

31 MARCH 2015 QUARTERLY ACTIVITIES REPORT

30 April 2015

ASX: PEN, PENOC, PENOD

Peninsula Energy Limited
ABN 67 062 409 303

Directors

Gus Simpson - Executive Chairman
Alf Gillman - Non Exec Director
Warwick Grigor - Non Exec Director
Neil Warburton - Non Exec Director
John Harrison - Non Exec Director
Evgenij Iorich - Non Exec Director

Management

Gus Simpson - CEO
Glenn Black - COO
Ralph Knode - CEO, Strata Energy Inc
David Coyne - CFO

Jonathan Whyte - Co Secretary

Head Office

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100 Railway Road
Subiaco WA 6008

Telephone: +61 8 9380 9920
Facsimile: +61 8 9381 5064

Website

www.pel.net.au

Capital Structure

6907 million shares
885 million 3c 2015 options
1733 million 5c 2018 options

Cash at 31 March 2015

\$47.8million

Market cap at 31 March 2015

\$124.3 million

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



HIGHLIGHTS

WYOMING, USA – LANCE URANIUM PROJECTS

- Plant and building construction progressing on schedule
- Monitor wells completed for first mine production unit
- Deep Disposal Well drilled to target depth
- Project funding fully secured
- Senior mine technical team finalised in readiness for production
- Environmental contentions dismissed by US ASLB
- Production scheduled to commence in H2 2015

SOUTH AFRICA – KAROO URANIUM PROJECTS

- Further high grade uranium mineralization confirmed at the Karoo Projects

CORPORATE

- Entitlement Offer fully subscribed and \$69.4m fundraising completed
- Surety bond facility put in place for Lance Uranium Projects
- Cash as at 31 March 2015 of \$47.8m
- Debt as at 31 March was less than \$1m.
- Additional Term sale contracts under negotiation



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

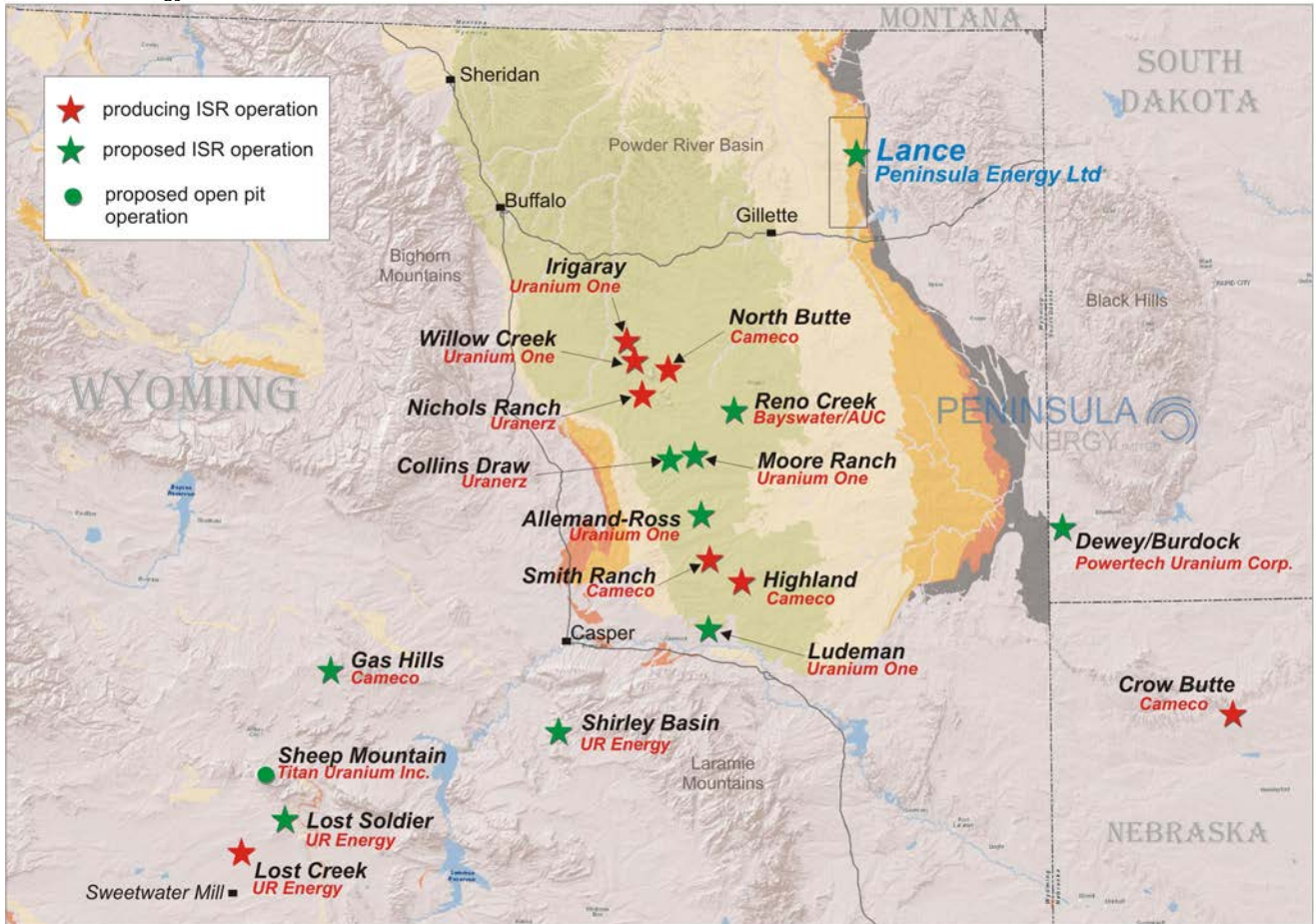


Figure 1: Lance Projects location, Wyoming USA

Plant construction and wellfield development progressing on schedule

Peninsula Energy Limited's (Peninsula) wholly-owned subsidiary Strata Energy Inc. (Strata) continued development of the Lance Projects during the quarter and is on budget and on schedule for first production to commence in the second half of 2015.

Wellfield Development

Wellfield development activities advanced during the quarter with four drill rigs installing monitor and mining wells in the first mine production unit. As at the date of this report all of these monitor wells had been installed. Strata will use these wells to develop site-specific ground water quality data and to perform an aquifer pump test. This data will then be submitted to the State of Wyoming and the US Nuclear Regulatory Commission (NRC) for review and approval.

Construction

The foundations were completed for both the Central Processing Plant (CPP) and the Administration Building, and contractor crews have now completed the pouring of the concrete slabs for both buildings. Upon the CPP slab concrete curing, Strata will commence installation of the ion exchange columns, which have been manufactured off-site and will be delivered shortly.





Figure 2: Pouring of foundations for CPP



Figure 3: Administration Building concrete slab



Deep Disposal Well

During the quarter the Deep Disposal Well (DDW) was drilled to its final depth of 8,606 feet and the casing was cemented in place. The injection area for the DDW lies within a 100-foot-thick sand zone in the Flathead Formation. The drilling of the DDW to target depth has been completed in line with budget and ahead of schedule. Although definitive information will not be available until final well completion work, indications are that the well will provide adequate injection capacity for initial operations at the Lance Projects.

Strata has mobilised a work-over rig to the site for perforating the casing in the injection zone, swabbing, water sampling, and injection line installation.

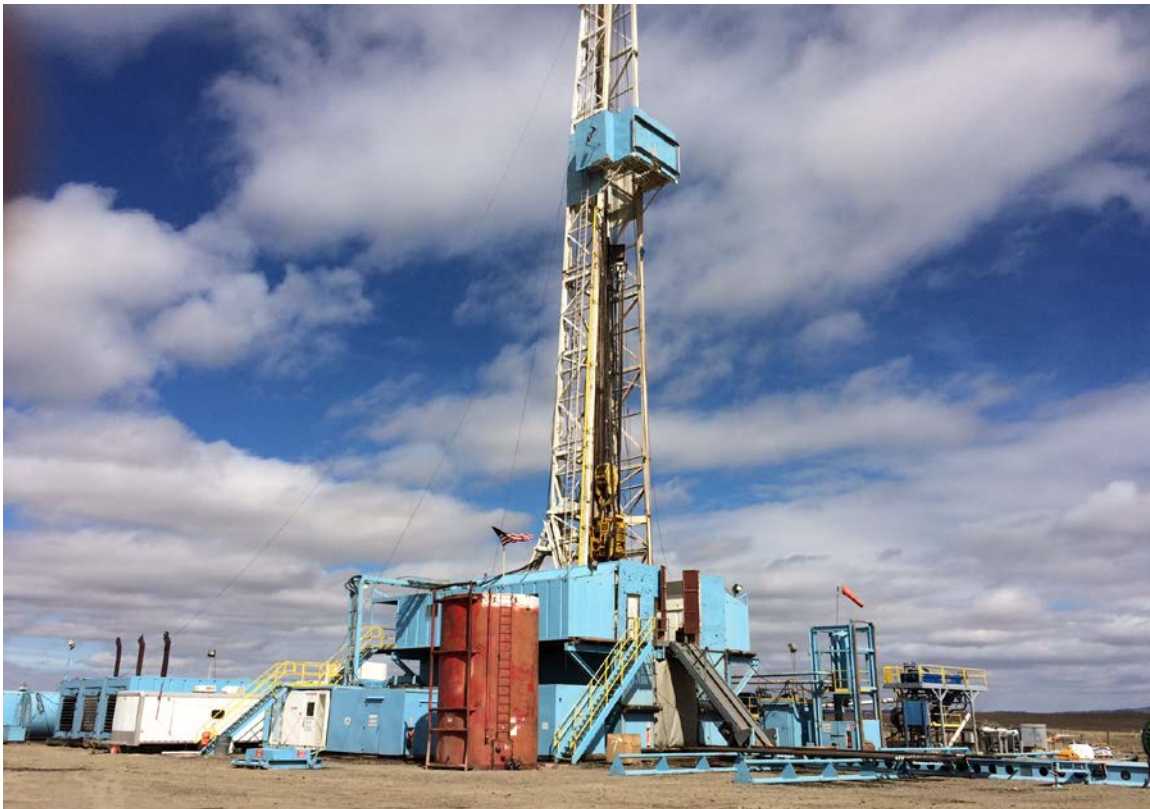


Figure 4: Drilling of deep disposal well

Alongside construction and wellfield development activities, Strata continues to address the pre-operational license conditions imposed by the NRC. These conditions are a regular component of the Source Materials License issued by the NRC, and establish specific conditions to be met prior to commencing production at the project. Strata has submitted documents that satisfy twelve of the seventeen pre-operational conditions, and will complete the remainder of the conditions prior to requesting a pre-operational inspection from the NRC.

Senior mine technical team finalised in readiness for production

In February 2015 Peninsula announced the appointment of Mr. Jan Fajgl as Vice President - Operations to its wholly owned subsidiary Strata. Mr. Fajgl is a highly experienced ISR mining engineer who adds significantly to the broad base of professional expertise held by the existing Lance Projects ISR team. This experienced management team has been hand-picked by the USA CEO Mr. Ralph Knode to ensure the ongoing success of the Lance Projects.



Mr. Fajgl has over 25 years of experience in managing uranium field operations, mine engineering, and hydrogeology in the United States, Czechoslovakia and Kazakhstan. Mr. Fajgl joins Strata from Uranium One Inc., one of the world's largest uranium suppliers, where, for the past five years, he was the head of the U1-Technical Group in Almaty, Kazakhstan. During that time Mr. Fajgl was responsible for the technical oversight of five ISR uranium mines in Kazakhstan.

Prior to joining Uranium One Mr. Fajgl held a number of roles at the eight million pounds per year Katco Joint Venture uranium mine in south Kazakhstan, including Deputy Director of Operations, Site Manager, and acting head of Health, Safety & Environment .

Mr. Fajgl worked for Cameco Corporation (1996-2008) initially as a mining engineer at the Crowe Butte uranium mine in Nebraska and later as the construction manager of the Inkai ISR test mine in South Kazakhstan. On its successful operation, he then worked as a mine manager and later as a Director of Operations for the Inkai Joint Venture which is currently producing approximately five million pounds of uranium per annum.

Strata continue to increase operational staff numbers as it progresses construction and prepares for the commencement of production.

With funding fully secured and an experienced management team in place, 2015 will see Peninsula as the ASX's next uranium producer.

United States Atomic Safety and Licensing Board dismisses all environmental contentions

In January 2015 the United States Atomic Safety and Licensing Board (ASLB) ruled in favour of the Company and dismissed the three remaining environmental contentions (EC) brought against the Lance Projects' CPP and Ross Project Area in Wyoming USA. In making its ruling the ASLB determined that the contentions raised by the Natural Resources Defence Council and the Powder River Basin Resource Council (together, the Joint Intervenors) were unable to be substantiated by the evidence presented.

Contentions raised by the Joint Intervenors were heard by the ASLB between 28 September 2014 and 1 October 2014. The issues under consideration were whether the final Supplemental Environmental Impact Statement (SEIS) issued by the NRC failed to or inadequately addressed certain aspects of groundwater conditions.

During the hearing, both the Company and staff members from NRC contended that the final SEIS meets the relevant provisions of the United States National Environmental Policy Act, NRC regulations in 10 CFR Part 40, and the guidelines that NRC has established for uranium ISR mining in the United States.

In concluding the ASLB ruled that "Joint Intervenors issue statements EC 1, EC 2, and EC 3 are resolved on the merits in favour of the (NRC) staff and Strata Energy Inc. and the proceeding before this Board is terminated".

SOUTH AFRICA – KAROO PROJECTS

(Peninsula Energy 74% / BEE Groups 26%)

Peninsula has a 74% interest in a total of 41 prospecting rights (PRs) covering 7,774 km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin (Karoo Projects) (see Figure 5). The residual 26% interest remains with BEE partners as required by South African law.

The Karoo Projects are categorised 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.



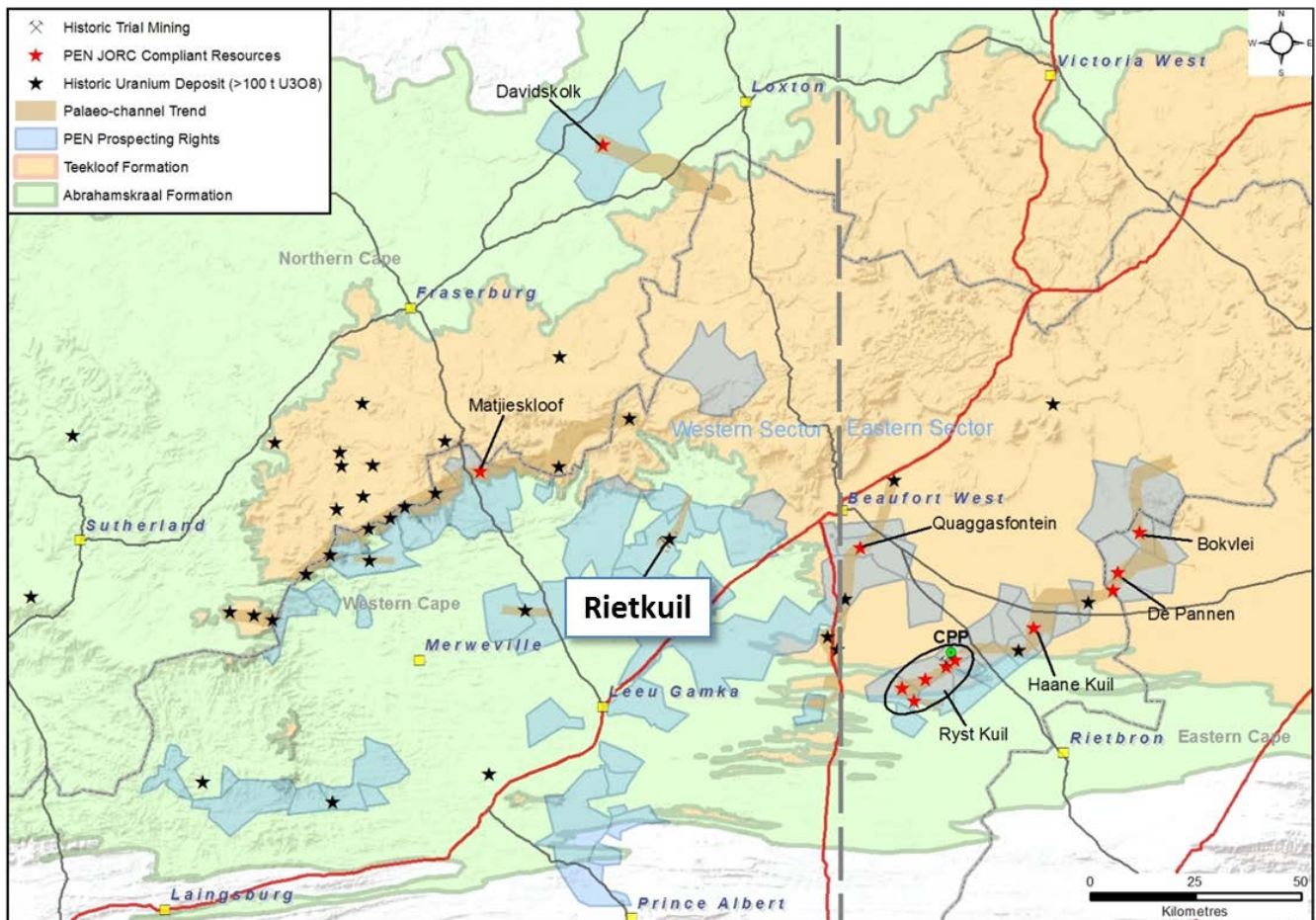


Figure 5: South Africa – Karoo Uranium Project Area Locations

Further high grade uranium mineralisation confirmed from re-logging at Rietkuil

During the second half of 2014, Peninsula re-commenced field activities at the Rietkuil project area (Rietkuil), approximately 40 kilometres west of Beaufort West in the Karoo, South Africa, to locate existing drill holes for radiometric re-logging. A total of 207 historic holes have been re-logged to date at Rietkuil confirming the high grade, near surface mineralisation last reported in late October 2014.

During the quarter Peninsula continued the radiometric re-logging program, with gamma probing conducted at the remaining Blocks F(N), E(N) and E(S). This has delivered further very high grade results at shallow depths, returning 29 significant intersections from 112 holes re-logged since November 2014.

Significant intercepts from the re-logging during the quarter were:

- 3.6ft @ 5,618ppm eU₃O₈ from 42.3ft
- 3.6ft @ 3,516ppm eU₃O₈ from 21.7ft
- 3.3ft @ 3,531ppm eU₃O₈ from 27.2ft
- 2.8ft @ 3,627ppm eU₃O₈ from 19.9ft
- 3.0ft @ 3,282ppm eU₃O₈ from 48.9ft



These results further reinforce the shallow, high grade historic mineralisation in the Rietkuil area. In addition, the re-logging of existing holes at Rietkuil continues to be successful in validating the location and grade of the mineralisation that was delineated by Union Carbide Exploration Corporation in the 1970s. Probing and re-logging is occurring in areas that are outside the existing JORC Code-compliant resource and information from this work will be included in a recalculation of the JORC Code-compliant resource estimate for the Karoo Projects..

For a comprehensive description of assessment and reporting criteria used for reporting of the exploration results, readers are referred to the JORC Table 1 declaration included in the announcement released to ASX on 28 April 2015 titled "Further High Grade Uranium Mineralisation Confirmed at Karoo Projects".

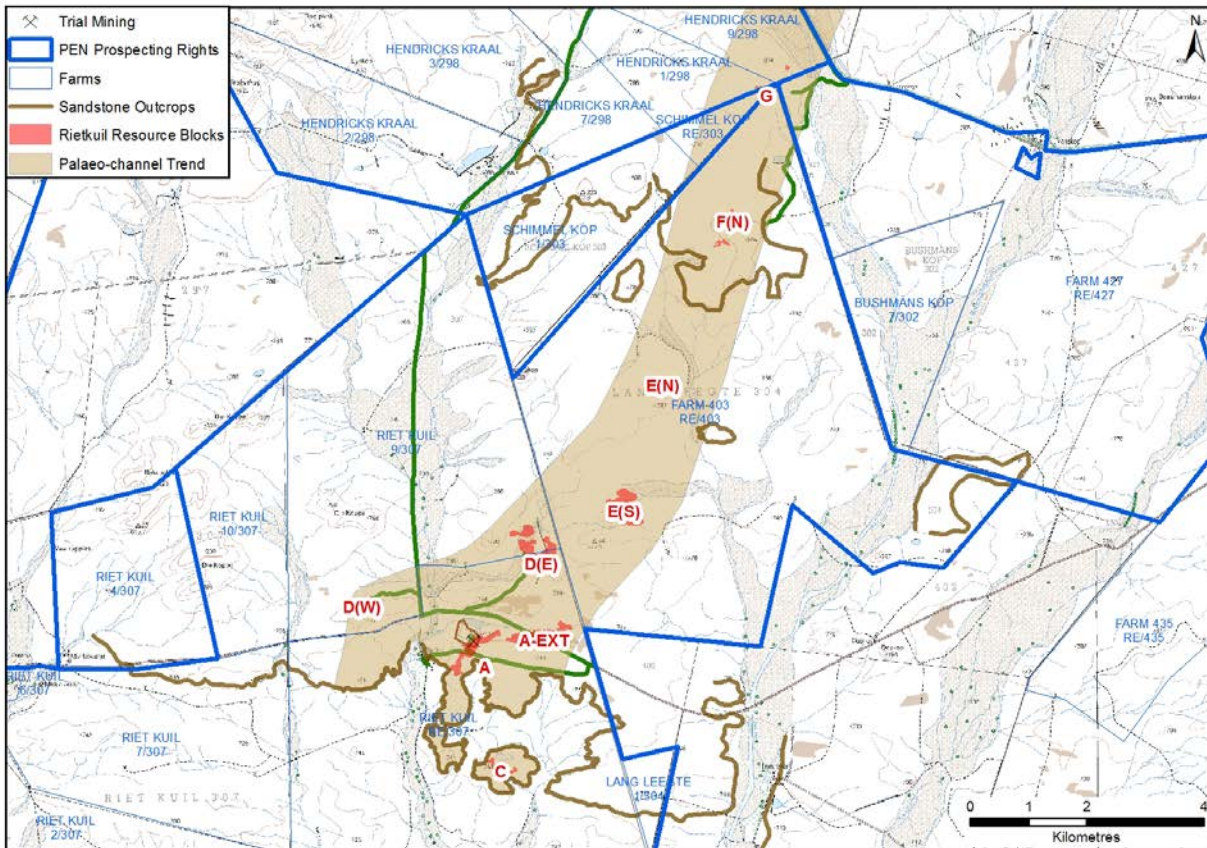


Figure 6: Geology and distribution of mineralisation blocks at Rietkuil

CORPORATE

\$69.4 million fully underwritten institutional funding

On 16 December 2014, Peninsula announced a pro rata accelerated renounceable entitlement offer to raise up to \$52.6 million on the basis of 0.615 new shares for every 1 share held by shareholders at an issue price of A\$0.02 per new share, together with 1 free new option for every 2 New Shares subscribed (**Entitlement Offer**). This followed the completion of a \$16.8 million placement (**Placement**) to Resource Capital Fund VI L.P. (**RCF VI**) at \$0.02 per share with 1:2 free attached option on the same terms as the Entitlement Offer. Gross proceeds raised from the Placement and Entitlement Offer totaled \$69.4 million.



The Entitlement Offer comprised:

- an Entitlement Offer to eligible institutional shareholders (**Institutional Entitlement Offer**); and
- an Entitlement Offer to eligible retail shareholders (**Retail Entitlement Offer**).

The Institutional Entitlement Offer completed on 18 December 2014 and was fully subscribed, raising gross proceeds of \$23.9 million.

The Retail Entitlement Offer closed on 30 January 2015 and was strongly supported, raising gross proceeds of \$9.78 million from over 1,600 applications. When combined with the Institutional Entitlement Offer, total take up represented 85% (by value) for eligible shareholders and purchasers of entitlements.

Approximately 946 million new shares and 473 million new options, representing those entitlements not taken up by eligible retail shareholders as well as entitlements that ineligible retail shareholders were not eligible to take up, were offered for sale for the benefit of those shareholders under a retail shortfall bookbuild (**Retail Shortfall Bookbuild**).

The Retail Shortfall Bookbuild was completed on 4 February 2015 and raised a further \$8.06 million.

In addition, \$10.87 million was raised through sub-underwriting commitments from RCF VI and Pala Investments Limited bringing the total funds raised under the Retail Entitlement Offer to \$28.7 million and the total funds raised under the Entitlement Offer to \$52.6 million (fully subscribed)

Sale Contracts

Peninsula is currently in negotiations with several major utilities for additional new uranium concentrate sale agreements. Negotiations with each utility are at various stages of advancement and are progressing well. Similar to the existing sale contracts that the Company has secured, new contracts that are under negotiation are Term contracts.

Surety Bond Facility

As part of its license conditions, Strata is required to place financial collateral with the Wyoming Department of Environmental Quality (WDEQ) as security for Strata's current and future rehabilitation obligations. To avoid the sole utilisation of cash as the form of collateral, the Company has negotiated a surety bond facility in the United States with Argo Surety (Argo) whereby Argo will provide the required surety instruments to the WDEQ as financial collateral for Strata's rehabilitation obligations. Under the agreement with Argo, Strata is required to place only 30% of the surety instrument value as cash collateral, freeing up funds for construction activities at the Lance Projects.

Cash Position

The Company's cash position at the end of the quarter, including commercial bills, bonds and security deposits was \$47.8 million. Drawn debt at the end of the quarter was less than \$1 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 Gullinger. Mr Gullinger 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 Gullinger is Principal of independent consultants World Industrial Minerals. Mr Gullinger have 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 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 Gullinger 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.

1 Detailed Classified JORC-Compliant Resource Estimate, Lance Projects: U3O8

Resource Classification	Tonnes Ore (M)	U3O8 kg (M)	U3O8lbs (M)	Grade (ppm U3O8)
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

2 Detailed Classified JORC-Compliant Resource Estimate, Karoo Projects: eU_3O_8

Classification	Sector	eU_3O_8 (ppm) CUT-OFF	Tonnes (millions)	eU_3O_8 (ppm)	eU_3O_8 (million lbs)
Indicated	Eastern	600	7.1	1,206	18.7
	Western	600	0.9	1,657	3.2
Inferred	Eastern	600	11.8	1,046	27.2
	Western	600	3.5	1,019	7.8
Total	Total	600	23.3	1,108	56.9



Schedule of Interests in Mining Tenements at 31 March 2015

Location/Project Name	Tenement	Percentage Held
<u>Karoo Region, South Africa (Karoo Projects)</u>		
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%
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Location/Project Name	Tenement	Percentage held
<p><u>Wyoming, USA (Lance Projects)</u></p> <p>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.</p> <p>Private Land (FEE) – Surface Access Agreements (approx. 26,856 acres)</p> <p>Private Land (FEE) – Mineral Rights (approx. 9,375 acres)</p> <p>Federal Mining Claims – Mineral Rights (approx. 12,006 acres)</p> <p>State Leases – Mineral Rights (approx. 10,590 acres)</p>	N/A	100%

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

