



Exploring forgotten mineral fields

DECEMBER 2007 QUARTERLY REPORT

31 January 2008

Peel Exploration Limited

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About Peel Exploration Limited

- The company has six 100%-owned projects covering approximately 950km² in the New England Fold Belt region of northern New South Wales.
- These projects comprise the Attunga, Dungowan, Barry, Waverley, and Armidale tenements and are host to numerous historic mines and workings.
- The project areas are under-explored with only minimal modern exploration reported.
- Peel believes its projects offer excellent potential for the discovery of economic precious, base and exotic metals mineralisation.
- The Company plans to conduct exploration in a logical and systematic manner with a focus on maximising the return for each dollar spent.

Highlights for the quarter

- Previously unidentified high-grade tungsten-molybdenum mineralisation encountered at the Attunga Tungsten Deposit.
 - Reassaying program at Attunga Tungsten Deposit validates historic tungsten-molybdenum intersections.
 - Resource modelling of Attunga Tungsten Deposit continuing.
 - Resampling of Ken-7 drillhole at Kensington Gold-Tungsten Prospect validates historic gold assays and confirms significant tungsten anomalism.
 - 6,000 line km aeromagnetic and radiometric survey at Dungowan, Barry and Waverley completed early January.
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Plans for March quarter 2008

- Initial resource estimate for Attunga Tungsten Deposit.
- Additional exploration and sampling of historic Attunga Tungsten Deposit drilling.
- Additional exploration and sampling of historic Kensington Gold-Tungsten Prospect drilling.
- Surface gecochem surveys at Kensington NW, Kensington NE, Attunga NW and Waverley.
- Aeromagnetic and radiometric data processing and interpretation.
- Drillhole planning completed.



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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; and skarn style tungsten-molybdenum mineralisation.

Peel Exploration was granted exploration licences covering the historic Attunga-Kensington gold-tungsten-molybdenum mineral fields in late 2007. The Attunga Project contains numerous historic mines, prospects and workings and investigations utilising historic exploration reports coupled with modern datasets indicate that the Attunga-Kensington mineralising structure bears the hallmarks of an Intrusive-Related Gold System (IRGS).

During the quarter, activity undertaken at the Attunga Project included:

- landholder access negotiations;
- GIS data capture and desktop studies;
- initial ore deposit modelling of the Attunga Tungsten Deposit;
- re-logging and re-sampling of historic Attunga Tungsten Deposit drilling; and
- re-logging and re-sampling of historic Kensington Gold-Tungsten Deposit drilling.

Attunga Tungsten Deposit (aka Attunga Scheelite Deposit)

During the quarter, Peel Exploration announced that re-logging and sampling of historic diamond drillhole 23 (ATT-23) from the Attunga Tungsten Deposit encountered a previously unrecognised high-grade tungsten-molybdenum interval of 2.44m at 4.3% WO₃ and 0.23% Mo from 89.97m downhole. Re-assay of the interval utilising "XRF fusion" methodology confirmed the high-grade intersection returning 2.44m at 3.55% WO₃ and 0.23% Mo. Other assay results obtained during the quarter continued to validate historic results and yield additional unrecognised intercepts. Significant results to date are listed below:

Hole No.	Drill Type	Northing	Easting	Azimuth	Dip	Final Depth (m)	From (m)	To (m)	Interval (m)	WO ₃ %	Mo ppm	Interval Type
ATT-20	Diamond	6577902	302485	192	-66	291.90	128.57	129.69	1.12	0.15	78	New
							194.72	195.38	0.66	0.50	301	New
							259.44	272.11	12.67	0.26	202	Historic (reassay)
ATT-22	Diamond	6577790	302412	086	-77	203.6	78.94	79.86	0.92	0.25	132	New
									7.78	0.52	431	Historic (reassay)
ATT-23	Diamond	6577817	302413	083	-78.5	219.50	58.83	59.92	1.09	0.34	297	New
							89.97	92.41	2.44	3.55	2304	New



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At the time of reporting, drillholes ATT-2, ATT-15, and ATRC-04 had been relogged and sampled (where needed) and results were pending. Strong potential exists for the identification of additional mineralisation at the Attunga Tungsten Deposit and mineralisation remains open to the north.

An initial resource estimate for the Attunga Tungsten Deposit is expected to be completed during the March quarter 2008.

Kensington Gold-Tungsten Prospect

The Kensington Gold-Tungsten Prospect located about 5km north-northwest of the Attunga Tungsten Deposit, represents a high-priority target within the Attunga Project area. Previous explorers have reported substantial gold and tungsten mineralisation at Kensington, including the delineation of historic tungsten resources.

During the quarter, Kensington drillholes Ken-7 and Ken-6 were re-logged and sampled for a suite of elements including gold and tungsten. Historic assays for Ken-7 are reported as 13m at 1.07 g/t gold from surface while Ken-6 reportedly returned 108m at 0.74 g/t gold from 8m. Assay results for Ken-7 obtained during the quarter appear to strongly validate historic results. Encouragingly, anomalous tungsten levels (up to 0.17% WO₃) were also returned over 1m intervals. At the time of reporting, results for Ken-6 were pending.

Exploration at Kensington during the March quarter will include additional re-logging and sampling of historic drillcore, along with drillhole planning for 2008 drilling programmes.

Other upcoming work at the Attunga Project will include surface geochemical surveys at the Kensington NW, Kensington NE and Attunga NW prospects.

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.

During the December quarter, GIS compilation of earlier field activities was undertaken. Subsequent to the quarters end, a high-resolution airborne geophysical survey was completed.

Exploration at Dungowan during the March quarter will include processing and interpretation of the airborne geophysical data in preparation for 2008 drilling.

Barry Project: Copper, Zinc, Gold, Silver; NE NSW (PEX 100%).

Tenement: EL6614.

Targets: Polymetallic VHMS mineralisation, intrusive-related precious/base metals mineralisation; and ultramafic-hosted nickel and PGEs.

No exploration activity was completed at Barry during the quarter while access negotiations with a key landholder continued.

Subsequent to the quarters end, a high-resolution airborne geophysical survey was completed.

Exploration at Barry during the March quarter will include processing and interpretation of the airborne geophysical data in preparation for 2008 drilling.



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Waverley Project: Silver, Lead, Zinc, Gold; NE NSW (PEX 100%).

Tenement: EL6719.

Targets: Intrusive-related precious-base metals mineralisation.

No exploration activity was completed at Waverley during the quarter.

Subsequent to the quarters end, a high-resolution airborne geophysical survey was completed.

Exploration at Barry during the March quarter will include processing and interpretation of the airborne geophysical data in preparation for 2008 drilling.

Armidale Project: Silver, Gold, Antimony, Tungsten; NE NSW (PEX 100%).

Tenement: EL6722.

Targets: Intrusive-related precious metals mineralisation.

No exploration activity was completed at Armidale during the quarter.

Corporate

Appointment of Director/Board Changes

Peel Exploration is pleased to announce that effective February 1 2008, Mr Craig McGown will be joining the Board of Directors in the capacity of Non-executive Director. Mr McGown is the former Executive Chairman of DJ Carmichael's Corporate Finance Division and brings to the Board more than 30 years of accounting and corporate finance experience.

Also effective February 1 2008, Mr Michael Kiernan will step down as Chairman of Peel Exploration with Mr Simon Hadfield assuming the role of Chariman. Mr Kiernan will remain on the Board of Peel Exploration in the capacity of Non-executive Director.

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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.