



Exploring forgotten mineral fields

MARCH 2008 QUARTERLY REPORT

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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 March quarter 2008

- Independent JORC-compliant resource for Attunga Tungsten Deposit of 1.29 Mt grading 0.61% WO₃ (tungstic oxide) and 0.05% Mo (molybdenum) for 9,400t contained WO₃ equivalent¹ using 0.2% WO₃ equivalent¹ cutoff (subsequent to quarter's end).
- Resampling at Attunga Tungsten Deposit identifies additional previously unrecognised high-grade tungsten mineralisation.
- Resampling at Kensington confirms significant gold system.
- 6,000 line km aeromagnetic and radiometric survey at Dungowan, Barry and Waverley completed.

Plans for June quarter 2008

- Attunga Tungsten Deposit mineralogy and metallurgical testwork investigations including in-fill RC drilling.
- RC drilling to test for extensions to Attunga Tungsten Deposit mineralisation and to test additional targets along contact of Inlet Monzonite and sediments.
- RC drilling to test Kensington gold-tungsten prospect and additional gold targets at Kensington NW.
- RC drilling to test Trough Gully copper prospect.
- Visits to Barry, Waverley, and Armidale.



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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 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:

- independent resource estimation of the Attunga Tungsten Deposit;
- re-logging and re-sampling of historic Attunga Tungsten Deposit drilling;
- re-logging and re-sampling of historic Kensington Gold-Tungsten Deposit drilling;
- surface rock-chip and soil sampling;
- landholder access negotiations; and
- GIS data capture and desktop studies.

Attunga Tungsten Deposit (also known as Attunga Scheelite Deposit, Attunga Prospect 1)

Subsequent to the March quarter's end, Peel announced the completion of a resource estimate by Geos Mining Mineral Consultants for the Attunga Tungsten Deposit. The resource estimate is a global resource estimate for tungsten and molybdenum mineralisation. Results include: **1.29 Mt grading 0.61% WO₃ and 0.05% Mo for 9,400t contained WO₃ equivalent¹ using 0.2% WO₃ equivalent¹ cutoff.** An expansion of mineralisation at a range of WO₃ equivalent¹ cutoff grades is contained below.

TOTAL INFERRED RESOURCE					
WO ₃ equivalent cutoff	Million Tonnes	WO ₃ %	Mo %	WO ₃ equivalent %	Tonnes WO ₃ equivalent
0.1	2.27	0.39	0.04	0.48	10,800
0.2	1.29	0.61	0.05	0.73	9,400
0.3	0.86	0.82	0.06	0.97	8,300
0.4	0.58	1.09	0.08	1.27	7,300
0.6	0.40	1.40	0.10	1.63	6,500
0.8	0.32	1.60	0.12	1.86	5,900

The resource estimate is based on 26 historic drillholes, 25 of which were diamond drillholes. Geos Mining undertook a programme of re-logging five diamond drillholes and re-assaying selected sections of split drillcore, and chip samples from RC drilling, for check assaying. Further information regarding the resource estimation can be found in the attached report provided by Geos Mining.

The independent JORC resource confirms that the Attunga Tungsten Deposit is high grade and represents a significant Australian tungsten resource.



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During the quarter, as part of the work directed towards the resource estimation, Peel continued to encounter high-grade tungsten-molybdenum mineralisation that had not been previously identified. An interval of 12m at 0.51% W (0.65% WO₃) and 0.07% Mo from 84m downhole was obtained. An additional interval of 2m at 0.17% W (0.21% WO₃) and 0.03% Mo from 58m was also returned.

Peel's work plan at Attunga for the June/September quarters includes:

- drill testing (subject to rig availability) for extensions to the known mineralisation to the west and east of the main zone, as well as around AP1-023.
- drill testing (subject to rig availability) nearby tungsten targets along the contact between the Inlet Monzonite and sediments.
- metallurgical testwork to determine likely recoveries of ore minerals.

Additional information regarding the Attunga Tungsten Deposit was released to the ASX on the 11th March 2008 (Further High-Grade Tungsten-Moly Identified at Attunga) and on 24th April 2008 (High-Grade Resource at Attunga Tungsten Deposit).

¹ Cut-off grades were based on a "WO₃ equivalent" calculation, being the WO₃ grade plus 2.3 times the Mo grades. This calculation is based on current metal prices for Tungsten and Molybdenum but does not take into account possible recoveries of the relevant minerals.

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 March quarter Peel announced that resampling and assaying of historic drillcore from the Kensington Prospect (located within the Attunga Project) had validated historic data and confirmed the presence of significant gold mineralisation. Resample assay results for drillhole Ken-6 has yielded an intercept of **109m at 0.69 g/t gold from 8m**. Ken-6 had historically been reported as containing an intercept of 108m at 0.74 g/t gold from 8m. Peel has yet to determine the geometry of the gold mineralisation, therefore no determination regarding true-width has been made.

As previously reported, the Kensington area is also known to host significant tungsten mineralisation, with previous explorers reporting a substantial, shallow low-grade resource (non-JORC). Resample assay results received to date confirm low-grade tungsten mineralisation to be present in the area.

Also during the March quarter, Peel completed 420 soil samples and 53 rockchip samples throughout the Kensington NW, Kensington NE and Attunga NW prospect areas. Only a small amount of assay results had been received at the date of reporting; however results received confirm some low grade gold mineralisation to be present at Kensington NE and Kensington NW.

Peel's work plan at Kensington for the June quarter includes RC drilling (subject to rig availability) and additional surface geochemical sampling.

Additional information regarding the Kensington gold prospect was released to the ASX on the 6th March 2008 (Resampling at Kensington Confirms Significant Gold System).



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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 March quarter, a high-resolution airborne geophysical survey was completed. Processing and interpretation of the data was finished subsequent to the quarter's end with several areas identified for follow-up investigation.

Peel also completed an investigation of the Kasey copper prospect during the quarter with 30 rock chip samples and eight soil samples collected. No significant assay results were returned.

Peel's workplan at Dungowan for the June quarter includes RC drilling (subject to rig availability) at Trough Gully.

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.

During the March quarter, a high-resolution airborne geophysical survey was completed. Processing and interpretation of the data was finished subsequent to the quarter's end with several areas identified for follow-up investigation.

Subsequent to the March quarter's end, Peel completed an investigation of the Cash (aka Back Barb) copper prospect with eight rock chip samples and 130 soil samples collected. Assay results remain outstanding at the time of reporting.

Peel's workplan at Barry for the June quarter includes the investigation of several other copper prospects (subject to access).

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

Tenement: EL6719.

Targets: Intrusive-related precious-base metals mineralisation.

During the March quarter, a high-resolution airborne geophysical survey was completed. Processing and interpretation of the data was finished subsequent to the quarter's end with several areas identified for follow-up investigation.

Subsequent to the March quarter's end, Peel completed an investigation of the Waverley silver prospect with six rock chip samples collected. Assay results remain outstanding at the time of reporting.

Peel's workplan at Waverley for the June quarter includes the investigation of several magnetic anomalies defined by the recent geophysical survey.

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

Tenement: EL6722.

Targets: Intrusive-related precious metals mineralisation.

During and subsequent to the March quarter's end, Peel completed investigations of several prospects at Armidale including Tait's Gully silver mine from which 11 rock chip samples were



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collected. Investigation of the Blue Moon gravity anomaly was also undertaken with the potential of the prospect downgraded following the discovery of a Tertiary basalt plug possibly explaining the occurrence of the anomaly. Assay results remain outstanding at the time of reporting.

Further field investigation of Tait's Gully is planned for the June quarter.

Boorolong ELA: Molybdenum, Tin; NE NSW (PEX 100%).

Tenement: ELA3483.

Targets: Granite-hosted molybdenum and tin mineralisation.

Subsequent to the March quarter's end, Peel lodged ELA34833 covering the historic Boorolong molybdenum workings and the Sutton Gully tin workings. Initial literature searches indicate possible high-grade molybdenum resources (non-JORC) remain present at Boorolong with little modern exploration.

Corporate

During the March quarter, Mr Craig McGown joined 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 during the March quarter, Mr Michael Kiernan retired from the Board due to other work commitments. The Board thanks Mr Kiernan for his contribution to the Company during his tenure as a director and wishes him all the best with his other endeavours.

During the quarter, a General Meeting was called, however changes in circumstances led to the cancellation of the meeting. The Board wishes to apologise for any inconvenience caused.

For further information, please contact:

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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 Person 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

The information in this report relating to the Attunga resources is based on information compiled by Mr Murray Hutton, who is a Member of the Australian Institute of Geoscientists and is employed by Geos Mining. He has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves.' Mr Hutton consents to the inclusion in this report of this information in the form and context in which it appears.