

## Regulatory Announcement

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<b>Company</b>	<a href="#">Peninsular Gold Limited</a>
<b>TIDM</b>	PGL
<b>Headline</b>	Convertible Loan Note Issue
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**17<sup>th</sup> October, 2007**

### Peninsular Gold Limited

AIM: PGL

('Peninsular' or 'the Company')

### Convertible Loan Note Issue

- Second tranche of convertible loan notes issued to major US investment bank
- Raub CIL plant construction currently ahead of schedule
- Gold production expected to commence at Raub in Q3 2008

On 24 July 2007 Peninsular (AIM: PGL) announced that it had entered into an agreement with Amstel Securities N.V. ('Amstel') pursuant to which Amstel agreed to 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 initial issue on 26 July 2007 comprised US\$8 million of Notes ('Initial Issue').

The Company is pleased to report that having satisfied certain conditions precedent and financial milestones relating to the construction of the Carbon in Leach (CIL) plant at Raub, it has issued a further US\$4.5 million of Notes.

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.
2. The issue price of the Notes will be 100 per cent of their principal amount.
3. The Notes are 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. There are certain anti-dilution provisions.
7. On or after the third anniversary of the date 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:

'Construction of the Raub CIL plant is currently ahead of schedule and the issue of the second tranche of Notes represents another step closer to gold production for the Company. Production is currently targeted to commence in the third quarter of 2008. We will continue updating shareholders and the market as construction progresses and as results from ongoing exploration in the Raub area become available.'

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Addendum:

Peninsular Gold Limited aims to become one of south east asia's foremost gold mining companies. 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 in Q3 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: 202,000 ounces gold as Proven Reserves at Raub\*; 228,400 ounces gold as Measured, Indicated and Inferred Resources at Raub\*; 528,000 ounces gold as Inferred Resources at Tersang (non-JORC).

\* 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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