



16 December 2014

Companies Announcement Office
Via Electronic Lodgement

Dear Optionholder,

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 A\$22.3 million and have also received commitments from other institutional investors to take up entitlements of A\$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.

Optionholder participation

There is no inherent right in your options to participate in the Retail Entitlement Offer. The purpose of this letter is to give you notice prior to the Record Date in which you may exercise your options should you wish to participate in the Retail Entitlement Offer.

Accordingly, if you wish to participate in the Retail Entitlement Offer and (to the extent of any shares which would be issued upon exercise of your options) you are, or would be an Eligible Retail Shareholder, you must exercise your options in time for shares to be allotted to you before the Record Date. To ensure that the shares to be issued to you upon exercise of your options are allotted and issued before the Record Date, your notice of exercise of option (**Notice of Exercise**) together with your cheque for the relevant application money must be received by Peninsula by no later than 5.00 pm (Perth time) on 16 December 2014. Any shares to be issued in relation to a Notice of Exercise received after this date cannot be assured of being allotted and issued before the Record Date.

Should any optionholder wish to exercise their options by way of direct debit to Peninsula's bank account, please contact Peninsula prior to the Record Date on (08) 9380 9920.

If you do not wish to participate in the Retail Entitlement Offer (in respect of your options) you do not need to take any action.

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.

Eligible Retail Shareholders who want to acquire New Shares and New Options under the Entitlement Offer will need to complete the personalised application form that will accompany the Prospectus.

Key dates for Eligible Retail Shareholders

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| 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