



16th December 2010

Companies Announcement Office  
Via Electronic Lodgement

## PLACEMENT AT PREMIUM TO CORNERSTONE RESOURCES FUND AND OTHER INSTITUTIONS

### Highlights

- **A\$31,600,000 raised at a 7.5c per share – 21% premium to 30 day VWAP**
- **A\$21,600,000 of which is to be placed to Pala Investments**
- **A\$10,000,000 of which is to be placed to international and domestic institutions**
- **A\$100,000,000 Equity Facility provided by Pala Investments**

Peninsula Energy Limited (**Peninsula**) (**Company**) is pleased to announce that it has entered into agreements to raise up to A\$31.6 million through a placement of A\$21.6 million to specialist resources fund Pala Investments Holdings Limited (**Pala**) and up to a further A\$10 million to European, Asian and Australian institutions.

### Subscription Agreement and Equity Facility with Pala

Pala is a US\$1 billion multi-strategy investment company dedicated to investing and creating value across the mining sector in both developed and emerging markets. Pala's exclusive investment advisor, Pala Investments AG, has extensive experience within the mining sector. Under the terms of this cornerstone investment, Peninsula has granted a Non-Executive Board seat to a nominee of Pala which will provide the Company with strong support as it progresses through development.

Mr Michael Barton, Senior Vice President of Pala Investments AG, exclusive investment advisor to Pala, said, "*Pala is very excited about its investment in Peninsula and the ongoing development of the Lance Uranium Project in Wyoming. We look forward to working with Peninsula to advance the Lance Project through permitting and into development*".

### Subscription Deed

Under the Subscription Deed executed with Pala, up to approximately A\$21.6 million will be raised pursuant to the placement of up to 288,317,976 ordinary shares to Pala at an issue price of 7.5 cents per share, together with one free attaching listed option exercisable at 3 cents on or before 30 June 2012 (**PENOA**) for every two (2) new shares subscribed (**Cornerstone Placement**).

Of this Cornerstone Placement, 121,651,309 ordinary shares and 60,825,654 PENOA options are subject to shareholder approval at a general meeting to be held as soon as practicable but no later than 60 days from the execution of this deed.

### Equity Facility

In addition to the Cornerstone Placement, Peninsula has secured a A\$100m Equity Facility with Pala (**Equity Facility**). This facility will add considerably to Peninsula's funding flexibility, maximization of the debt component of future financings and will add to the likelihood of more favourable terms going forward.

Under the Equity Facility, Peninsula may, at its discretion, over a period of 5 years, draw down on this facility in part or whole, subject to Pala's approval of the use of funds. Shares issued to Pala as

consideration for draw down will be priced at the Company's 20 day volume weighted average price (**VWAP**) prior to the draw date and will include one attaching two year option with a strike price 20% above the share price for every two drawdown shares issued.

In consideration for providing the Equity Facility, Pala will receive a fee equivalent to 1.20% of the facility annually in the form of PENOC options (based on 30 day VWAP calculation) in staged tranches; 47% of the options to be issued upon execution of the Equity Facility agreement and 13.3% on each of the four following anniversaries.

### **Institutional Placement**

In addition to the Cornerstone Placement to Pala, the Company will raise up to a further A\$10 million pursuant to the placement of 133,333,334 ordinary shares at an issue price of 7.5 cents per share, together with one free attaching listed (PENOA) option exercisable at 3 cents on or before 30 June 2012 for every two (2) new shares subscribed to institutions in Australia, Asia and Europe (**Institutional Placement**). The Institutional Placement will be made pursuant to Peninsula's ASX Listing Rule 7.1 capacity.

Hartleys Limited and BGF Equities acted as brokers and lead managers to the Institutional Placement.

The issue price of both the Cornerstone Placement and the Institutional Placement represents a premium of 21% to the 30 day VWAP price (as at 14 December 2010) of Peninsula shares on the ASX.

The funds raised pursuant to the Cornerstone Placement and Institutional Placement will be used to fund the development and exploration of Peninsula's uranium projects including:

- Resource exploration and delineation drilling at the Lance Projects in Wyoming, USA;
- Drilling of disposal wells at the Lance Projects;
- Completion of the feasibility study at the Lance Projects; and
- Drilling and scoping studies at the Karoo Projects in South Africa.

Commenting on the success of the capital raising, Peninsula Executive Chairman Gus Simpson said *"Peninsula is very happy to receive Pala as a cornerstone investor as it brings a strong understanding of the resources industry, extensive experience in project financing and a commitment to the long term development of the companies it invests in. The financial metrics of the transaction are attractive to all parties and a good working relationship has already been established"*.

This is the announcement that was referred to in the Company's request for a trading halt on 14 December 2010.

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