31 DECEMBER 2013 QUARTERLY ACTIVITIES REPORT

31 January 2014

HIGHLIGHTS

WYOMING, USA – LANCE URANIUM PROJECTS

- **Earthworks and building pad construction for Ross CPP and administration offices near completion**
- **Containment Barrier wall installation commenced**
- **Fabrication of Ion Exchange and other pressure vessels progressing**

SOUTH AFRICA – KAROO URANIUM PROJECTS

- **Acquisition of Areva South Africa assets completed**
- **Karoo Project PFS commenced**

CORPORATE

- **CP's satisfied allowing drawdown on BlackRock notes facility**
- **Placement to Sophisticated Investors completed**
- **Cash as at 31 December 2013 of $11.76m**

ASX: PEN, PENOC

Peninsula Energy Limited
ABN 67 062 409 303

Directors
Gus Simpson - Executive Chairman
Alf Gillman - Technical Director
Michael Barton - Non Exec Director
Warwick Grigor - Non Exec Director
Neil Warburton - Non Exec Director

Management
Gus Simpson - Executive Chairman
Alf Gillman - Technical Director
Glenn Black - COO
Ralph Knode - CEO, Strata Energy Inc
David Coyne - CFO

Jonathan Whyte - Co Secretary

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Website
www.pel.net.au

Capital Structure
3,252 million shares
857 million options

Cash at 31 December 2013
$11.76 million

Market cap at 31 December 2013
$68.3million

For further information please contact:
info@pel.net.au

WYOMING, USA – LANCE PROJECTS

(Peninsula Energy 100%)

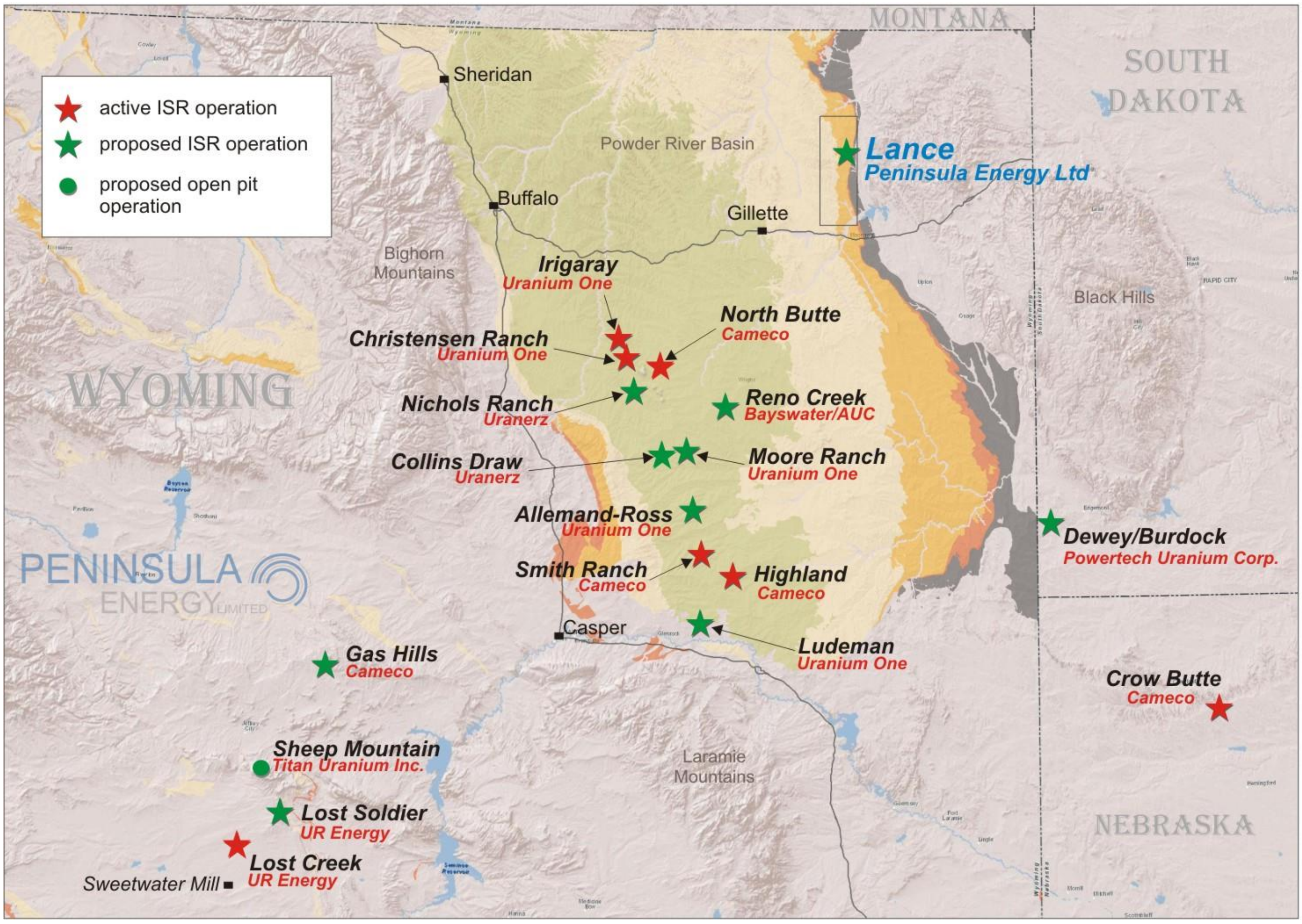

Figure 1: Lance Projects location, Wyoming USA

Initial site construction programme

As previously advised Peninsula has obtained the requisite permits and licenses required to commence site construction activities within the Ross Permit Area (RPA) of the Lance Projects.

Earthworks and Construction

During the quarter Peninsula completed site earthworks for the construction of the main access roads, building sites for the central processing plant (CPP) and administration offices at the RPA, located within the Lance Projects, Wyoming, USA (see Figures 2 and 3 below).

Top soil stripping was completed for CPP and administration areas, and the site access road was installed and brought to final grade. Locations for the administration building and CPP were leveled and brought to final grade. Site drainage was substantially completed. The French drain system to collect ground water from behind the containment barrier wall and the pad for the first deep disposal well were installed.

Figure 2: Earthworks at Ross Permit Area, Wyoming USA

Figure 3: Compacted Central Processing Plant Area at Ross Permit Area, Wyoming USA

In December excavation commenced for the installation of the Containment Barrier Wall (CBW), located along the south side of the planned building and pond locations (refer Figure 4). The CBW is a key part of site construction and on-site groundwater management. It will cause ground water to be directed via a drainage system into a vertical sump for subsequent pumping into an above ground diversion ditch.

Figure 4: Containment Barrier Wall at Ross Permit Area, Wyoming USA

Earthworks and Construction

Off-site fabrication of long lead items including the Ion Exchange vessels and other pressure vessels commenced during the quarter. As shown in Figure 5, fabrication is now well advanced.

Figure 5: Ion Exchange Columns for Peninsula's Ross CPP, Wyoming USA

Permitting

The company has been notified by the US Nuclear Regulatory Commission (NRC), that the issuance dates for the final Supplemental Environmental Impact Statement (SEIS) and the Combined Source and 11e.(2) Byproduct Source Material License (SML) for the Ross permit area are 28 February and 31 March 2014, respectively.

As referenced above, Peninsula has already obtained the requisite permits and licenses required to commence initial pre-license site construction activities and with funding drawdown approved has initiated the order of long lead equipment items for the CPP.

SOUTH AFRICA – URANIUM EXPLORATION

(Peninsula Energy 74% / BEE Group 26%)

Peninsula has a 74% interest in a total of 42 prospecting rights (PR's) covering 7,800 km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin (Karoo Projects) (Figure 6). As detailed further below, during the quarter Peninsula completed the acquisition of 36 of these PR's, previously held by AREVA South Africa. The residual 26% interest remains with BEE partners as required by South African law.

The Karoo Projects are categorized into the Eastern and Western Sectors as show in the diagram below. In the Eastern Sector, Peninsula has freehold ownership over an area of 322 km² which covers a significant proportion of the reported resource and allows unlimited surface access.

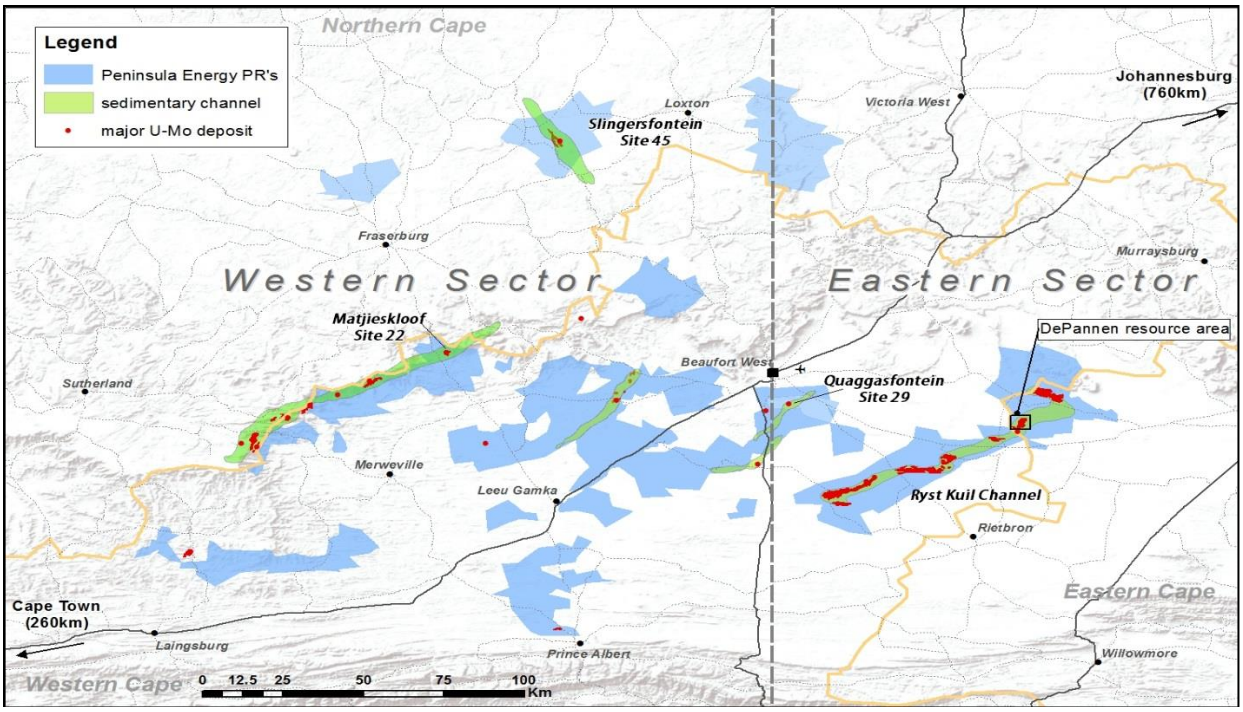

Figure 6: South Africa – Karoo Uranium Project Area Locations

Acquisition Completion

Satisfaction of the US$4m consideration payable at the transfer of the former AREVA held mineral properties was met through the issue of 201,916,992 million shares in December 2013. The number of shares issued in order to meet the consideration value was determined on the basis of the volume weighted average price of Peninsula shares over the thirty (30) days immediately prior to the date of completion. The shares have been issued under existing Listing Rule 7.1 capacity.

Further consideration of US$45m remains payable upon completion of a Bankable Feasibility Study on the Karoo Projects and the securing of a minimum 50% debt financing for the funding required to develop the projects to production (Financing). Should Financing occur after 1 January 2016, an escalation factor will be applied. Peninsula, at its sole discretion, can elect to pay the deferred consideration in cash or shares.

Development Progress

As detailed in the previous quarter, a scoping study has been completed on the Eastern Sector of the Karoo Projects by South African based engineering, procurement and construction consultants DRA Mineral Projects (Pty) Ltd (DRA) .

The Company has now commenced Pre-Feasibility work which will be based on an alkaline processing route for the project. During the quarter the Company appointed Mintek, a South African based global leader in Mineral and Metallurgical test work to undertake validation metallurgical test work on five discreet mineral samples from five mining areas within the Eastern Sector.

During December all of the samples were sized and prepared for treatment with the leaching test work commencing in early January 2014.

CORPORATE

BlackRock Debt Drawdown

On 15 October the Company advised that the second key condition precedent (CP) had been met that allows drawdown under notes issued to funds managed by BlackRock Financial Management, Inc. (BlackRock).

Under the terms of the notes two material CP's were required to be met before debt funds under the notes could be made available for allowable initial site construction and project development activities.

The first material CP was the grant by the Wyoming Department of Environmental Quality Permit to Mine (PTM), which was granted in late 2012.

The second material CP was that Peninsula entered into a U_3O_8 sales agreement on terms satisfactory to BlackRock. Amongst other standard procedural items the terms required the sales agreement to have a net present value equal to or greater than the principal amount of the notes and to include clauses allowing it to be used as security in the unlikely event that Strata defaulted on the repayment of the notes. Amendments made to an existing sales agreement enabled this CP to be met.

Placement to Sophisticated Investors

On 17 October the Company advised that it has entered into agreements with institutional and sophisticated investors to raise up to $2 million through the issue of 80 million new shares at 2.5 cents per share. Participants in the placement received one free attaching listed option (PENOC) exercisable at $0.03 on or before 31 December 2015 for every two new shares subscribed in the placement (Placement). Under the terms of the existing share subscription agreement, BlackRock subscribed to their pro-rata entitlement.

Funds received from the placement are being used to progress feasibility studies at the Karoo Projects in South Africa, general activities at the Lance Projects and for working capital.

The new investors were introduced by Hartleys Limited and Canaccord Genuity (Australia) Limited, the Joint Lead Managers to the Placement.

The Placement Shares and attaching options were issued on 28 and 31 October 2013.

Cash Position

The Company's cash position at the end of the quarter, including commercial bills, bonds, initial funds draw-down on the BlackRock Notes and security deposits was $11.76 million.

For further information please contact:

John Simpson
Executive Chairman
Telephone: +61 9380 9920

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves at the Lance Projects 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 have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to Exploration Results and Exploration Potential at Peninsula's Karoo projects is based on information compiled by Mr George van der Walt. Mr van der Walt is a member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (The South African Council of Natural Scientific Professions, Geological Society of South Africa). Mr van der Walt is a Director of Geoconsult International. Mr van der Walt 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 Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr van der Walt consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Guilinger and Mr van der Walt consent to the inclusion in the report of the matters based on their information in the form and context in which it appears

Disequilibrium Explanatory Statement: eU_3O_8 refers to the equivalent U_3O_8 grade. This is estimated from gross-gamma down hole measurements corrected for water and drilling mud in each hole. Geochemical analysis may show higher or lower amounts of actual U_3O_8, the difference being referred to as disequilibrium. Disequilibrium factors were calculated using the Peninsula PFN database and categorized by area and lithological horizon. Specific disequilibrium factors have been applied to the relevant parts of the resource based on comparative studies between PFN and gamma data. There is an average positive 11% factor applied. All eU_3O_8 results above are affected by issues pertaining to possible disequilibrium and uranium mobility.

Schedule of Interests in Mining Tenements at 31 December 2013

Location/Project Name	Tenement	Percentage Held
Karoo Region, South Africa (Karoo Projects)		
Karoo Uranium, South Africa	PR (WC) 25	74%
Karoo Uranium, South Africa	PR (WC) 33	74%
Karoo Uranium, South Africa	PR (WC) 34	74%
Karoo Uranium, South Africa	PR (WC) 35	74%
Karoo Uranium, South Africa	PR (WC) 47	74%
Karoo Uranium, South Africa	PR (WC) 59	74%
Karoo Uranium, South Africa	PR (WC) 60	74%
Karoo Uranium, South Africa	PR (WC) 61	74%
Karoo Uranium, South Africa	PR (WC) 80	74%
Karoo Uranium, South Africa	PR (WC) 81	74%
Karoo Uranium, South Africa	PR (WC) 127	74%
Karoo Uranium, South Africa	PR (WC) 137	74%
Karoo Uranium, South Africa	PR (WC) 151	74%
Karoo Uranium, South Africa	PR (WC) 152	74%
Karoo Uranium, South Africa	PR (WC) 153	74%
Karoo Uranium, South Africa	PR (WC) 154	74%
Karoo Uranium, South Africa	PR (WC) 156	74%
Karoo Uranium, South Africa	PR (WC) 158	74%
Karoo Uranium, South Africa	PR (WC) 162	74%
Karoo Uranium, South Africa	PR (WC) 167	74%
Karoo Uranium, South Africa	PR (WC) 177	74%
Karoo Uranium, South Africa	PR (WC) 178	74%
Karoo Uranium, South Africa	PR (WC) 179	74%
Karoo Uranium, South Africa	PR (WC) 180	74%
Karoo Uranium, South Africa	PR (WC) 187	74%
Karoo Uranium, South Africa	PR (WC) 188	74%
Karoo Uranium, South Africa	PR (WC) 207	74%
Karoo Uranium, South Africa	PR (WC) 208	74%
Karoo Uranium, South Africa	PR (WC) 228	74%
Karoo Uranium, South Africa	PR (WC) 257	74%
Karoo Uranium, South Africa	PR (EC) 07	74%
Karoo Uranium, South Africa	PR (EC) 08	74%
Karoo Uranium, South Africa	PR (EC) 09	74%
Karoo Uranium, South Africa	PR (EC) 12	74%
Karoo Uranium, South Africa	PR (EC) 13	74%

Location/Project Name	Tenement	Percentage held
Wyoming, USA (Lance Projects) Lance Projects are located within the area contained within Township and A Township and Range System in Crook County, Wyoming USA. USA, including various surface and mineral right holdings, hence hence tenement references are not applicable. Private Land (FEE) – Surface Access Agreements (approx. 26,856 acres) Private Lane (FEE) – Mineral Rights (approx.9,375 acres) Federal Mining Claims – Mineral Rights (approx. 12,006 acres) State Leases – Mineral Rights (approx.10,590 acres)	N/A	100%

Location/Project Name	Tenement	Percentage held
VitiLevu, Fiji (RakiRaki Project)		
Raki Raki (Geopacific JV)	SPL 1231	50%
Raki Raki (Geopacific JV)	SPL 1373	50%
Raki Raki (Geopacific JV)	SPL 1436	50%