

## Regulatory Announcement

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<b>Company</b>	Peninsular Gold Limited
<b>TIDM</b>	PGL
<b>Headline</b>	Repurchase of Convertible Notes
<b>Released</b>	09:23 16-Feb-09
<b>Number</b>	3584N09

RNS Number : 3584N  
Peninsular Gold Limited  
16 February 2009

### **PENINSULAR GOLD LIMITED**

**("Peninsular" or the "Company")**

**AIM: PGL**

### **Repurchase and cancellation of its US\$20 Million Convertible Loan Notes**

#### **Repurchase and Working Capital Facilities - Ringgit Malaysia 69 million**

Peninsular Gold Limited is pleased to announce that it has successfully entered into an agreement to repurchase for cancellation the entire issue of its US\$20 million, 10.5% convertible loan notes ("Notes"), issued in 2007, for a cost of US\$17million and the issue of 10 million one for one warrants.

The Company's wholly-owned subsidiary, Raub Australian Gold Mining Sdn Bhd ("RAGM") has obtained funding from Bank Kerjasama Rakyat Malaysia Berhad ("Bank"), a local Malaysian financial institution, of Ringgit Malaysia 54 million to assist in the repurchase of the Notes.

RAGM has also managed to obtain a further Ringgit Malaysia 15 million facility for working capital purposes from the Bank.

The Notes, issued by the Company in 2007, have a share subscription price of 30 pence per ordinary share which, at the option of the Note holder, could have converted into approximately 32.5 million ordinary shares of the Company. Upon completion of the repurchase of the Notes, this right would be extinguished.

**US\$20 Million Convertible Loan Note Repurchase for Cancellation ("Repurchase")**

The principal terms of the Repurchase of the Notes are summarised as follows:

- \* Initial cash payment of US\$15 million (plus US\$1,070,000 outstanding interest) followed by two deferred payments of US\$1 million each, one by 30 September 2009 and the second by 31 December 2009. The deferred payments shall carry interest on a step up basis at the rate of 1.2% per month for the period to 30 April, 1.5% per month for the period from 1 May to 31 August and 1.75% per month for the period from 1 September to 31 December.
- \* Peninsular will issue to the seller of the Notes, 10,000,000 warrants to subscribe for 10,000,000 new ordinary shares of no par value in Peninsular ("Shares"), with an initial subscription price of 30 pence per Share (subject to adjustments in certain conditions) and an expiry date of 19 July, 2012. Subject to Jersey regulatory requirements the warrants will be freely transferable though not listed and further provided that the Company has a pre-emptive right to re-purchase the warrants for cancellation. 5,000,000 of the warrants will have a cashless exercise option as long as the market price of the shares is not more than twice the relevant Subscription Price.
- \* All security previously provided in relation to the Notes will be released on completion of the payment of US\$15 million (plus outstanding interest).

Completion of the purchase and cancellation of the Notes is expected to take place towards the end of February 2009.

### **Facilities**

Details of RAGM's two new Islamic financing facilities (the "Facilities") under the Bai' Al Inah principle with the Bank are as follows:

(i)	a Ringgit Malaysia 54 million ("Facility 1") to finance the redemption of the Notes; and
(ii)	a Ringgit Malaysia 15 million ("Facility 2") for RAGM's working capital purposes.

The principal terms of the Facilities are summarised as follows:

1.	A profit margin of 2 per cent. above the Bank's funding rate (which is currently 6.25%).
2.	Repayable over 60 months, inclusive of an initial 6 months grace period on principal repayment.
3.	Security by way of:
	a) Facilities Agreement referred to as Asset Sale Agreement and Asset Purchase Agreement under the Bai' Al Inah principle;
	b) A third party first and second fixed legal charge ("Charges") over the land known as Pajakan Lombong 1669, Lot No. 17478, Bukit Koman, Mukim Gali, District of Raub Raub Pahang owned by Akay Holdings Sdn. Bhd ("Akay"). Akay is a privately owned Malaysian company with a 23.4% interest in Peninsular and is 99.9% owned by Dato' Sri Andrew Tai Yeow Kam ("Andrew Kam"), the Chairman and Chief Executive of Peninsular who is also a director of

	RAGM and Akay.
c)	A debenture incorporating fixed and floating charges over the present and future assets and undertaking of RAGM.
d)	A corporate guarantee by Peninsular.

### **Akay Agreement**

To facilitate the grant of the Facilities, Peninsular and RAGM have entered into an Agreement with Akay (the "Akay Agreement") setting out the terms upon which Akay have agreed to grant the Charges to the Bank as security for the Facilities. The key terms of the Akay Agreement provide that:

(i)	Akay shall receive an annual fee from RAGM of Ringgit Malaysia 960,000 payable in four (4) equal quarterly installments, until such time as the Charges are fully released/ discharged free from all encumbrances;
(ii)	Akay has the right at any time to give to RAGM not less than 90 days notice requiring Peninsular and RAGM to procure the release of the Charges;
(iii)	Akay however agrees and undertakes that it will not issue any proceedings against Peninsular and/ or RAGM whilst Dato' Sri Andrew Kam is a director of Peninsular or he or any of his family (as defined in the AIM Rules for Companies (the "AIM Rules") are interested in aggregate, directly or indirectly, in excess of 50% of the Company's issued share capital;
(iv)	Peninsular and RAGM have agreed to indemnify Akay against any loss which it may suffer arising from the creation of the Charges.

The Company's independent board of directors (excluding Andrew Kam due to his interest in the Akay Agreement) after deliberation

and in compliance with the AIM rules having also consulted with its nominated adviser, Ambrian Partners Limited, considers that the terms of the Akay Agreement are fair and reasonable insofar as its shareholders are concerned.

Finance Director, Patrick Watson stated: "The repurchase of the Notes at a US\$3 million discount to their book value and a net reduction in potential dilution by between 27.5 and 22.5 million Shares, represents excellent value for the shareholders of Peninsular. Further, the Company's ability to raise these significant new financing facilities in the current difficult credit climate demonstrates real confidence in our Raub and other projects. With the new working capital facility in place and gold production at Raub expected before the end of the month, 2009 promises to be an exciting year for Peninsular."

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