30 JUNE 2014 QUARTERLY ACTIVITIES REPORT

31 July 2014

ASX: PEN, PENOC

Peninsula Energy Limited
ABN 67 062 409 303

Directors
Gus Simpson - Executive Chairman
Alf Gillman - Technical 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
3,426 million shares
862 million options

Cash at 30 June 2014
$9.77million

Market cap at 30 June 2014
$78.8 million

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

HIGHLIGHTS

WYOMING, USA – LANCE URANIUM PROJECTS

- Source Materials License Received
- Lance Projects now fully licensed and permitted
- Programmatic Agreement Signed

SOUTH AFRICA – KAROO URANIUM PROJECTS

- PFS progressing
- Application for Mining License Submitted

CORPORATE

- Cash as at 30 June 2014 of A$9.77m
- Debt available for drawdown of US$9.556m as at 30 June 2014

WYOMING, USA – LANCE PROJECTS
(Peninsula Energy 100%)

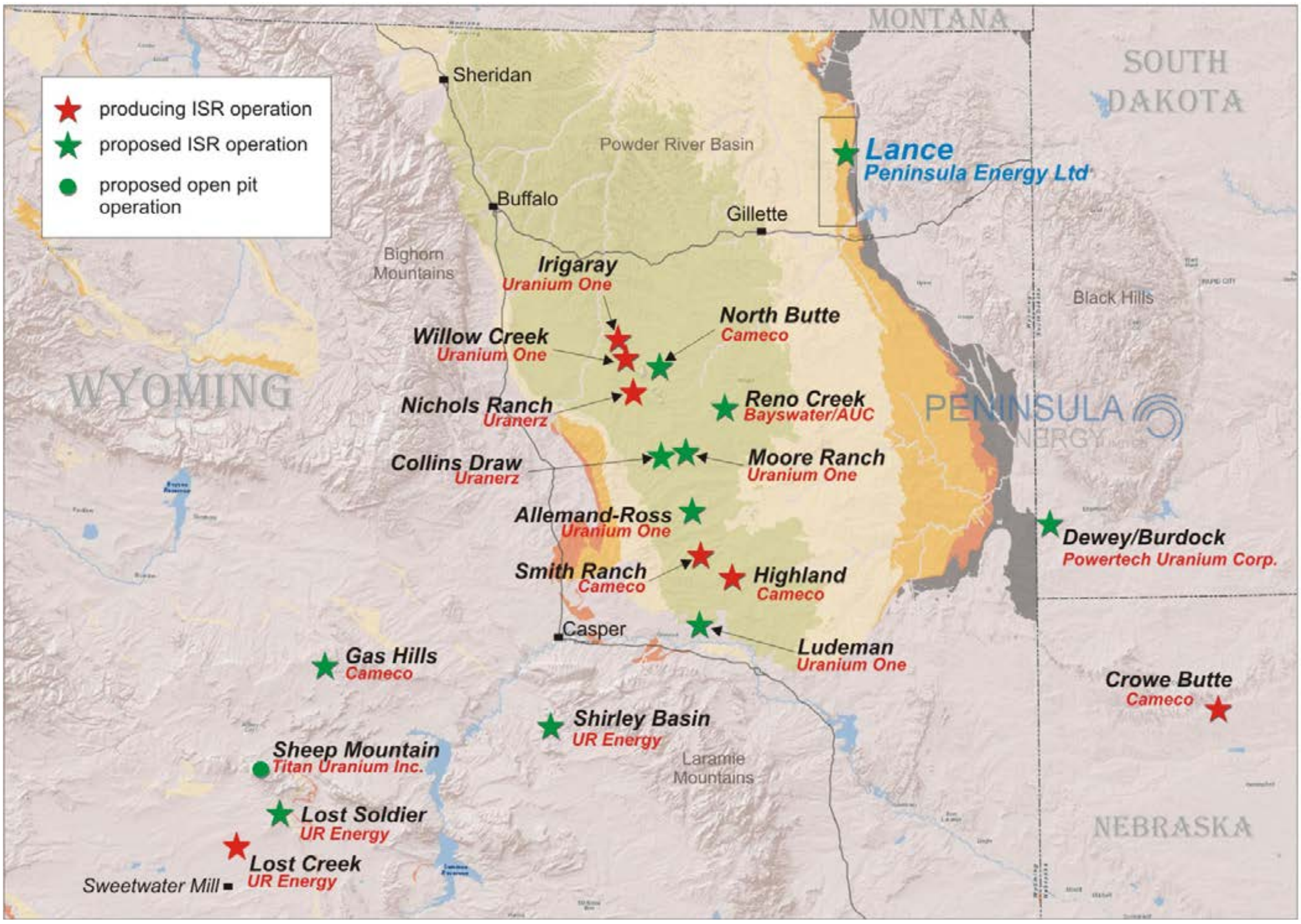

Figure 1: Lance Projects location, Wyoming USA

Permitting

Source Material License Received – Licensing Process Concluded

On 24 April 2014 the United States Nuclear Regulatory Commission (NRC) issued the Combined Source and 11e.(2) Byproduct Materials License (SML) to Peninsula's wholly-owned subsidiary Strata Energy Inc. for the Central Processing Plant (CPP) and Ross Permit Area (RPA) in Wyoming, USA (the Project).

Issuance of the SML concluded the licensing process for the three million pound per annum capacity CPP and the RPA. Peninsula now has the ability to produce uranium from the largest 2012 JORC-Compliant in-situ recovery resource in the USA (54 million pounds U3O8)[1]. The SML is the culmination of a four-year permitting process involving multiple local, state and federal regulatory agencies.

[1] JORC Table 1 included in an announcement to the ASX presentation released on 27th March 2014:"Company Presentation – Mines and Money Hong Kong". Peninsula confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Programmatic Agreement Approved

On 24 April 2014 the Programmatic Agreement (PA) for Section 106 consultations was signed by the NRC, the United States Bureau of Land Management, Advisory Council on Historic Preservation, Wyoming State Historic Preservation Officer and Strata.

Section 106 consultations are a process designed to ensure that vested historical and cultural stakeholders are engaged in the development of protocols that are designed to protect sites of historical and cultural significance that may reside within a project area. The process involved regular consultation with relevant Native American Tribes. Work on the PA was initiated in October 2013.

Lance Projects Update

In October 2013 Peninsula began site preparation for the CPP, fabrication of long lead time plant & equipment and the construction of access roads and other infrastructure. All site civil works have been completed in preparation for pouring of the concrete pad for the CPP, including site drainage works to divert surface water around the CPP and associated support services buildings. Fabrication of the long lead pressure vessels (i.e., ion exchange columns and elution tanks) is now complete.

Peninsula is continuing discussions with several international project finance banks and continues the development of a project financing package to fund the construction of the Lance Projects. Whilst this activity has been ongoing, the Company's experienced ISR team have used this period of time to focus on further reducing the initial capital expenditure requirements and ongoing wellfield development costs.

Finalisation of the project financing package is aided by the existing offtake contract that the Company has in place. The offtake contract was entered into in February 2011 with a commencement price of US$61.80/lb, subject to annual escalation factors consistent with uranium industry norms. Taking escalation into account, the current price under the offtake agreement is approximately US$40/lb higher than the spot price for uranium.

SOUTH AFRICA – KAROO PROJECTS

(Peninsula Energy 74% / BEE Groups 26%)

Peninsula has a 74% interest in a total of 41 prospecting rights (PR's) covering 7,774 km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin (Karoo Projects) (Figure 2). 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 shown 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.

The Mining Licence Application (MLA) for the Karoo Projects, comprising 16 mining rights, was submitted to the Department of Mineral Resources (DMR) on 16 May 2014. Prospecting rights held by the Company span three of the nine provinces in South Africa, namely the Northern, Western and Eastern Cape provinces. In accordance with South African requirements, the MLA requires input and involvement from DMR offices in all three provinces during the review and approval process. As at the end of the quarter, letters acknowledging the acceptance of 13 applications for mining rights had been received from the DMR offices in the Western and Eastern Cape provinces. Confirmation of acceptance of three mining right applications in the Northern Cape province were received during July 2014.

The Company has engaged South African company, Ferret Mining and Environmental Services, to assist with the environmental management impact assessment as part of the MLA. An Environmental Management Plan initiation meeting was held in May 2014. Public participation meetings commenced during June 2014 with interested and affected parties, and these are planned to continue into the 3rd quarter of 2014.

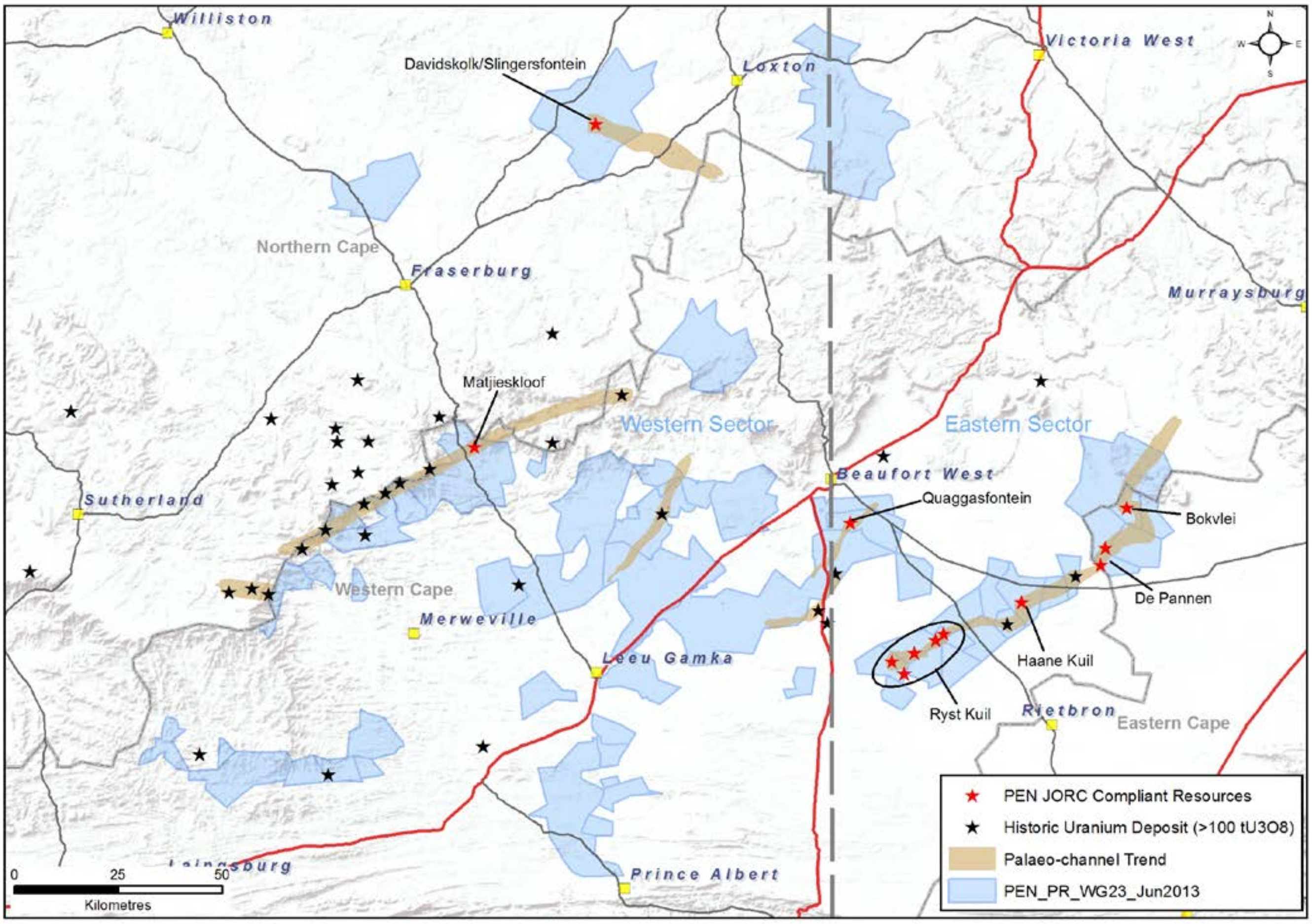

Figure 2: South Africa – Karoo Uranium Project Area Locations

Development Progress

Subsequent to the finalisation of the Mintek metallurgical test work in April 2014, DRA Mineral Projects (Pty) Ltd were commissioned to re-run an alkaline versus acid trade off study to determine the optimal treatment solution and way forward through Pre-Feasibility and Bankable Feasibility studies.

This review was completed at the end of June 2014, and the results indicated that better recovery efficiencies were consistently achieved using acid leaching across all 5 sample areas. The results showed the average recovery efficiency for acid of 90.8% compared to 83.1% for alkaline.

From an operating cost perspective, the result of this review also indicated that ongoing operating costs per pound of uranium produced would be materially lower using an acid leach processing route as compared to an alkaline processing route.

Results from initial radiometric test work undertaken during 2014 have been encouraging, and discussions are underway with DRA and Mintek to optimise a possible radiometric sorting option for the Karoo Projects.

Information obtained from the work undertaken in the first half of 2014 by both DRA and Mintek shall be incorporated in the Pre-Feasibility Study (PFS) for the Karoo Projects that is currently in progress. It is expected that the PFS will further demonstrate that the deposits within the Karoo Projects offer several potential large-scale development options, including simultaneous open pit, adit-access and decline-access mining operations feeding through to a single central processing plant.

CORPORATE

Cash Position

During the quarter, a further US$3.0 million was drawn under the BlackRock Notes. The Company's cash position at the end of the quarter, including commercial bills, bonds, funds drawn on the BlackRock Notes and security deposits was $9.77 million. The amount drawn on the BlackRock Notes at 30 June 2014 was US$12.444 million (A$13.183 million) leaving US$9.556 million (A$10.124 million) undrawn at the end of the quarter.

Debt Collateral

Note that the inherent NPV of the existing offtake contract that serves as collateral for the BlackRock Notes is in excess of US$25m, which is at least twice the amount of the current drawn debt amount.

For further information please contact:

John Simpson
Executive Chairman
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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 30 June 2014

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) 28	74%
Karoo Uranium, South Africa	PR (NC) 331	74%
Karoo Uranium, South Africa	PR (NC) 347	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%
Karoo Uranium, South Africa	PR (WC) 168	74%
Karoo Uranium, South Africa	PR (WC) 170	74%
Karoo Uranium, South Africa	PR (NC) 330	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 tenement references are not applicable. Private Land (FEE) – Surface Access Agreements (approx. 26,856 acres) Private Land (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%