

Hampton Hill Mining NL

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Company Announcements

ASX Limited

Level 10, 20 Bond Street

Sydney NSW 2000

Dear Sir / Madam

Hampton Hill grants option over Apollo Hill Gold Project

Hampton Hill Mining NL has entered into an agreement with Peel Exploration Limited (ASX: PEX) ("Peel") whereby Peel has an option to acquire the entire issued capital of Hampton's wholly owned subsidiary company, Apollo Mining Pty Ltd, the 100%-owner of the Apollo Hill gold project, by executing a Sale Agreement.

The Apollo Hill gold project, located about 50 kilometres southeast of Leonora in the North Eastern Goldfields of Western Australia, comprises 16 mining tenements covering about 140 square kilometres and is focused on the advanced Apollo Hill gold deposit, an extensively mineralised gold system.

The key terms of the option agreement are as follows:

- Hampton Hill has granted Peel an option, exercisable at any time up to close of business on 30 November 2010, for nominal consideration, to enter into a Sale Agreement whereby Peel will commit to acquire all of the issued shares in Apollo Mining Pty Ltd in consideration for the issue to Hampton Hill of eleven million fully paid ordinary shares in the share capital of Peel;
- During the option period Peel will use its best endeavours to complete aboriginal heritage and work program clearances and secure shareholder approval for the acquisition;
- If Peel obtains shareholder approval to exercise the option and proceed with the acquisition of Apollo Mining Pty Ltd then
 - (a) it will enter into the Sale Agreement which provides that Peel must issue 11 million fully paid ordinary shares to Hampton Hill in consideration for the entire issued capital of Apollo Mining Pty Ltd;
 - (b) Hampton Hill will transfer Exploration Licence E31/0685 to Peel (being part of the Apollo Hill gold project not held by Apollo Mining Pty Ltd) at no cost to Peel;

- (c) Peel will also undertake to pay to Hampton Hill a 5% gross overriding royalty on all Apollo Hill gold production that exceeds 1 million ounces.

Hampton Hill acquired the Apollo Hill gold project in March 2003 through the acquisition of Apollo Mining Pty Ltd. Initially a two-pronged exploration program involved Hampton Hill conducting a detailed evaluation of the central Apollo Hill target whilst farming out the outer areas of the project to Teck Cominco Australia Pty Ltd. Teck undertook an aggressive exploration program, including drilling, following which it withdrew from the project. Hampton Hill reappraised the results of the \$2 million spent to that point and decided to approach other interested parties.

In 2006 Hampton Hill secured Apex Minerals NL as a joint venture partner in an agreement which provided for Apex to expend \$3 million over 3 years on further exploration to earn 51% of the project. Apex undertook a drilling program with some encouraging results but elected to withdraw from the project in 2008 having expended approximately \$1 million, citing primarily delays in access to the tenements arising from policy changes in the Department of Indigenous Affairs.

Hampton Hill has continued to address the heritage issues at Apollo Hill whilst seeking out other joint venture partners. The agreement now reached with Peel anticipates the sale of the project, should Peel exercise its option, whilst ensuring Hampton Hill retains an interest in the project through a substantial shareholding in Peel itself and a royalty in the event that gold production exceeds one million ounces.

Hampton Hill views the agreement with Peel as an opportunity to divest itself of a non-core asset whilst retaining a significant interest in the project through its shareholding in Peel and, in the event of substantial success, retaining a valuable royalty stream.

Yours faithfully

Neil Tomkinson
Chairman