1st June 2012

Companies Announcement Office
Via Electronic Lodgement

UNDERWRITING OF OPTION EXERCISE TO ALLOW FAST TRACK OF LANCE PROJECTS

Peninsula Energy Limited **(Peninsula)** is pleased to advise that the Peninsula Directors and the Company's cornerstone investor, Pala Investments Holdings Limited **(Pala),** have advised the Company that they will be exercising all of their respective PENOA Options prior to the expiry date of 30th June 2012.

In addition, the Company has entered into an agreement with Pala **(Underwriting Agreement)**, whereby Pala will underwrite the exercise of listed PENOA options that existing option holders choose not to exercise subject to Pala's total shareholding not exceeding 19.90% of the Company. The listed PENOA Options are exercisable at $0.03 and expire on 30 June 2012.

Ensuring that the listed PENOA Options are exercised allows Peninsula to fast-track it's Lance Projects (upon the issuance of the Permit to Mine by the WDEQ) by commencing construction and the ordering of long lead-time items prior to the issuance of the NRC Source Material Licence.

Peninsula plans to commence construction in the second half of 2012 which will include installation and testing of a deep disposal well, installation of production monitoring wells, the ordering of certain components of the Central Processing Plant **(CPP)**, civil works in preparation for the CPP and CPP footings.

These pre-licensing construction activities are permissible, subsequent to changes to the NRC guidelines, and will shorten the overall project development timeline.

Peninsula's Executive Chairman, John (Gus) Simpson stated "***With debt financing advancing well, the underwriting of the options exercise will enable the Company to commence construction at Lance and further reduce the project development time. We welcome the continued support of our cornerstone shareholder, Pala, at this phase of development***".

Whilst it is envisaged that debt will comprise the majority of the funding for the Lance Projects, Peninsula is taking advantage of recent changes to the NRC Regulations, which allow commencement of certain construction prior to the completion of permitting.

The placing of a bond with the WDEQ is the final condition for the issue of the Permit to Mine and, having met all the relevant permit criteria required by the WDEQ, Peninsula understands that the Permit will be issued as a matter of course.

In accordance with ASX Listing Rule 7.2 (Exception 12) the securities issued to Pala under the Underwriting Agreement will not reduce Peninsula's ASX Listing Rule 7.1 capacity. The Underwriting Agreement with Pala is on standard commercial terms, although Pala has chosen not to receive an underwriting fee. The Underwriting Agreement contains standard terms and conditions for an agreement of this type, including typical indemnification and termination provisions.

Yours sincerely

John (Gus) Simpson
Executive Chairman

For further information, please contact our office on +61(0)89380 9920 during normal business hours.

Level 2, 100 Railway Road, Subiaco WA 6008, PO Box 8129, Subiaco East WA 6008
Phone: +61 (0)8 9380 9920 Fax: +61 (0)8 9381 5064
Peninsula Energy Limited - ABN: 67 062 409 303