21 December 2012

Companies Announcement Office
Via Electronic Lodgement

ISSUE OF PART CONSIDERATION FOR ARSA PROJECTS

As announced on 11 December 2012, Peninsula Energy Limited (Peninsula) entered into an agreement with ARSA to acquire their portfolio of uranium and molybdenum projects in the Karoo Basin of South Africa (Acquisition).

The share consideration for the Acquisition is $US5,000,000 in fully paid ordinary Peninsula shares at the volume weighted average price (VWAP) of Peninsula shares over the thirty (30) days immediately prior to the date of their issuance (Share Consideration).

$US1,000,000 of the Share Consideration was payable within thirty (30) days of signing of the share purchase agreement and Peninsula confirms that 21,077,635 shares have been issued to the vendor subsidiary of ARSA at a 30 day VWAP of **4.5 cents per share** (Initial Consideration Shares). These shares were issued under Peninsula's existing LR 7.1/7.1A capacity.

The remaining Share Consideration of US$4,000,000 is payable within ten (10) business days of the satisfaction of the conditions precedent to the Acquisition, being:

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

There is a 24 month restriction on the sale of any part of the Share Consideration from the completion of the conditions precedent with the exception of an annual off-market transfer.

Peninsula will pay a further US$45,000,000 upon completion of a Bankable Feasibility Study on the ARSA projects and securing debt funding of 50% of the financing to take the ARSA projects to production. Should this financing occur after 1 January 2016, an escalation factor will be applied. Peninsula can elect to pay the deferred consideration in cash or Peninsula shares.

Completion of the Acquisition will consolidate ownership by Peninsula of most of the known uranium/molybdenum deposits in the Karoo Basin.

Yours Sincerely

John (Gus) Simpson
Executive Chairman

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