



11th December 2012

Companies Announcement Office
Via Electronic Lodgement

PENINSULA TO ACQUIRE ARSA'S SOUTH AFRICAN URANIUM ASSETS

Highlights

- Peninsula enters agreement to acquire ARSA's uranium/molybdenum projects portfolio in the Karoo Basin, South Africa
- Completion of the Acquisition will consolidate ownership by Peninsula of most of the known uranium/molybdenum deposits in the Karoo Basin
- Peninsula is preparing to re-log a representative number of historic holes at several locations to define a JORC compliant resource

Summary

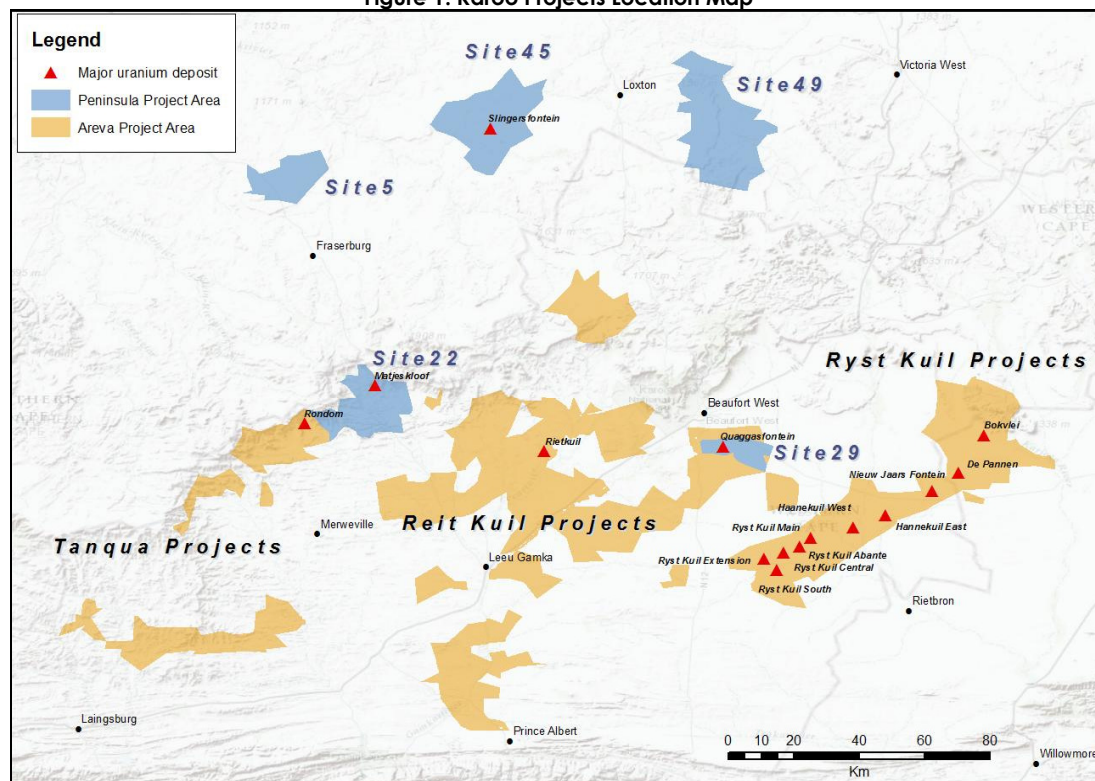
Peninsula Energy Limited (**Peninsula**) is pleased to announce that it has entered into an agreement with ARSA to acquire their portfolio of uranium and molybdenum projects in the Karoo Basin of South Africa.

Peninsula will acquire a 74% interest in 36 prospecting rights covering 5,600 km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin (**ARSA Projects**).

Previous exploration conducted by Esso at the projects during the late 1970's included the completion of 8,500 drill holes, bulk sampling programmes, open-cut and underground trial mining.

The Executive Chairman Gus Simpson stated *"The Company has acquired a significant uranium and molybdenum portfolio which adds substantially to our existing asset base in the Karoo and our plans to develop a second mining operation in South Africa following the successful ramp up of Lance."*

Figure 1: Karoo Projects Location Map



ARSA Uranium/Molybdenum Projects

The ARSA projects comprise several large areas of mineralisation; one of which extends over a distance of approximately 80km and forms the largest single body of known uranium-molybdenum mineralisation in the Karoo Basin.

The Karoo formations which host the uranium and molybdenum mineralisation consist of alternating units of sandstone and mudstone, with the mineralisation being largely restricted to the sandstone units. Uranium mineralisation forms within a system of inter-connected channel-controlled pods or lenses up to 200 metres in width and up to 9km long.

Share Purchase Agreement (SPA)

Under the SPA executed on 10 December 2012, Peninsula, through its wholly owned subsidiary Tasman RSA Holdings (Pty) Ltd has agreed to purchase 74% of the issued share capital of the Joint Venture Company which holds 100% interest in 36 prospecting rights covering 5,600 km² in the Karoo.

The BEE partner, Lukisa Invest 100 (Pty) Ltd (**Lukisa**) holds the remaining 26% of the Joint Venture Company and has been engaged throughout the negotiation process. Lukisa has confirmed they are fully supportive of the acquisition.

Consideration

The consideration to be paid by Peninsula to ARSA for the acquisition is in two stages:

- *Share Consideration* – \$US5,000,000 in fully paid ordinary Peninsula shares the number of which shall be determined on the basis of the volume weighted average price of Peninsula shares over the thirty (30) days immediately prior to the date of their issuance. \$US1,000,000 of the Share Consideration is payable within thirty (30) days of the signing of the SPA. The remaining US\$4,000,000 is payable within ten (10) business days of the satisfaction of the conditions precedent to the Acquisition, as detailed below. The Share Consideration will be issued under existing LR 7.1/7.1A capacity.
- *Deferred Consideration* – \$US45,000,000 upon completion of a Bankable Feasibility Study on the ARSA projects and the securing of financing for 50% of the funding required to develop the ARSA projects to production (Financing). Should Financing occur after 1 January 2016, an escalation factor will be applied. Peninsula, at its sole discretion, can elect to pay the deferred consideration in cash or Peninsula shares.

Conditions Precedent to Completion

Completion is conditional upon the satisfaction of the following conditions precedent, to be satisfied by no later than 31 December 2013:

- the grant of all applicable governmental, administrative and/or regulatory approvals required (including any ministerial consent required under the South African Mineral and Petroleum Resources Development Act 28 of 2002);
- Grant letters being obtained for a number of selected prospecting rights at the ARSA projects;

Yours sincerely



John (Gus) Simpson
Executive Chairman

For further information, please contact our office on (08) 9380 9920 during normal business hours.

Competent Person

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Alfred Gillman and Mr George van der Walt. Mr Gillman is a CP and Fellow of the Australian Institute of Mining and Metallurgy. Mr Gillman is Technical Director of Peninsula Energy Ltd and is a Competent Person under the definition of the 2004 JORC Code. Mr van der Walt is a member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (The South African Council of Natural Scientific Professions, Geological Society of South Africa). Mr van der Walt is a Director of Geo-Consult International (Pty) Ltd. Both Mr Gillman and Mr van der Walt have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Mr Gillman and Mr van der Walt consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Disequilibrium

Studies carried out by Esso on a large number of samples indicated that from a practical standpoint there was no radiometric disequilibrium in the mineralisation that could materially affect historic calculations. Studies of 234 core samples were carried out at the time by independently by several different commercial analysts in the United States. A comprehensive study at the time was also carried out by the Geology Division of the South African Atomic Energy Board ("AEB"), on mineralised cores from the channel. Core material from all the holes sampled was analysed chemically by the delayed neutron counting ("FRITS") technique. Analyses were repeated on duplicate or triplicate aliquots for control purposes, and a precision better than 5% was obtained. Core samples were radiometrically logged by the AEB with their own equipment. Calibration constants were carefully checked before and after the logging. The calculated average eU_{3O8} / U_{3O8} value for all samples was 0.99 ± 0.07 , indicating a high degree of equilibrium. Confirmatory disequilibrium studies are yet to be conducted by Peninsula.