24th May 2013

Companies Announcement Office
Via Electronic Lodgement

LANCE PROJECT DEVELOPMENT UPDATE

Highlights

- **Pre-production program progressing at Lance Projects including:**
    - **Monitoring Wells installed within and around first production unit at Ross to provide additional, site specific geologic and hydrologic information.**
    - **Delineation Drilling continuing within Ross mining units to optimise production well field design**
    - **Core drilling conducted to optimise recovery process within Ross Mine Unit 1**
    - **Baseline Monitoring Wells installed within Kendrick area**
- **Engineering, Procurement and Construction (EPC) Contract executed with TREC, DB**
- **Draft SEIS public comment period closes without extension**

Summary

Peninsula Energy Limited **(Peninsula)** is pleased to provide an update of recent activities at the Lance Uranium Projects in Wyoming, USA.

During the period October 2012 to April 2013 the company has been conducting pre-production drilling consisting of monitoring well installation, delineation drilling within and around the planned first production unit at Ross (refer Figure 1).

Additional monitor wells have been completed at Ross to provide supplementary, site-specific geological and hydrological information within the initial mining unit **(Mine Unit 1)**

Delineation drilling is also being conducted to optimise the well field patterns and design within this first production unit. Of additional significance this drilling has intersected strong uranium mineralisation, some of which is outside the existing resource boundaries.

Within the Kendrick area a total of twelve monitoring well clusters have been completed and are being used for base line studies of the regional water quality.

The company is also conducting an additional core drilling program within the planned Mine Unit 1 to provide further information on recoveries and refine the most efficient leach chemistry for the Ross ore body.

On the design and construction front Strata has recently executed an Engineering, Procurement and Construction **(EPC)** Contract with Wyoming based ISL engineering group TREC DB, LLC, who have been working with the Company through the Feasibility and Optimisation study stages.

TREC had previously been engaged to perform the engineering and design work for the CPP and well fields and the new agreement encompasses the remaining design work as well as performance of procurement and construction going forward.

On the permitting front, Strata can also advise that the public comment period for the Draft Supplemental Environmental Impact Statement **(DSEIS)** has now closed with pleasingly no extension requested by any of the relevant stakeholders. This augurs well for the timely issue of the final SEIS in November 2013 and the Source Material License in December 2013.

Peninsula Executive Chairman Gus Simpson stated "*All indications are that we remain on schedule for full permitting of the Ross Project later this year. In the interim we are continuing with the pre-production drilling and monitoring well installation program which is providing the final detailed information required for development.* "

Pre-Production Drilling Program

During the period October 2012 to April 2013 Strata completed 59 monitoring wells and 179 delineation holes for a total of 128,550 feet at the Lance Projects, the majority of the delineation holes being within and around the planned first production unit at Ross. The majority of the monitor wells are located in the Kendrick area.

Twelve monitoring well clusters, comprising a total of 47 holes, have been completed in the Kendrick area and will be used for base line studies of the regional water quality. Additional monitor wells have also been completed at Ross to provide supplementary, site-specific geological and hydrological information within Mine Unit 1.

Delineation drilling is also being conducted to optimise the well field patterns and design within this first production unit. In addition, this drilling has intersected strong uranium mineralisation, some of which is outside of the existing resource boundaries. Highlights included drill hole RMR2716 which intersected 8ft @ 1,030ppm U_3O_8 (GT 0.81) drill hole RMR2721 which intersected 8ft @ 760ppm U_3O_8 (GT 0.61).

The company is also currently conducting a core drilling program within the planned Mine Unit 1 to provide additional information on recoveries and to refine the most efficient leach chemistry for the Ross ore body. Review of the core information is currently in progress and will facilitate porosity/permeability samples as well as "Leach Test" samples being selected and prepared for laboratory analysis.

In addition to providing the information above, the core drilling has intersected strong uranium mineralisation, some of which is outside the existing resource boundaries. A total of 16 holes reported GT (Grade-Thickness) intersections exceeding 0.2, as shown in Table 1.

The results from the delineation well drilling generally reconcile well against the previous exploration drilling results. In conjunction with the above program, Strata are fulfilling existing regulatory commitments to re-plug old, historic exploration holes in the vicinity of the first mine units and are also systematically re-probing the historic Nubeth holes. To date, the new PFN data correlate within 1% of the original hand-calculated gamma data.

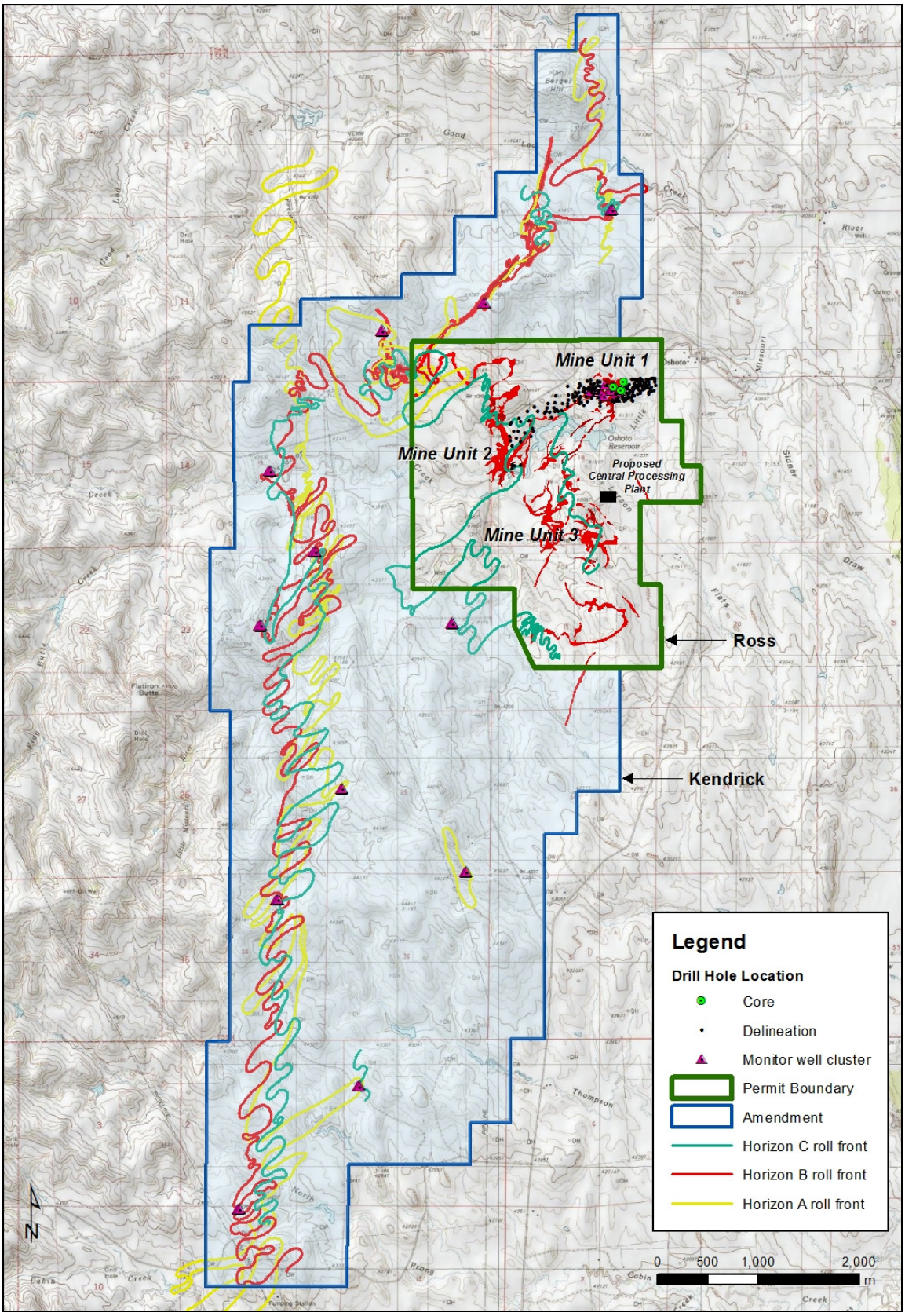

Figure 1: Lance Projects Pre-Production Drilling Location

Table 1: Lance projects Drilling Results (>0.2GT) PFN Measurement.

Hole Type	Hole ID	Northing	Easting	Total Depth (ft)	From (ft)	Interval (ft)	PFN grade (U3O8ppm)	GT
monitor well	MU1-DM1	4936601	503856	570	418.0	7.5	550	0.41
monitor well	MU1-DM2	4936566	503957	560	436.5	7.0	650	0.46
monitor well	MU1-DM3	4936611	504060	570	434.5	3.5	1010	0.35
monitor well	MU1-OZ6	4936540	503998	490	443.5	7.5	950	0.71
monitor well	MU1-OZ9	4936523	504095	470	379.0	6.0	1000	0.60
delineation	RMR2618	4936641	504508	460	239.5	6.0	780	0.47
delineation	RMR2642	4936645	504422	460	250.5	2.5	1240	0.31
delineation	RMR2645	4936566	504141	500	370.0	4.5	740	0.33
delineation	RMR2646	4936527	504136	500	377.0	6.5	520	0.34
delineation	RMR2712	4936096	503168	580	511.0	9.0	410	0.37
delineation	RMR2716	4936506	504121	480	376.5	8.0	1030	0.82
delineation	RMR2720	4936502	504069	480	371.5	9.5	350	0.33
delineation	RMR2721	4936636	504025	520	417.5	8.0	760	0.61
core	RMRD0037	4936630	504094	500	450.0	10.5	400	0.42
core	RMRD0038	4936675	504197	500	361.0	10.0	580	0.58
core	RMRD0039	4936517	504098	480	373.5	7.0	500	0.35

**All holes are vertical*

Permitting

In March 2013 the United States Nuclear Regulatory Commission **(NRC)** issued to Strata both the Safety Evaluation Report and Draft SEIS and Strata can advise that the public comment period for the Draft SEIS has now closed, with no extension requested by any of the relevant stakeholders. This augurs well for the timely issue of the final SEIS in November 2013 and the Source Material License in December 2013.

Engineering and Construction

Strata have recently executed an EPC Contract with Wyoming based ISL engineering group TREC DB, LLC.

TREC had previously been engaged to perform the engineering and design work for the CPP and well fields and the new agreement encompasses the remaining design work as well as performance of procurement and construction going forward.

Yours sincerely

John (Gus) Simpson
Executive Chairman

For further information, please contact our office on (08) 9380 9920 during normal business hours**.**

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Jim Guilinger. Mr.Guilinger is a Member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (Member of Mining and Metallurgy Society of America and SME Registered Member of the Society of Mining, Metallurgy and Exploration Inc.). Mr.Guilinger is Principal of independent consultants World Industrial Minerals. Mr.Guilinger has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr.Guilinger consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

U3O8 grades quoted in this document are obtained from the prompt fission neutron (PFN) down-hole probe and are not subject to disequilibrium effects.

1 Current JORC Compliant Resource Estimate (JORC 2004)

Resource Classification	Tonnes Ore (M)	U_3O_8 kg (M)	U_3O_8 lbs (M)	Grade (ppm U_3O_8)
Measured	4.1	2.1	4.5	495
Indicated	11.6	5.7	12.7	497
Inferred	35.5	16.6	36.5	467
Total	51.2	24.4	53.7	476

(The JORC resource is reported above a lower grade cut-off of 200ppm and a GT of 0.2)