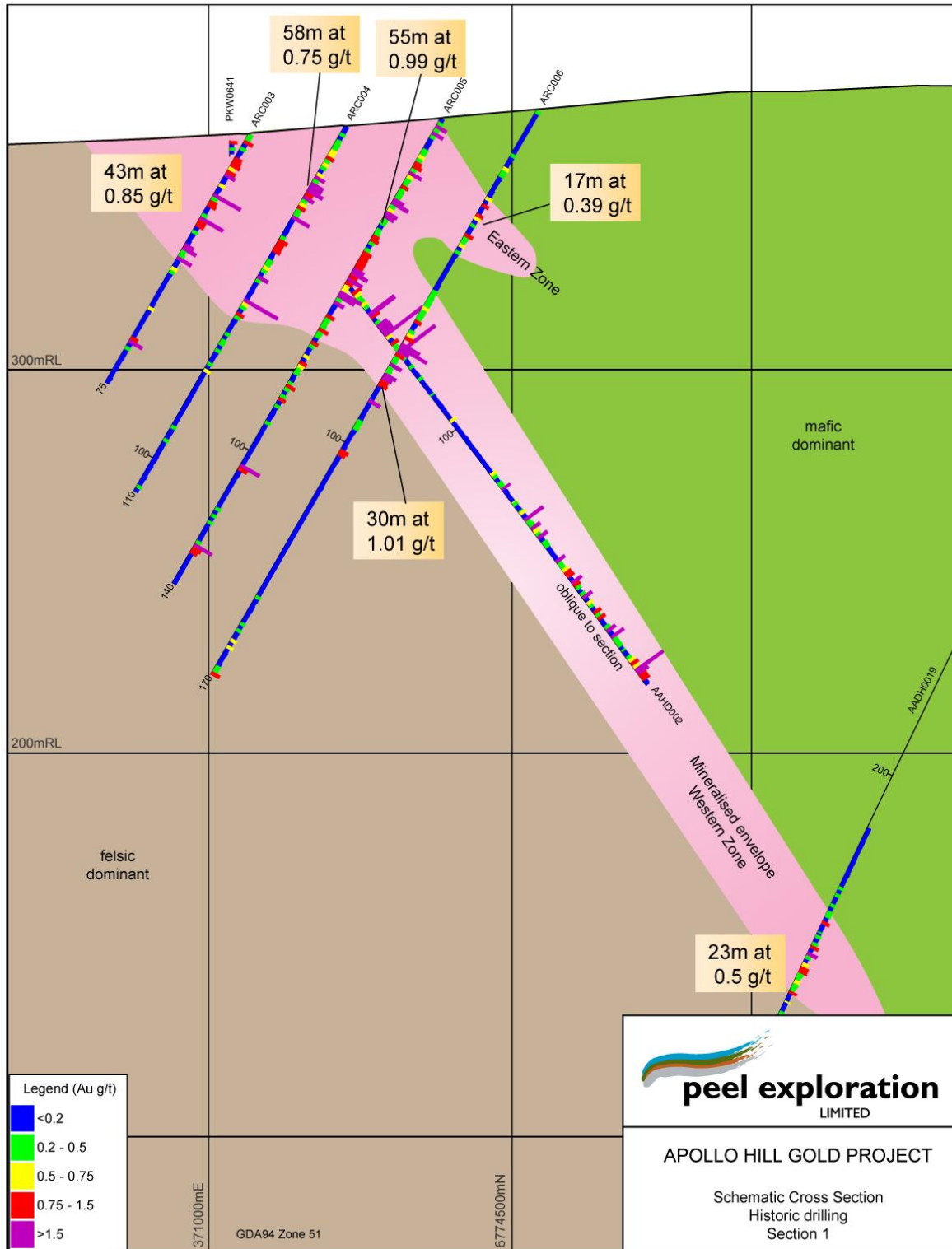


Figure 3. Apollo Hill Project section showing schematic geology and significant intersections.

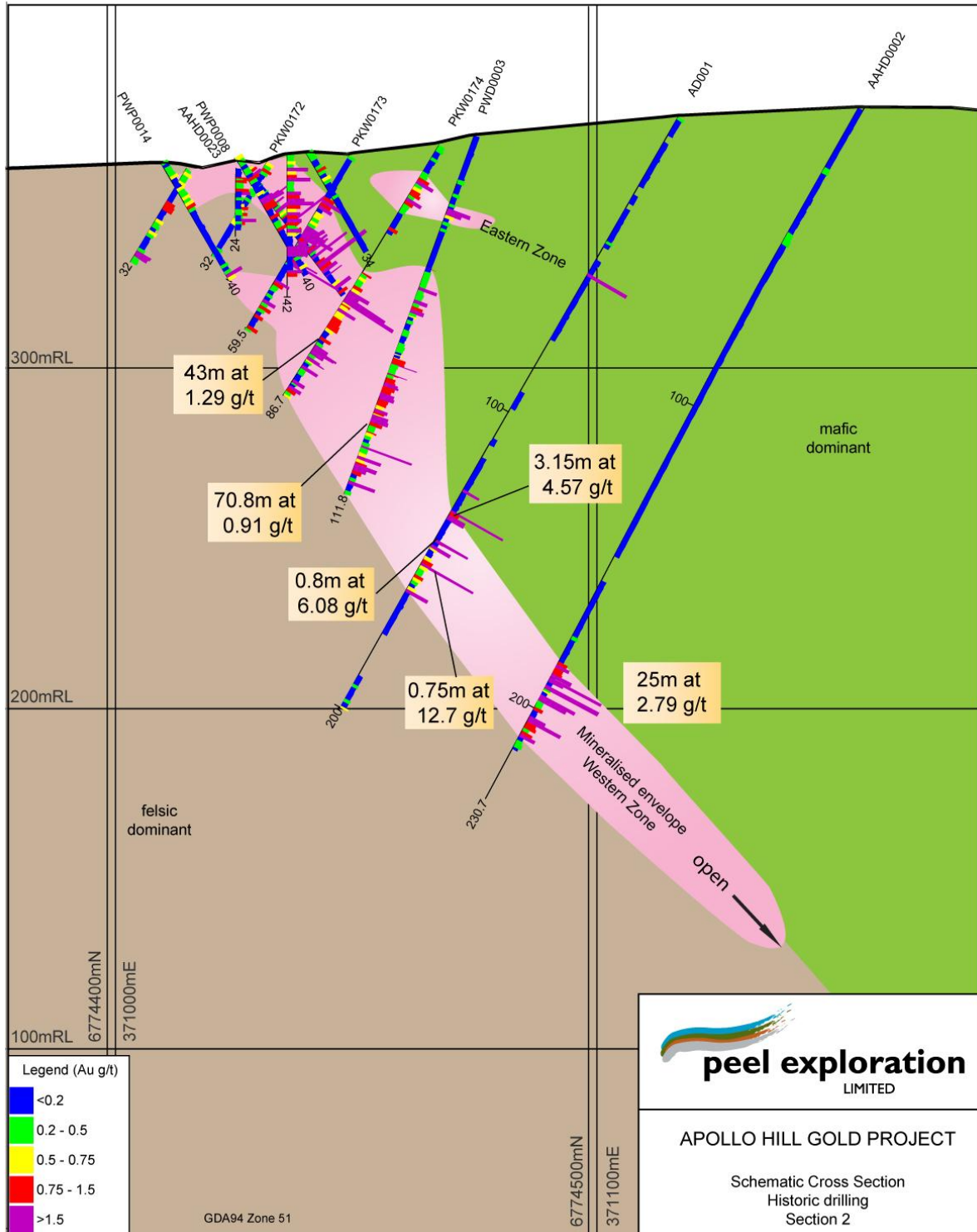


Figure 4. Apollo Hill Project section showing schematic geology and significant intersections

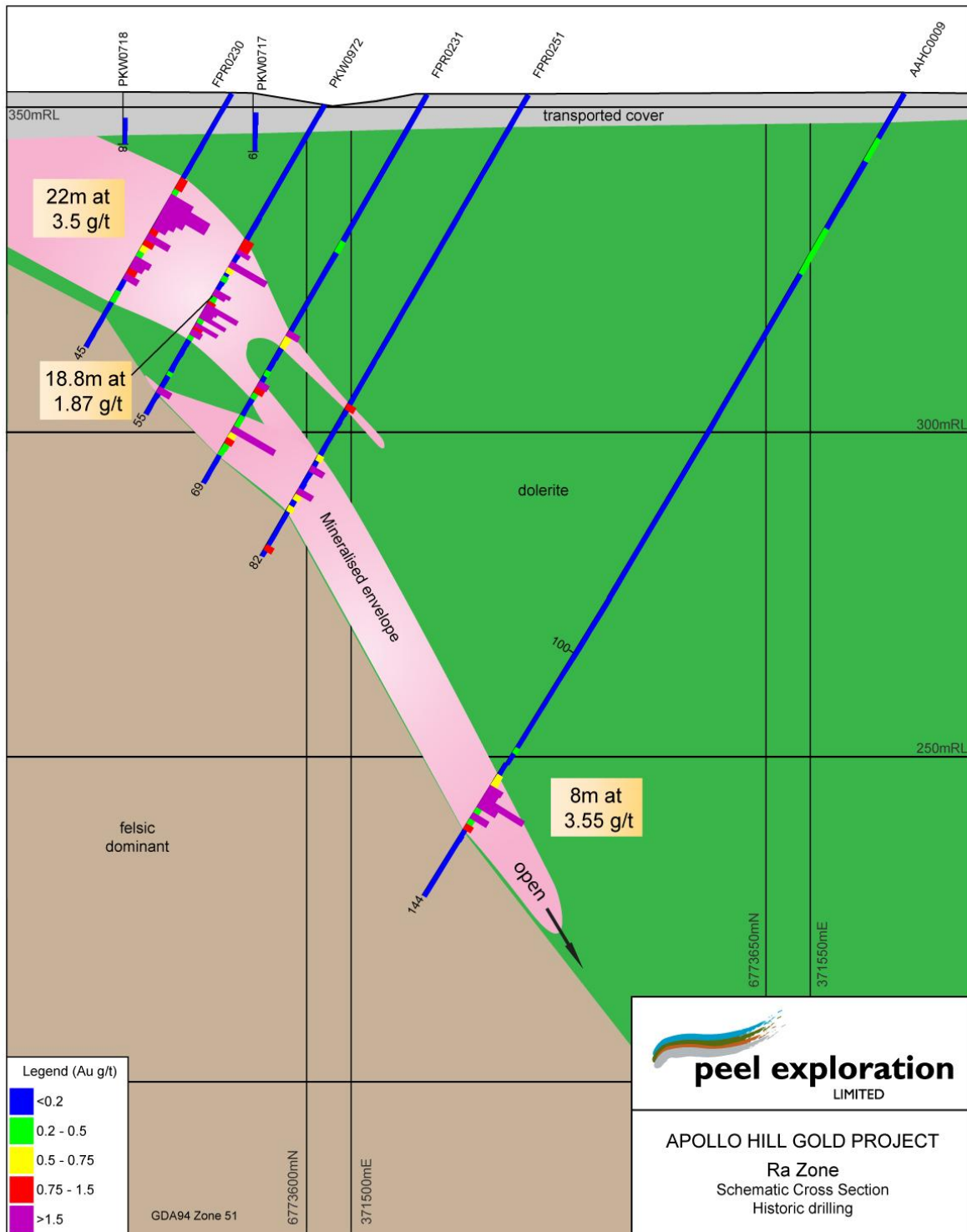


Figure 5. Ra Zone section showing schematic geology and significant intersections.