

Regulatory Announcement

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Company	Peninsular Gold Limited
TIDM	PGL
Headline	Convertible Loan Note Issue
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Peninsular Gold Limited

AIM: PGL

(‘the Company’)

Convertible Loan Note Issue

- US\$20 million worth of convertible loan notes to be issued to major US investment bank
- Funds expected to be sufficient to see Raub CIL project into production

The Company is pleased to announce that it has today entered into an agreement with Amstel Securities N.V. (‘Amstel’) pursuant to which Amstel will place up to a total of US\$20 million of convertible loan notes (‘the Notes’) on behalf of the Company with a major US investment bank.

The proceeds of the issue of the Notes are anticipated to cover fully the construction and commissioning of the Carbon in Leach (‘CIL’) plant at Raub (‘the Plant’) and to maintain the momentum of the Company’s ongoing exploration programmes. Some funds will also be allocated for working capital and the repayment of existing debt.

It is envisaged that the initial issue will comprise US\$8 million of Notes (‘the Initial Issue’) and that this will take place on or around 27 July 2007. The balance of US\$12 million will be drawn down in subsequent tranches, subject to the Company meeting certain conditions and milestones relating, inter alia, to the construction of the Plant (‘Subsequent Issues’).

Negotiations with other parties regarding other potential debt financing arrangements for the CIL project have ceased.

The general terms of the issue of the Notes are summarised as follows:

1. The Notes will convert into new ordinary shares of no par value in the capital of the Company at a price of 30.0 pence per share, which represents a premium of approximately 18 per cent to the mid-market closing price of the Company's shares on 23 July 2007.
2. The issue price of the Notes will be 100 per cent of their principal amount.
3. The Notes will be secured by share pledges over subsidiaries and certain other charges and guarantees from subsidiaries.
4. A coupon of 10.5 per cent per annum net payable semi-annually.
5. Maturity is 5 years from the date of the Initial Issue.
6. The Subsequent Issues are subject to the approval of the shareholders of the Company at a general meeting to disapply pre-emption rights.
7. There are certain anti-dilution provisions.
8. On or after the third anniversary of the Initial Issue, the Company has the right to redeem the Notes at a redemption price as well as the right to require the holder(s) of the Notes to convert the Notes into new ordinary shares in the capital of the Company in the event that the Company's share price is above the conversion price at that time by a certain level.

Dato' Sri Andrew T. Y. Kam, Chairman and Chief Executive of Peninsular Gold Limited, comments:

“With this financing the Raub CIL project is now fully funded to production, which we anticipate will be achieved before the end of 2008. That we were able to raise US\$20 million, from a single institutional investor, is a significant vote of confidence in the Company's potential to grow its resource base and to become a major gold producer in the region.”

-Ends-

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Addendum:

Peninsular Gold Limited aims to become Malaysia's foremost gold mining company. Peninsular's Raub CIL project is projected to produce approximately 25,000 ounces of gold per annum at a cash cost of less than US\$200 per ounce, commencing before the end of 2008.

Peninsular also has ongoing exploration programmes in the vicinity of the Raub CIL project, which is located within a historic mining district with documented historic production of in excess of 1 million ounces of gold.

As previously announced, the Company's total Mineral Reserve and Resource inventory currently stands at: 180,000 ounces gold as Proven Reserves at Raub*; 213,000 ounces gold as Measured, Indicated and Inferred Resources at Raub*; 528,000 ounces gold as Inferred Resources at Tersang.

* These estimates are compliant with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves known as the JORC Code (JORC, 2004).

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