



16th January 2012

Companies Announcement Office
Via Electronic Lodgement

NRC APPROVES EARLIER DEEP DISPOSAL WELL TESTING

The United States Nuclear Regulatory Commission (NRC) have advised Peninsula's wholly owned subsidiary Strata Energy, Inc. that the development of a deep disposal well to test subsurface conditions would be considered exploration and Strata can begin drilling without any further approval.

This decision allows the Company to proceed with DDW testing significantly ahead of original schedule and could see flow rates at the upper limits of expectation that would lead to significant capital expenditure reductions at the Lance Projects.

Construction and operation of up to five Underground Injection Control (UIC) Class 1 wells at the Lance Central Processing Plant site was approved by the Wyoming Department of Environmental Quality (WDEQ) in April 2011.

At the time of WDEQ permit issuance, the NRC regulations classified the drilling of any deep disposal well as part of the operation of an ISR project and subsequently a NRC Source Material License (SML) or an Exception was required to develop and test a deep disposal well (DDW).

The DDW'S will be used to inject non-hazardous wastes at depths in excess of 8,000 feet below the surface in order to meet the water management requirements of the proposed operations at the Lance Projects.

Late in 2011 amendments to the NRC regulations relating to construction, including necessary borings to determine foundation conditions or other preconstruction monitoring to establish background information related to the suitability of the site, the environmental impacts of construction or operation, or the protection of environmental value, are excluded from the definition of construction and therefore do not require an Exception from the NRC.

The NRC has confirmed that Strata can, upon the issue of the SML, apply to have the test deep disposal well converted for operations.

Executive Chairman Gus Simpson stated **"Proactive decision making like this demonstrates the NRC's objective approach to the assessment of proposed ISR developments and its understanding of the value to Companies of obtaining project development information early"**

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Simpson', with a stylized flourish at the end.

John (Gus) Simpson
Executive Chairman

For further information, please contact our office on +61(0)89380 9920 during normal business hours.