



16 December 2014

Companies Announcement Office
Via Electronic Lodgement

Dear Shareholder,

PARTICIPATION IN ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER

On 16 December 2014, Peninsula Energy Limited (**Peninsula**) announced that it will be offering eligible shareholders the opportunity to acquire fully paid ordinary shares in the capital of Peninsula (**New Shares**) via a pro rata accelerated renounceable entitlement offer on the basis of 0.615 New Shares for every 1 share held by shareholders registered at 4.00 pm (Perth time) on 19 December 2014 (**Record Date**) at an issue price of A\$0.02 per New Share, together with 1 free new option for every 2 New Shares subscribed (**New Option**) (**Entitlement Offer**).

Peninsula has also completed a placement to Resource Capital Fund VI L.P. (**RCF VI**) to raise approximately A\$16.8 million (**Placement**).

The maximum number of New Shares which will be issued under the Entitlement Offer is 2,632,004,431 New Shares to raise approximately A\$52.6 million. The maximum number of New Options which will be issued under the Entitlement Offer is 1,316,002,216 New Options.

The Entitlement Offer will comprise:

- an Entitlement Offer to eligible institutional shareholders (**Institutional Entitlement Offer**); and
- an Entitlement Offer to eligible retail shareholders (**Retail Entitlement Offer**).

The Entitlement Offer is underwritten by RFC Ambrian Limited (**Underwriters**) up to an amount of A\$34.8 million. The Underwriters have entered into sub-underwriting arrangements with RCF VI and Pala Investments Limited for \$22.3 million and have also received commitments from other institutional investors to take up entitlements of \$12.5 million.

Use of funds

The funds raised under the Placement and Entitlement Offer, net of expenses, together with existing cash reserves will be used for the following purposes:

- Completion of Lance Projects Stage 1 construction and operating costs through to positive cashflow generation;
- Repayment of the BlackRock funds Notes; and
- General working capital purposes.

Eligible Retail Shareholders

Eligible Retail Shareholders are those persons who:

1. are registered as a holder of fully paid ordinary shares in Peninsula as at the Record Date;
2. have a registered address on Peninsula's share register in Australia, New Zealand, the British Virgin Islands, China, Germany, Hong Kong, Indonesia, Malaysia, Singapore, South Africa, Switzerland, Thailand, the United Kingdom or the United States;
3. were not invited to participate (other than as nominee, in respect of underlying holdings) or were otherwise ineligible to participate under the Institutional Entitlement Offer; and
4. are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Prospectus

The Entitlement Offer is being made under a prospectus in accordance with section 713 of the Corporations Act 2001 (Cth) (**Corporations Act**) (**Prospectus**).

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Retail Entitlement Offer. Full details of the Retail Entitlement Offer are set out in the Prospectus.

A Prospectus with a personalised application form which contains details of your entitlement, will be despatched to the Eligible Retail Shareholders on 24 December 2014 and is available on the ASX website at www.asx.com.au. The Prospectus is also on Peninsula's website at www.pel.net.au.

You should read all of the Prospectus carefully before deciding whether to participate in the Retail Entitlement Offer.

Action required by Eligible Retail Shareholders

Your entitlement may have value and it is important you determine whether to (in whole or in part) take up, sell or do nothing in respect of your entitlement.

Take up an entitlement: If you wish to take up all or part of your entitlement, you will need to complete and return the application form together with the requisition application monies, or alternatively pay your application monies via BPAY® by following the instructions set out on the application form. In each case, applications and application monies must be received by no later than 2.00 pm (Perth time) on 23 January 2015.

Take up more than your entitlement: if you wish to apply for more New Shares and New Options than your entitlement you will need to complete the relevant section of the personalised application form that will accompany the Prospectus (titled "Additional New Securities") and return it, together with the necessary application monies to Peninsula in accordance with the instructions in the Prospectus and on the application form.

Sell an entitlement: There are a number of ways in which you can sell all or part of your entitlement, each of which may result in different value for entitlements sold:

1. If you wish to sell all of your entitlement on ASX, you should instruct your stockbroker personally and provide them with details they request as set out on your application form. entitlements can be sold on ASX from 18 December 2014 to 16 January 2015.
2. If you wish to take up part of your entitlement and sell the balance on ASX, you need to:

- in respect of the part of your entitlement you are taking up, complete and return the application form with the requisite application monies (or pay your application monies via BPAY by following the instructions set out on the application form); and
 - in respect of entitlements to be sold on ASX, you should instruct your stockbroker and provide them with the details they request as set out on your application form.
3. If you wish to transfer all or part of your entitlement other than on ASX, you will need to complete and return a renunciation and transfer form (which can be obtained by contacting Peninsula's share registry or your stockbroker) together with the application form and the transferee's application monies to the Peninsula share registry by no later than 2.00 pm (Perth time) on 23 January 2015. The purchaser's address must be in Australia, New Zealand, the British Virgin Islands, China, Germany, Hong Kong, Indonesia, Malaysia, Singapore, South Africa, Switzerland, Thailand, the United Kingdom or the United States.

Shareholders who wish to apply for New Securities above their Entitlement and participate in the Oversubscription Offer can complete the relevant section of the Application Form (titled "Additional New Shares" and return it, together with the Application Monies for the value of those Oversubscription Securities (at A\$0.02 per Oversubscription Security).

Please note you may incur brokerage if you choose to sell your entitlement on ASX. Eligible Retail Shareholders who sell their entitlement before receiving confirmation of their entitlement in the personalised application form do so at their own risk.

Do nothing: Entitlements not taken up, sold or transferred will lapse and New Shares and New Options in respect of those entitlements will be offered for sale in the retail shortfall bookbuild, You will receive any proceeds in excess of the offer price in respect of your entitlement, net of any applicable withholding tax.

The tax consequences from selling your entitlement or from doing nothing may be different. Before selling your entitlement or choosing to do nothing in respect of your entitlement, you should seek your own tax advice.

Key dates for Eligible Retail Shareholders

Lodgement of Prospectus with ASIC and ASX	16 December 2014
Institutional Entitlement Offer opens	16 December 2014
Institutional Entitlement Offer closes	16 December 2014
Institutional shortfall bookbuild	16 December 2014
Retail entitlements commence trading on ASX on a deferred settlement basis	18 December 2014
Record Date	19 December 2014
Settlement of Institutional Entitlement Offer and institutional shortfall bookbuild	19 December 2014
Retail Entitlement Offer opening date	29 December 2014
Retail entitlements commence trading on ASX on a normal settlement basis	29 December 2014
New Shares and New Options issued under the Institutional Entitlement Offer commence trading on ASX on a deferred settlement basis	30 December 2014
Retail entitlements trading on ASX ends	16 January 2015
Retail Entitlement Offer closing date	23 January 2015
Retail shortfall bookbuild	2 February 2015

Settlement of Retail Entitlement Offers and retail shortfall bookbuild	3 February 2015
Issue and allotment of New Shares and New Options under the Retail Entitlement Offer	6 February 2015
Retail premium (if any) despatched to shareholders	6 February 2015

These dates are indicative only and are subject to change. Peninsula reserves the right to vary these dates, including extending the closing date of the Retail Entitlement Offer or accepting late applications, without prior notice but subject to the Corporations Act, ASX Listing Rules and other applicable laws.

Peninsula also reserves the right to withdraw the Entitlement Offer at any time, in which case Peninsula will refund application monies (being the amount paid for New Shares applied for on a duly completed application form) in accordance with the Corporations Act and will do so without interest.

Further details

For further information on the Entitlement Offer you should contact the Lead Manager RFC Ambrian Limited by telephone on +61 (8) 9480 2500 or for further information on the application form you should contact Peninsula's share registry by telephone on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) or consult your professional adviser.

Yours sincerely

Jonathan Whyte
Company Secretary