



[Address]

Dear Shareholder,

### Non-Renounceable Entitlement Issue

Peel Exploration Limited (**Company**) has announced to ASX Limited a non-renounceable entitlement issue on the basis of one (1) new Share for every three (3) Shares held by Shareholders at an issue price of 7 cents per Share to raise approximately \$1,540,207 (**Offer**).

The entitlement issue will result in the issue of approximately 22,002,959 new shares in the Company.

The Offer is not underwritten.

The Prospectus relating to this issue has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website at [www.asx.com.au](http://www.asx.com.au) for inspection. The timetable and important dates of the issue are set out below:

Event	Date
Lodgement of Prospectus and Appendix 3B	22 September 2010
Notice sent to Shareholders	23 September 2010
Ex Date	28 September 2010
Record Date for determining Shareholder entitlements	5 October 2010
Prospectus and Entitlement and Acceptance Form despatched	11 October 2010
Closing Date of Offer	8 November 2010
Securities quoted on a deferred settlement basis	9 November 2010
Notify ASX of under-subscriptions	11 November 2010
Despatch date/Shares entered into Shareholders' security holdings	12 November 2010

These dates are determined based upon the current expectations of the Directors and may be varied in accordance with the Listing Rules.

The purpose of the issue is to raise approximately \$1,540,207 and the funds raised are planned to be used as follows:

Proceeds of the Offer	\$
Apollo Hill project due diligence, drilling and exploration	700,000
May Day project drilling and exploration	200,000
Attunga project drilling, bulk sample and testwork	200,000
Other projects exploration	150,000
Working capital	262,338
Expenses of the Offer	27,869
<b>Total</b>	<b>1,540,207</b>



The capital structure of the Company on completion of the issue will be as follows:

**Shares**

	<b>Number</b>
Shares currently on Issue	44,005,917
Shares offered pursuant to the Offer	22,002,959
<b>Total Shares on issue on completion of the Offer</b>	<b>66,008,876 *</b>

\* Assumes the offer is fully subscribed.

**Options**

	<b>Number</b>
Quoted exercisable at \$0.20 on or before 30 November 2010	22,473,000
Unquoted exercisable at \$0.30 on or before 30 April 2011	1,000,000
Unquoted exercisable at \$0.30 on or before 30 November 2010	7,500,000
Unquoted exercisable at \$0.25 on or before 30 November 2010	580,000
Options offered pursuant to the Offer	Nil
<b>Total Options on issue after completion of the Offer</b>	<b>31,553,000</b>

In calculating entitlements under the entitlement issue fractions will be rounded up to the nearest whole number.

The offer under the Prospectus is made to Shareholders with registered addresses in Australia and New Zealand. Overseas shareholders should contact the Company Secretary with any queries.

Full details of the issue will be contained in the Prospectus that will be mailed to all shareholders who are registered on the record date. Shareholders eligible to participate should read the Prospectus carefully.

Yours faithfully

A handwritten signature in black ink, appearing to read "R M Tyson", is positioned above the typed name.

Mr Robert Tyson  
Managing Director  
Peel Exploration Limited