



[Address]

Dear Shareholder,

NON-RENOUNCEABLE ENTITLEMENT ISSUE

Peel Exploration Limited (**Company**) has announced to ASX Limited (**ASX**) 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 10 cents per Share to raise approximately \$1,030,892 (**Offer**).

The entitlement issue will result in the issue of approximately 10,308,917 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 for inspection. The timetable and important dates of the issue are set out below:

Event	Date
Lodgement of Prospectus and Appendix 3B	21 August 2009
Notice sent to Shareholders	25 August 2009
Ex Date	26 August 2009
Record Date for determining Shareholder entitlements	1 September 2009
Prospectus despatched to Shareholders	7 September 2009
Closing Date of Offer	25 September 2009
Securities quoted on a deferred settlement basis	28 September 2009
Notify ASX of under-subscriptions	30 September 2009
Despatch date/Shares entered into Shareholders' security holdings	2 October 2009

* 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 \$1,030,892 and the funds raised are planned to be used as follows:

Proceeds of the Offer	\$
Attunga Tungsten Deposit infill drilling	350,000
Attunga project regional drilling and geophysics	250,000
Other Projects	250,000
Working Capital	153,066
Expenses of the Offer	27,826
Total	\$1,030,892

Peel Exploration Limited ACN 119 343 734

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

Shares

	Number
Share currently on issue	30,926,750
Shares offered pursuant to the Offer	10,308,917
Total Shares on issue on completion of the Offer	41,235,667*

* Assumes the offer is fully subscribed.

Options

	Number
Quoted exercisable at \$0.20 on or before 30 November 2010	22,473,250
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	600,000
Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	31,573,250

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 detail 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. Tyson", is positioned above the typed name.

**Mr Robert Tyson
Managing Director
Peel Exploration Limited**