

31 DECEMBER 2015 QUARTERLY ACTIVITIES REPORT

29 January 2016

HIGHLIGHTS

WYOMING, USA – LANCE URANIUM PROJECTS

- Commencement of production at Lance Projects following:
 - Completion of construction and commissioning
 - NRC pre-operational inspection and authorisation to commence ISR recovery operations
 - Approval of Well Field Data Package
- Initial production well flow rates above expectations, confirming ore body permeability
- Uranium head grades increasing in-line with expectations
- 2nd header house now commissioned in Mine Unit 1
- Exceptional Deep Disposal Well operation

SALES AND MARKETING

- First uranium delivery made on January 4, 2016
- Additional sale and purchase agreements progressing

SOUTH AFRICA – KAROO URANIUM PROJECTS

- High grade intercepts at Rietkuil

CORPORATE

- US\$15m finance facility signed with Investec
- A\$2.36m raised from PENOC options exercised
- NYSE MKT listing application progressing
- Share consolidation completed
- Cash as at 31 December 2015 of A\$6.3m
- Feb 2016 receivables A\$4.9m

ASX: PEN, PENOD

Peninsula Energy Limited
ABN 67 062 409 303

Directors
Richard Lockwood - Non Exec Chairman
Gus Simpson - Managing Director/CEO
Warwick Grigor - Non Exec Director
Neil Warburton - Non Exec Director
John Harrison - Non Exec Director
Evgenij Iorich - Non Exec Director
Harrison Barker - Non-Exec Director

Management
Gus Simpson - CEO
Ralph Knode - CEO, Strata Energy Inc
David Coyne - CFO

Jonathan Whyte - Co Secretary

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Website
www.pel.net.au

Capital Structure
174.2 million shares
44.3 million \$2.00 2018 options

Cash at 31 December 2015
\$6.3 million

Market cap at 31 December 2015
\$173.4 million

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



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

PENINSULA AUSTRALIA & WYOMING’S LATEST URANIUM PRODUCER

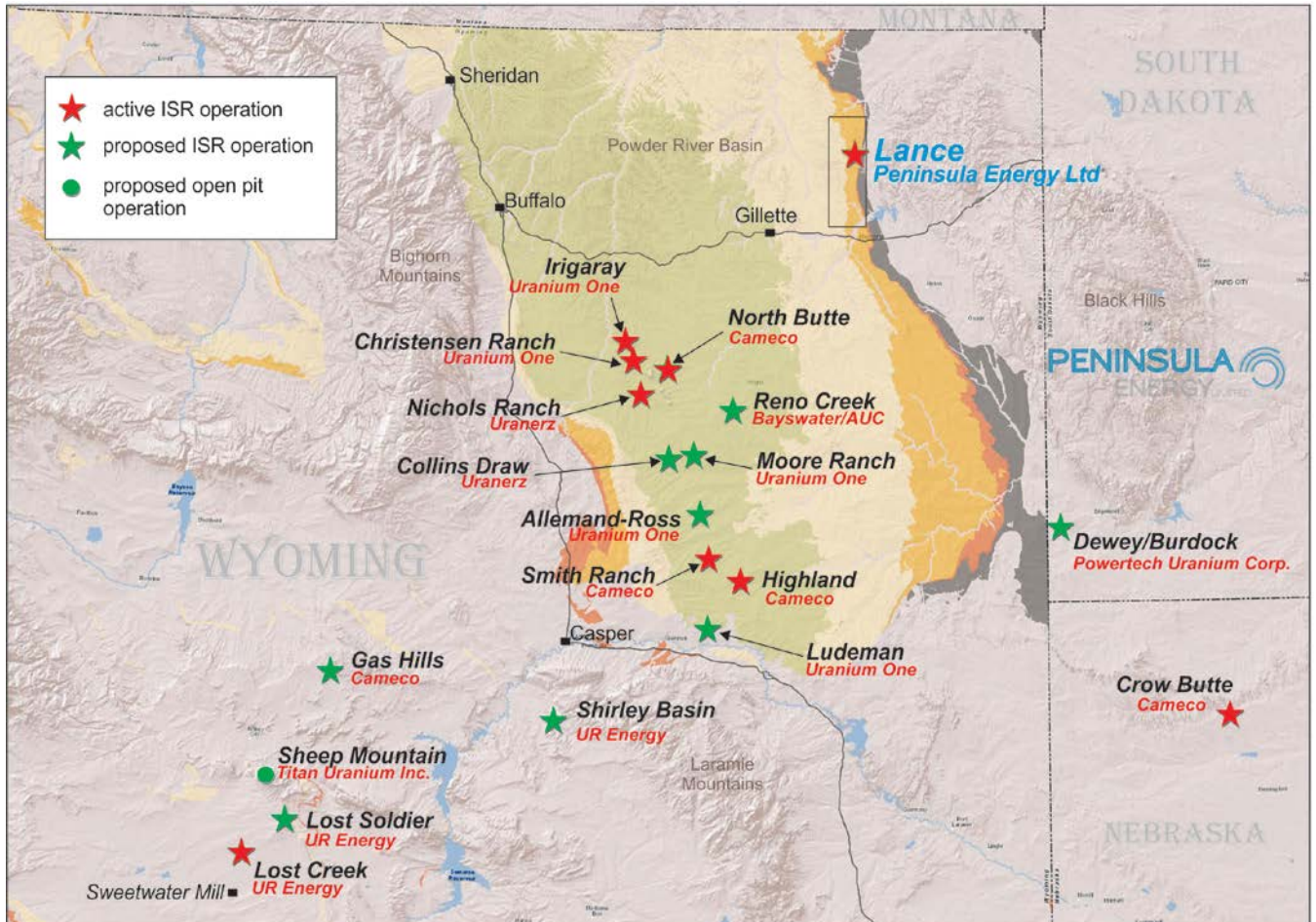


Figure 1: Lance Projects location, Wyoming USA

Commencement of Production at Lance Projects

Following completion of the pre-operational inspection and formal approval by the United States Nuclear Regulatory Commission (NRC) (received on November 30, 2015) and the Wyoming Department of Environmental Quality (WDEQ) (received on December 2, 2015) Peninsula’s wholly-owned subsidiary Strata Energy Inc. (Strata) began in-situ uranium recovery operations from the Ross Permit Area at the Lance Projects in Wyoming, USA during the quarter.

Since the initial injection of O₂ and CO₂ at the first header house unit on December 2, 2015, production well flow-rates are exceeding expectations and confirming permeability of the ore body. Following the injection of CO₂, natural bicarbonate in the well field has also increased which, if sustained, will translate to reductions in bicarbonate usage and operating costs over Life of Mine (LOM).

Uranium is being recovered at head grade concentrations that are increasing in line with expectations steadily each day. In addition, based on initial samples, the capture rate of uranium on resin in the ion exchange columns is well in excess of forecast rates.



The second header house came online on January 27, 2016. Stage One full production will see up to seven header houses in operation.

Strata is also seeing exceptional results from the Deep Disposal Well (DDW), with flow rates ranging between 80 and 120gpm during the initial buffer solution injection – significantly better than other ISR DDW's 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.

Central Processing Plant

Construction of the Central Processing Plant including connection to the first header house in Mine Unit 1 for the first well field and the installation of final pipework and control systems within the CPP were completed, tested and commissioned during the quarter, prior to the NRC pre-operational inspection. The CPP and well field systems are all operating as designed and expected during early production ramp up. The Company is pleased to report that there were no lost time injuries or other safety or environmental incidents throughout the entire construction period.

NRC Pre-operational Inspection

Prior to the start of operations the U.S. NRC conducted a preoperational inspection at the project during November 2-5 and November 22-24, 2015. Pursuant to License Condition 12.6 of Materials License SUA-1601, the purpose of the inspection was to confirm that written operating procedures and approved radiation safety and environmental monitoring programs are in place, and to verify that preoperational testing was complete. The inspectors interviewed site personnel, observed the facility, and comprehensively reviewed procedures and program manuals for compliance with applicable regulations, license conditions, and the license application.

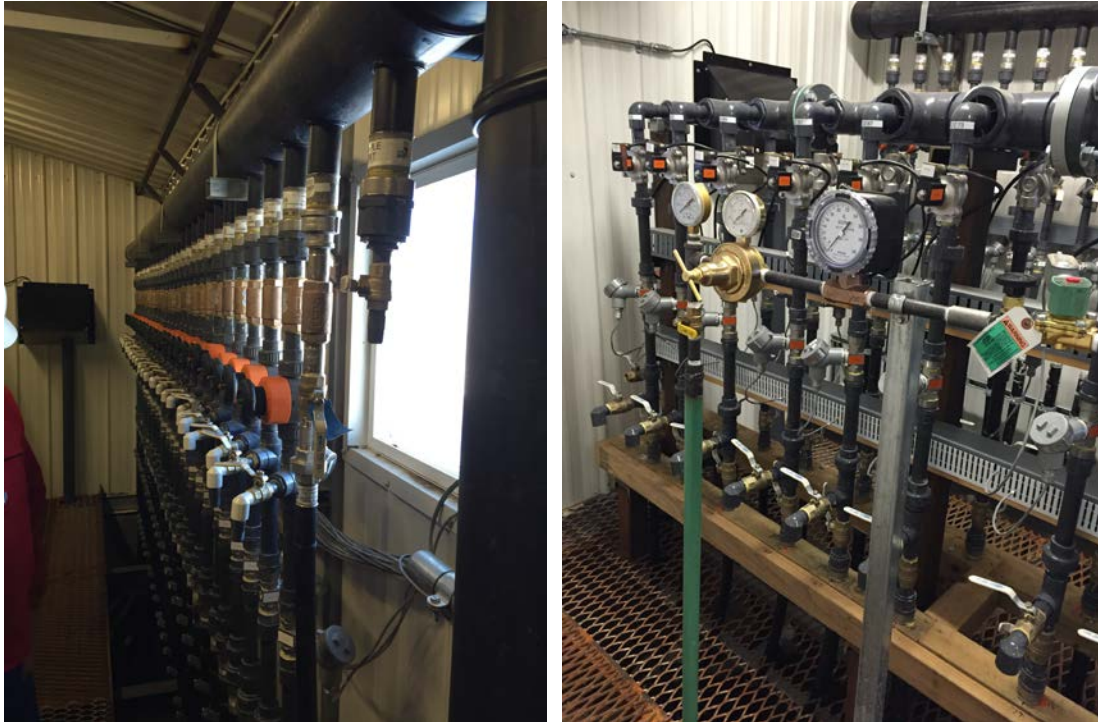
The inspection team concluded that the Company has established programs that are protective of site workers, the public, and the environment. These programs include management oversight and audits, routine site inspections, plant operations, radiation protection, effluent, and environmental monitoring, groundwater monitoring, radioactive materials transportation, radioactive waste handling, and emergency preparedness. In particular, the inspection concluded that the Company has:

- Constructed the plant and associated site systems up to the ion exchange columns, including well fields, indicating that the plant is physically capable of conducting in-situ uranium recovery operations;
- Filled management-level and plant support positions (health physics, laboratory, environmental monitoring, and operations) with trained and qualified staff;
- Established and implemented the performance-based license process and a quality assurance/quality control program;
- Established procedures for plant operations, well field operations, routine and non-routine reporting, and incident investigations (including spills);
- Completed construction of the first well field and associated header house in accordance with the approved license application;
- Established and implemented radiation protection, environmental monitoring, transportation, radioactive waste handling, and emergency preparedness programs that are in compliance with regulatory and license requirements; and
- Established and implemented a training program that includes operations, radiation protection, and industrial safety.



Based on the results of the preoperational inspection, the NRC staff determined that the project is physically ready for in-situ recovery operations up to the ion exchange columns.

This authorization is based, in part, on the fact that NRC has verified the first Well Field Data Package, in accordance with License Condition 10.13, and that the financial surety is sufficient to cover costs for decommissioning and reclamation of the first well field up to and including the first two header houses. As part of its pre-operational license requirements, Strata was required to submit to the NRC and WDEQ the Well Field Data Package for their respective review and consent prior to the commencement of production. Submission of the Well Field Data Package followed the completion of installation of all Mine Unit 1 monitor wells, well pump tests and four rounds of baseline water sampling.



Figures 2 & 3 : Inside First Header House, Lance Projects – December 2015



Figure 4: Resin transportation trailer, Lance Projects – December 2015





Figure 5: Inside operating Central Processing Plant – December 2015

Project Staffing

Project staffing numbers continued to increase in the lead-up to the commencement of production. As at 31 December 2015, a total of 36 employees are now directly employed on the project (excluding construction and drilling contractor personnel). The majority of personnel hired during the calendar year are residents of Crook County or counties close to the Lance Projects.



SALES AND MARKETING

First uranium sale made under existing sale and purchase agreement

On January 4, 2016 Peninsula completed its first U₃O₈ sale under Strata's 2011 sale and purchase agreement with a United States utility. This follows Strata's execution of a variation to that agreement allowing Peninsula to complete the sale on January 4, 2016. Proceeds from the first sale are expected in early February 2016. The uranium delivered by Strata was borrowed material to ensure compliance with the delivery schedule in its existing uranium sale agreement.

Peninsula currently has four significant uranium concentrate sale and purchase agreements in place for a major portion of production over the first five years of operations. These committed sales contracts substantially increase revenue certainty whilst allowing a significant amount of planned production to be free for future contracting in what is expected to be in an environment of increasing prices.

Negotiations with several other utilities for additional new uranium concentrate sale and purchase agreements continued during the quarter, with negotiations concluded on a new sale and purchase agreement which the Company expects to execute in the near future.

SOUTH AFRICA – KAROO PROJECTS

(Peninsula Energy 74% / BEE Groups 26%)

Peninsula has a 74% interest in a total of 40 prospecting rights (PRs) covering 7,774 km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin (Karoo Projects) (see Figure 6). 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.

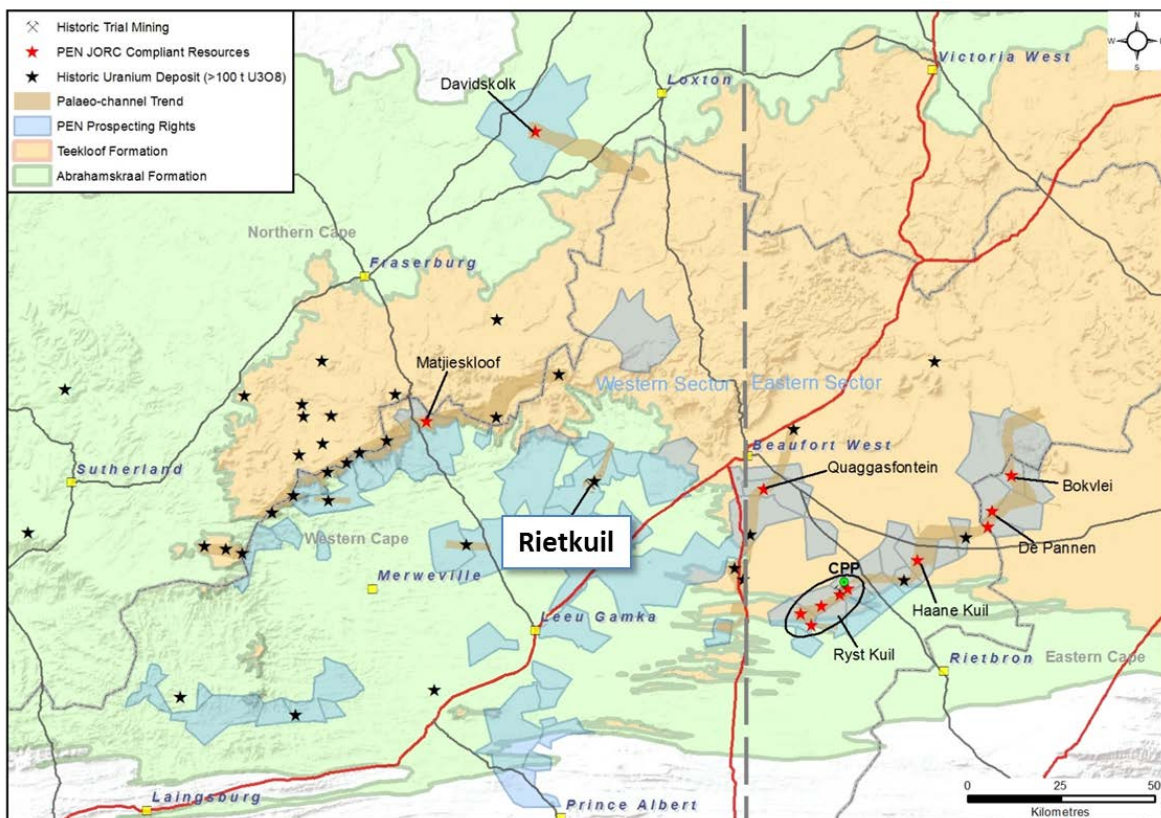


Figure 6: South Africa – Karoo Uranium Project Area Locations



During the quarter Peninsula announced results from further radiometric re-logging of existing drill holes completed in November and December 2015 at the Rietkuil project area (Rietkuil), approximately 40 km west of Beaufort West at Peninsula's Karoo Projects in South Africa (Figure 6). Gamma probing was conducted at Blocks D(W) and D(E) (Figure 7) with a series of excellent results that follow on the earlier probing at Blocks F(N), E(N) and E(S) completed earlier in the year.

Results from all blocks investigated to date have demonstrated very high grade mineralisation at shallow depths with a further 44 significant intersections returned from 91 historic holes at Blocks D(W) and D(E) during November and December 2015. Overall 119 significant intersections have been returned from a total of 320 re-logged holes since mid-2014.

Re-logging is occurring in holes originally drilled by Union Carbide Exploration Corporation (UCEX) during the 1970's and continues to successfully validate the location and grade of the mineralisation that was delineated by UCEX at that time.

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 an update of the JORC Code-compliant resource estimate for the Karoo Projects following any additional evaluation work that may be required.

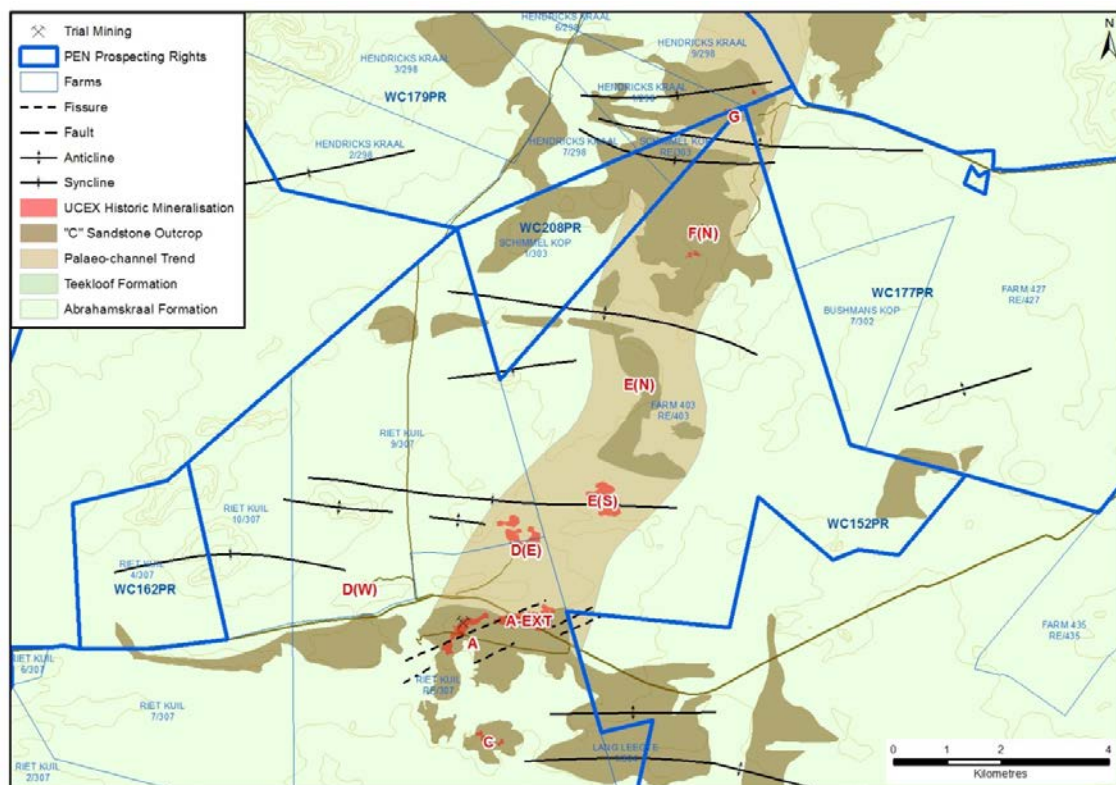


Figure 7: Geology and distribution of mineralisation blocks at Rietkuil

The public consultation process for the Mining Rights applications at the Karoo Projects is ongoing.

CORPORATE

US\$15 million Finance Facility Secured

During the quarter Peninsula entered into an agreement with Investec Bank Plc (Investec) for a US\$15m inventory finance facility (Facility).



The Facility will serve as support financing to assist in covering inventory and other general costs over the next two years, while production and revenue increase at the Lance Projects. Given the contractual norms within the uranium industry of quarterly and bi-annual uranium delivery schedules under Term contracts, this facility provides Peninsula with additional funding flexibility as and when required.

Key terms of the Facility are:

- 2 year secured facility;
- US\$7.5m Inventory Finance Facility which is drawable against uranium inventory delivered to uranium conversion facilities and has a margin of USD LIBOR + 2.5%;
- US\$7.5m Revolving Loan Facility which is re-drawable and repayable at Peninsula's discretion, and has a margin of USD LIBOR + 3.5%;
- Annual line fee of 2.0% and one-off establishment fee of 1.5%; and
- At current USD LIBOR rates, the all-in interest rate is less than 6% p.a. over the 24 month term.

Investec is an international specialist banking and asset management group who provide a diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom, South Africa and Australia. Investec's global resources team provide project, corporate and convertible debt finance for a wide array of companies within the mining and oil and gas sectors.

NYSE MKT Listing Progressing

During the quarter Peninsula received notification from the NYSE MKT LLC (NYSE MKT) that it meets the listing eligibility criteria and can proceed to the final stage of filing the listing application form to list on the NYSE MKT.

Notification of eligibility clearance is an important milestone in the process of the listing and follows a review of Peninsula by the Listing Committee of the NYSE MKT. Final authorisation to list is subject to the satisfaction of the requirements set out in the NYSE MKT Company Guide and any other conditions detailed by the NYSE MKT and also the requirements of the United States Securities and Exchange Commission (SEC). Peninsula has submitted its listing application, responded to all requests for information as detailed in the clearance letter and believes that it is able to fulfil the requirements of the NYSE MKT.

During the quarter Peninsula filed a registration statement on Form 20-F to register securities with the SEC and, once declared effective, to register securities for trading on the NYSE MKT. Peninsula is working through remaining outstanding items with the SEC in parallel with the NYSE MKT process above. As previously announced, Peninsula is seeking a secondary listing of American Depositary Shares on the NYSE MKT.

Share Consolidation

On 24 September 2015 shareholders voted to approve the consolidation of the Company's securities on a "1 for 40" basis. This consolidation was completed on 1 October 2015, with the result being that Company security holders now hold 1 security for every 40 securities held prior to the consolidation having taken place.

Exercise of PENOC Options

A total of 1,967,880 listed PENOC options were exercised prior to their expiry on 31 December 2015, raising approximately A\$2.36 million. Mr John (Gus) Simpson (Managing Director and Chief Executive Officer) exercised 66,667 options and Mr Warwick Grigor (Non-Executive Director) exercised 40,000 options.



Cash Position

The Company's cash position at the end of the quarter, including commercial bills, bonds and security deposits was A\$6.3 million. February 2016 receivables are A\$4.9m. Drawn debt at the end of the quarter was US\$2.0 million, with US\$13.0 million available in undrawn facility limits (subject to the Company maintaining minimum liquidity levels in the form of cash or undrawn debt).

For further information please contact:

John Simpson (Gus)
 Managing Director/Chief Executive Officer
 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: eU₃O₈ refers to the equivalent U₃O₈ 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 U₃O₈, 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 eU₃O₈ 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

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

2 Detailed Classified JORC-Compliant Resource Estimate, Karoo Projects: eU3O8

Classification	Sector	eU ₃ O ₈ (ppm) CUT-OFF	Tonnes (millions)	eU ₃ O ₈ Grade(ppm)	eU ₃ O 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 December 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 (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
<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, including various surface and mineral right holdings, hence tenement references are not applicable.</p> <p>Private Land (FEE) – Surface Access Agreements (approx. 24,581 acres) Private Land (FEE) – Mineral Rights (approx. 10,078 acres) Federal Mining Claims – Mineral Rights (approx. 12,717 acres) Federal Mining Claims – Surface Access – Grazing Lease (approx. 40 acres) State Leases – Mineral Rights (approx. 10,690 acres) State Leases – Surface Access (approx. 1,229 acres) Strata Owned – Surface Access (approx. 320 acres)</p>	N/A	100%

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

