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Companies Announcement Office
Via Electronic Lodgement

LANCE PROJECTS OPERATIONAL UPDATE

Peninsula Energy Limited (Peninsula) is pleased to provide an update on operations at the Lance Projects in Wyoming, USA. On December 2, 2015 in-situ recovery (ISR) operations began at the Ross Permit Area of the Lance Projects and the Company is very pleased with the ramp up performance to date.

Peninsula's wholly owned subsidiary Strata Energy Inc. (Strata) commenced production operations with the injection of O₂ and CO₂ at the first header house on December 2. To date the production well flow-rates have been slightly above expectation, averaging in excess of 20 gallons per minute, the level used in production forecasting. These flow rates support the Company's expectation with regard to the affirmative permeability of the ore body, a fundamental factor in any ISR operation.

Following the injection of CO₂, bicarbonate in the well field has increased from 700mg/L to 1,300mg/L without the injection of additional bicarbonate – continuation of this trend will translate to a reduction in bicarbonate usage and cost over the Life of Mine (LOM).

Since the start of production uranium head grades are increasing daily in line with expectation and several production wells are already producing uranium concentrations in excess of the rates used in the life of mine (LOM) production forecasting.

The Central Processing Plant and well field systems are all operating better than expected during early production ramp up. Sampling to date is showing the capture rate of uranium on resin in the ion exchange columns is also well in excess of expectation.

Prior to operational use of the Deep Disposal Well (DDW), 168,000 gallons of buffer solution was injected into the DDW. Flow rates during injection of the solution ranged between 80 and 120gpm – a phenomenal rate, much better than expected and significantly better than seen in other ISR DDWs in Wyoming. The performance of this DDW will enable the Company to defer the timing of additional DDW's, potentially reduce the number of DDW's required and lower the forecast LOM capital expenditure.

Strata Energy Inc. CEO Ralph Knode commented: *"We are really pleased with the operational performance at Lance. Flow rates are very good; uranium recoveries are steadily increasing in line with expectation and the Central Processing Plant (CPP) and associated systems are running smoothly and to specification. Project performance to date goes a long way to removing the key risks associated with in-situ recovery projects and will reduce the project costs going forward."*

Yours sincerely



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Managing Director/CEO

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Normal business hours.