

For immediate release

Stock Exchange Announcement

26th January, 2007

**Peninsular Gold Limited (ticker – AIM:PGL)
("Peninsular Gold" or "the Company")**

Interim Results (unaudited) Six months to 31st December 2006

HIGHLIGHTS

- **Resources increased at Raub by 78,000 ounces of gold**
- **Total gold resources now stand at 741,000 ounces and proven gold reserves at 180,000 ounces**
- **Project finance term sheet signed with Nedbank Ltd. providing up to US\$15 million to develop the Raub Carbon-in-Leach plant**
- **The plant will take approximately 12 months to construct and is projected to produce 25,000 ounces of gold per annum**
- **Further promising exploration including ground geophysics and soil sampling is ongoing at the Chenua deposit and in the Kekabu area**

CHAIRMAN'S STATEMENT

Dear Shareholders,

There are a number of areas of notable progress to report since our last reported results, that covered the fifteen months period to 30 June, 2006.

Resource Update

Most recently the Company announced a substantial increase in the East Lode resources at Raub, up from 135,000 ounces inferred to a total of 213,000 ouncesⁱ of which 52,000 ounces are in the measured and indicated JORC categories. The East Lode resources are shallow and are located a short distance from the site of the proposed Carbon-in-Leach plant ("CIL").

This latest increase in resources brings the Company's total gold resources to 741,000 ounces, comprising the 213,000 ounces of the Raub East Lode and the 528,000 ouncesⁱⁱ of inferred resource at Tersang. The proven reserves of the Company are 180,000 ouncesⁱⁱⁱ contained in the Raub tailings.

Carbon-in-Leach Plant Financing Arrangements

In November the Company signed a credit approved project finance term sheet with Nedbank Ltd. of South Africa, to provide up to US\$15million by means of a project financing package (The Facility)ⁱⁱⁱ. The Facility will be repayable over a four year period commencing after a period of one year from drawdown.

While most of the Facility will be deployed for the development of the Raub Carbon-In Leach plant a smaller portion may be used for repayment of existing debt, working capital and hedging requirements.

The CIL plant will take about 12 months to complete and once operational is expected to produce approximately 25,000 ounces of gold per annum from the treatment of the tailings reserves. It is intended to process the East Lode resources, once further developed, via the plant which should significantly increase the head grade, gold production and life of the plant.

Due diligence on the Facility and the finalisation of key contracts for the development of the CIL plant are currently underway and are expected to be concluded in the first quarter of 2007. Although it has taken longer than hoped to get to this stage this with the arrangement of the financing the Board believes it has been worth the delay to find the right financial partner for the Company and the Raub project.

ⁱ As announced to the market in the Resource Update dated 8th January, 2007

ⁱⁱ As included in the Competent Persons Report in the Admissions Document dated 17 June, 2005.

ⁱⁱⁱ Details of the Facility are as announced to the market in the Company Update dated 23 November, 2006

Exploration

In addition to the positive and very encouraging results coming from the Raub project area, the Company has also been executing its strategy with respect to exploring other areas of its extensive exploration grounds.

At Tersang, where the Company currently has 528,000 ounces of inferred gold resources, the initial shallow drilling results from the southern part of the deposit are encouraging with grades ranging from 1m at 105 g/t^{iv} to 31m at 0.93 g/t^v. Trenching on the northern part of the Tersang deposit has already begun and a comprehensive drilling programme will commence in the next few months.

Fieldwork is currently underway at the Chenua deposit with ground geophysics and soil sampling and this will be followed by a trenching programme and then an initial programme of reverse circulation drilling. Chenua is geologically analogous to the Tersang deposit and lies about 3km to the east of the Tersang deposit.

Further exploration has started in the Kekabu area, 5 kilometres north of Tersang, with the focus initially on the areas with high rank gold stream sediment anomalies that have been previously identified.

Financial Results

The loss for the six months to 31 December, 2006 was £1,490,562. Of this total, £566,637 was due to an unrealised loss on financial instruments. Capitalised Mining Development expenditure increased by £344,493, being principally the development of the Raub East Lode Oxides resources.

Ongoing Strategy

All the Company's current activities are in line with our stated objectives of rapidly becoming a producer and identifying significant gold resources within peninsular Malaysia. The initial three areas of exploration focus, each with a target of yielding one million ounces each, are at Raub, Tersang and Chenua.

Social and Environmental Governance

The Group takes both its social and environmental responsibilities and obligations seriously, aiming always to promote world class best practice in these areas. To this end, the Company has and will continue to diligently communicate with both the relevant Malaysian State and Federal agencies regarding the proposed development of the Raub

^{iv} As announced to the market on 13 July, 2006

^v As announced to the market on 15 January, 2007

project. The Company will also continue to keep the local communities abreast of its developments as part of its social commitment and responsibilities.

As Chairman and Chief Executive I am pleased with the steady progress the Company is making on each of its stated strategic objectives and believe we are well placed to proceed with the Raub plant once the due diligence phase is completed. I look forward to providing additional progress reports across all areas over the coming months.

Dato' Sri Andrew Kam
Chairman and Chief Executive

Consolidated Balance Sheet at 31st December 2006 (Unaudited)
(Expressed in United Kingdom Sterling)

	Notes	31 st December 2006 (Unaudited) £	31 st December 2005 (Unaudited & Restated) £	30 th June 2006 (Audited) £
Non-Current Assets				
Property, plant and equipment	2	857,426	483,206	642,700
Other intangible assets		17,378,478	17,378,478	17,378,478
Mining development expenditure	3	1,663,122	1,053,019	1,318,629
Total Non-current Assets		<u>19,899,026</u>	<u>18,914,703</u>	<u>19,339,807</u>
Current Assets				
Inventories		241,637	204,414	242,145
Trade and other receivables	4	377,216	238,043	1,126,875
Cash and cash equivalents	5	1,669,759	664,884	3,418,166
		<u>2,288,612</u>	<u>1,107,341</u>	<u>4,787,186</u>
Current Liabilities				
Trade and other payables	6	(1,318,985)	(766,322)	(952,902)
Net Current Assets		<u>969,627</u>	<u>341,019</u>	<u>3,834,284</u>
Total Assets Less Current Liabilities		20,868,653	19,255,722	23,174,091
Non-Current Liabilities				
Long-term borrowings	7	(647,167)	(1,708,323)	(1,409,385)
Net Assets		<u>20,221,486</u>	<u>17,547,399</u>	<u>21,764,706</u>
Financed by:				
Share capital	8	-	-	-
Share premium		23,068,844	18,333,172	23,068,844
Capital reserve		153,000	153,000	153,000
Foreign currency translation reserve	9	(67,818)	14,863	(15,160)
Accumulated losses		(2,932,540)	(953,636)	(1,441,978)
Total equity		<u>20,221,486</u>	<u>17,547,399</u>	<u>21,764,706</u>

Consolidated Income Statement (Unaudited)
For the Period From 1st July 2006 to 31st December 2006
(Expressed in United Kingdom Sterling)

	Notes	Six months ended 31 st December 2006 (Unaudited) £	Six months ended 31 st December 2005 (Unaudited & Restated) £	Period from Incorporation on 8 th April 2005 to 30 th June 2006 (Audited) £
Revenue		-	271,563	341,782
Less: Cost of sales		-	(309,297)	(551,866)
Gross Loss		-	(37,734)	(210,084)
Administrative expenses		(963,416)	(587,930)	(1,384,972)
Other operating expenses		(15,186)	-	(25,985)
Loss from operations		(978,602)	(625,664)	(1,621,041)
Bank interest receivable		46,555	14,690	52,455
Unrealised (loss)/gains in financial instruments		(566,637)	-	417,227
Income received from put option		87,490	-	38,656
Finance costs		(79,368)	(243,187)	(329,275)
Loss before taxation		(1,490,562)	(854,161)	(1,441,978)
Income tax expense		-	-	-
Loss for the period		(1,490,562)	(854,161)	(1,441,978)
Attributable to :				
Equity Shareholders of the parent		(1,490,562)	(854,161)	(1,441,978)
Basic loss per share	10	(3.29p)	(3.07p)	(4.58p)

Consolidated Statement Of Changes in Equity (Unaudited)
For the Period From 1st July 2006 to 31st December 2006
(Expressed in United Kingdom Sterling)

	Six months ended 31 st December 2006 (Unaudited) £	Six months ended 31 st December 2005 (Unaudited & Restated) £	Period from Incorporation on 8 th April 2005 to 30 th June 2006 (Audited) £
Consolidated statement of total recognised losses			
Profit attributable to shareholders	(1,490,562)	(854,161)	(1,441,978)
Exchange translation adjustment	(52,658)	14,863	(15,160)
Total recognised losses	(1,543,220)	(839,298)	(1,457,138)
Reconciliation of movement in Group shareholders' fund			
Issue of ordinary shares on incorporation	-	-	100
Redeemable preference shares issued to raise new cash	-	-	1,280,000
Issue of ordinary shares for acquire subsidiaries	-	-	16,975,298
Issue of ordinary shares for cash	-	645,000	5,663,500
Share issue and Admission costs	-	1,388	(850,054)
Warrant issue	-	153,000	153,000
Net changes in shareholders' funds	(1,543,220)	(39,910)	21,764,706
Opening shareholders' funds	21,764,706	17,587,309	-
	20,221,486	17,547,399	21,764,706

Consolidated Statement of Cash Flows (Unaudited)
For the Period From 1st July 2006 to 31st December 2006
(Expressed in United Kingdom Sterling)

	Six months ended 31 st December 2006 (Unaudited)	Six months ended 31 st December 2005 (Unaudited & Restated)	Period from Incorporation on 8 th April 2005 to 30 th June 2006 (Audited)
	£	£	£
Cash Flow From Operating Activities			
Loss before taxation	(1,490,562)	(854,161)	(1,441,978)
Adjustments for:			
Depreciation charge	18,292	49,725	114,350
Profit on disposal of fixed assets	(7,260)	-	-
Shares issued in lieu of fees paid	-	-	10,000
Interest expense	77,655	88,752	151,201
Interest received	(46,555)	(14,599)	(52,455)
Unrealised (loss)/gain on financial instruments	566,637	-	(417,227)
Income from put option	-	-	(38,656)
Amortisation of put option	264,661	-	-
Warrant issue	-	153,000	153,000
Operating loss before working capital changes	<u>(617,132)</u>	<u>(577,283)</u>	<u>(1,521,765)</u>
Changes in working capital:			
Decrease/(Increase) in inventories	508	4,494	(41,681)
Decrease/(Increase) in trade and other receivables	(81,639)	(20,187)	(453,136)
(Decrease)/Increase in trade and other payables	(191,562)	(582,814)	5,525
Net cash used in operating activities	<u>(889,825)</u>	<u>(1,175,790)</u>	<u>(2,011,057)</u>
Cash Flow From Investing Activities			
Cash acquired on acquisition of subsidiaries	-	-	189,266
Interest received	46,555	14,599	52,455
Interest paid	(77,655)	(88,752)	(151,201)
Purchase of property, plant and equipment	(233,018)	(13,109)	(252,291)
Proceed from disposal of fixed assets	7,260	-	-
Increase in mining development expenditure	(344,493)	(211,682)	(477,292)
Placement of fixed deposit	(353,061)	-	(255,358)
Deferred expenditure over-capitalised in previous period	-	1,388	-
Net cash used in investing activities	<u>(954,412)</u>	<u>(297,556)</u>	<u>(894,421)</u>
Cash Flow From Financing Activities			
Increase in bank borrowings	-	73,419	-
Repayment of bank borrowings	(204,573)	-	-
Share issue costs	-	-	(850,054)
Proceeds from issue of ordinary shares	-	645,000	5,653,500
Proceeds from issue of redeemable preference shares	-	-	1,280,000

Net cash from financing activities		<u>(204,573)</u>	<u>718,419</u>	<u>6,083,446</u>
Net (Decrease)/Increase in Cash and Cash Equivalent		<u>(2,048,810)</u>	<u>(754,927)</u>	<u>3,177,968</u>
Cash and Cash Equivalents at beginning of Period		3,162,808	1,429,130	-
Effects of exchange rate changes		(52,658)	(9,319)	(15,160)
Cash and Cash Equivalents at end of Period		<u><u>1,061,340</u></u>	<u><u>664,884</u></u>	<u><u>3,162,808</u></u>
Cash and Cash Equivalents comprise				
Cash at bank	5	<u><u>1,061,340</u></u>	<u><u>664,884</u></u>	<u><u>3,162,808</u></u>

Notes to the accounts

1. Accounting Policies

The interim financial statements for the period ended 31st December 2006 have been prepared in accordance with International Financial Reporting Standards (IFRSs), including IAS 34, Interim Financial Reporting.

The same accounting policies and methods of computation are followed in these interim financial statements as were used in the preparation of the financial statements to 30th June 2006. A copy of those accounts is available on www.peninsulargold.com.

2. Property, Plant and Equipment

	Plant and equipment £	Buildings £	Motor vehicles £	Furniture, Fittings and equipment £	Total £
Cost					
At 1 st July 2006	638,193	9,197	50,738	58,922	757,050
Additions during the period	165,885	9,134	48,201	9,798	233,018
Disposal during the period	-	-	(19,457)	-	(19,457)
At 31 st December 2006	<u>804,078</u>	<u>18,331</u>	<u>79,482</u>	<u>68,720</u>	<u>970,611</u>
Accumulated depreciation					
At 1 st July 2006	81,687	4,635	18,726	9,302	114,350
Charge for the period	3,254	1,305	8,852	4,881	18,292
Disposal during the period	-	-	(19,457)	-	(19,457)
At 31 st December 2006	<u>84,941</u>	<u>5,940</u>	<u>8,121</u>	<u>14,183</u>	<u>113,185</u>
Net Book Value					
At 31 st December 2006	<u>719,137</u>	<u>12,391</u>	<u>71,361</u>	<u>54,537</u>	<u>857,426</u>
At 30 th June 2006	<u>556,506</u>	<u>4,562</u>	<u>32,012</u>	<u>49,620</u>	<u>642,700</u>
At 31 st December 2005	<u>415,897</u>	<u>7,210</u>	<u>22,203</u>	<u>37,896</u>	<u>483,206</u>

Notes to the accounts

3. Mining Development Expenditure

	31st December 2006 (Unaudited)	31st December 2005 (Unaudited & Restated)	30th June 2006 (Audited)
	£	£	£
Mining development and prospecting expenditure, at cost			
Opening Balance	1,318,629	841,337	-
Additions	344,493	211,682	1,318,629
Closing Balance	<u>1,663,122</u>	<u>1,053,019</u>	<u>1,318,629</u>

The directors are of the view that there will be sufficient future income from the extraction of gold to offset the mining development expenditure capitalised in these financial statements.

4. Trade and other receivables

	31st December 2006 (Unaudited)	31st December 2005 (Unaudited & Restated)	30th June 2006 (Audited)
	£	£	£
Other receivables, deposits and prepayments	306,076	238,043	224,438
Put options	71,140	-	902,437
	<u>377,216</u>	<u>238,043</u>	<u>1,126,875</u>

5. Cash and cash equivalent

	31st December 2006 (Unaudited)	31st December 2005 (Unaudited & Restated)	30th June 2006 (Audited)
	£	£	£
Cash at bank and in hand	1,061,340	664,884	3,162,808
Fixed deposits with a licensed bank	608,419	-	255,358
	<u>1,669,759</u>	<u>664,884</u>	<u>3,418,166</u>

Fixed deposits with a licensed bank has not been included in Cash and Cash Equivalents in the Consolidated Cash Flow Statement as it has a maturity exceeding three months.

Notes to the accounts

6. Trade and other payables

	31st December 2006 (Unaudited)	31st December 2005 (Unaudited & Restated)	30th June 2006 (Audited)
	£	£	£
Trade payables	-	256,865	-
Other payables and accruals	226,628	113,623	451,595
Bank borrowing – current portion (See note 5)	1,092,357	395,834	501,307
	<u>1,318,985</u>	<u>766,322</u>	<u>952,902</u>

7. Borrowings

	31st December 2006 (Unaudited)	31st December 2005 (Unaudited & Restated)	30th June 2006 (Audited)
	£	£	£
Short Term Borrowings			
Term loan	1,077,400	385,099	490,268
Hire purchase payables	14,957	10,735	11,039
	<u>1,092,357</u>	<u>395,834</u>	<u>501,307</u>
Long Term Borrowings			
Term loan	591,810	1,691,093	1,383,515
Hire purchase payables	55,357	17,230	25,870
	<u>647,167</u>	<u>1,708,323</u>	<u>1,409,385</u>

The Group's term loans are subject to interest rates ranging from 1.5% - 2.0% per annum above the lender's base lending rate which was 6.75% at the end of the period.

The term loans are repayable as follows:

£533,795 by way of bullet repayment at the end of two years from the drawdown date of 30th June 2005.

£721,345 is repayable in 36 equal installments commencing from 1st January 2006. As at 31st December 2006, the outstanding balance on this term loan was £449,542.

£721,345 is repayable in 36 equal installments commencing from 1st October 2006. As at 31st December 2006, the outstanding balance on this term loan was £685,873.

Notes to the accounts

8. Share capital

<u>Company</u>	31 st December 2006 (Unaudited) £	31 st December 2005 (Unaudited & Restated) £	30 th June 2006 (Audited) £
Authorised			
Unlimited ordinary shares of £Nil par value each	-	-	-
Alloted, called up and fully paid			
45,278,596 ordinary shares of £Nil par value each	-	-	-
	-	-	-

9. Foreign exchange translation

Assets and liabilities of foreign consolidated subsidiaries are translated into United Kingdom Sterling at the rate of exchange ruling at the balance sheet date.

Revenue and expenses are translated at the average exchange rates for the period. All resulting translation differences are included in a translation reserve in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

United Kingdom Sterling	1.00	Malaysian Ringgit	6.9315
United Kingdom Sterling	1.00	United States Dollars	1.9586
United States Dollars	1.00	Malaysian Ringgit	3.5315

Notes to the accounts

10. Loss per share

The calculation of loss per share is based on the loss for the period after taxation and on the weighted average number of shares in issue during the period as below:-

	31st December 2006 (Unaudited)	31st December 2005 (Unaudited & Restated)	30th June 2006 (Audited)
	£	£	£
Loss for the period	1,490,562	854,161	1,441,978
Weighted average number of shares	45,278,596	27,845,547	31,503,218
Loss per share	3.29p	3.07p	4.577p

The redeemable preference shares are non-dilutive.

11. Segmental information

Currently all revenues, losses before tax and the carrying value of assets and liabilities arise from the production and sale of gold doré bars and gold exploration activity within Malaysia.

Further information:

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