



Exploring forgotten mineral fields

2 August 2007

Dear Shareholder,

NON-RENOUNCEABLE RIGHTS ISSUE

Peel Exploration Limited (Company) has announced to ASX Limited (ASX) a non-renounceable entitlement issue on the basis of one (1) Option for every two (2) Shares held by shareholders of the Company as at 5.00 pm WST on 10 August 2007 at an issue price of 1 cent per Option (Rights Issue).

Each Option has an expiry date of 30 November 2010 and an exercise price of \$0.20.

The Rights Issue will result in the issue of 15 million Options in the Company. The Prospectus relating to the Rights 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 Rights Issue are set out below:

EVENT	DATE
Prospectus lodged with the ASIC and ASX / Shareholders informed of Rights Issue	31 July 2007
Notice in relation to the Rights Issue dispatched to Shareholders	2 August 2007
Shares quoted on an "ex" basis	3 August 2007
Record Date for determining entitlements under Rights Issue	10 August 2007
Despatch Prospectus / Opening Date	13 August 2007
Closing Date	30 August 2007
Options quoted on a deferred settlement basis	31 August 2007
ASX informed of under subscriptions	3 September 2007
Deferred settlement trading ends, holding statements dispatched and normal trading commences	4 September 2007

The purpose of the Rights Issue is to meet the Company's commitment to issue Options as disclosed in the IPO Prospectus. Funds raised will be used to meet expenses of the Rights Issue and allocated to the Company's working capital.



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

Shares	Number
Shares on issue at date of the Prospectus ¹	30,000,000
Shares offered under this Prospectus	Nil
Total	30,000,000
Options	Number
Total Options on issue at the date of the Prospectus ²	15,000,000
Total Options offered pursuant to this Prospectus	15,000,000
Total	30,000,000

Notes:

¹ Includes 14,890,000 Shares which are not quoted on ASX. These Shares are subject to various escrow restrictions imposed by ASX. All Shares are ordinary fully paid shares.

² 7,500,000 of these Options are exercisable at \$0.20 on or before 30 November 2010 and 7,500,000 are exercisable at \$0.30 on or before 30 November 2010. Please refer to the Peel Exploration Limited IPO Prospectus for further details.

In the calculation of any entitlement, fractions will be rounded down to the nearest whole number.

Full details of the Rights 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,

Rob Tyson
Executive Director.