



28 August 2013

Companies Announcement Office
Via Electronic Lodgement

DIRECTORS AND SENIOR EXECUTIVES ADOPT SALARY SACRIFICE

Peninsula Energy Limited (PEN) is pleased to advise that Directors and senior executives have unanimously adopted a salary sacrifice program (SSP) to re-direct the cash outflow of the Company in the lead up to the Lance Projects development.

This program will reduce the cash component of director and senior executive remuneration in exchange for shares. These cash saving measures have been undertaken to ensure funds are directed to the Company's key priority, the advancement of the Lance Projects to production.

Under the terms of the SSP a proportion of Directors fees and senior executive remuneration will be paid as equity; PEN ordinary fully paid shares (Shares). The effective commencement date of the SSP is 1 July 2013 and continues until 30 June 2014 or until project financing has been secured.

Executive Chairman Mr John (Gus) Simpson and Technical Director Mr Alfred Gillman have respectively agreed to accept 40% and 25% of their remuneration as Shares.

In addition, Non-Executive Directors have agreed to take 100% of their Board fees as Shares. Senior executives from Peninsula, its USA and South African subsidiaries, have agreed to take up to 20% of their remuneration as Shares.

The number of shares issued in lieu of cash remuneration will be calculated using the volume weighted average share price over the last 5 business days of each month. Under the ASX Listing Rules Shares to Directors will require approval from PEN shareholders at the next general meeting of the Company.

On an annualised basis these measures will result in significant cash savings that will be re-directed to project development activities.

Peninsula Executive Chairman Gus Simpson stated, *"It is appropriate at this juncture that the Company directs cash resources to the advancement of the Lance Projects. It is also very pleasing that the Directors and senior management have chosen to unanimously support these measures; clearly demonstrating their commitment to the ongoing success of the projects and to the future development of the Company."*

Yours sincerely

A handwritten signature in black ink, appearing to read "John Simpson", written over a light blue horizontal line.

John (Gus) Simpson
Executive Chairman

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