



14 October 2016

Companies Announcement Office
Via Electronic Lodgement

PENINSULA SECURES ADDITIONAL PROJECT FUNDING

Highlights

- Further project funding secured to continue Lance Projects development;
- Major shareholders Resource Capital Fund VI L.P. and Pala Investments Ltd continue their support of Peninsula by increasing the convertible loan facility from US\$15m to US\$20m;
- Final binding agreement nearing completion on US\$25m Revenue Streaming Facility;
- September quarter production 54,000 lbs U₃O₈, increase of 25,000 lbs U₃O₈ over June quarter production of 29,000 lbs U₃O₈
- Production ramp up continues with 5th header house scheduled to be commissioned in October 2016 and header houses 6 & 7 scheduled for November & December;
- Completed Stage 2 expansion expected to reduce projected all-in sustaining cash costs by US\$9-10/lb

Peninsula Energy Limited (**Peninsula, the Company**) is pleased to announce that it has entered into agreements with major shareholders Resource Capital Fund VI L.P. (**RCF VI**) and Pala Investments Ltd (**Pala**) to increase the total funding from US\$15 million to US\$20 million under the existing convertible loans.

Total proceeds from the convertible loans will be mainly used for general well field development activities at the Lance Projects, resource development drilling, final stage 2 engineering design, and for general working capital purposes.

Uranium extraction from wellfields at the Lance Projects for the quarter ended 30 September 2016 was 54,000 lbs U₃O₈, an increase of 25,000 lbs U₃O₈ over the quarter ended 30 June 2016. Each header house experiences slightly different rates of ramp-up and we are currently seeing header houses 3 and 4 taking longer to ramp-up than originally projected. The additional funding will be used for the commissioning of the remaining Stage 1 header houses 5 to 7 as well as allowing the Company to progress Stage 2 development preparations.

This funding precedes the broader funding package of which one of the key components is a Revenue Streaming Facility (**RSF**). Documentation on the RSF has now been substantially progressed with both parties working to complete final binding agreements in the near term.

The broader funding package allows for the commencement of Stage 2 development at the Lance Projects. Stage 2 of the Lance Projects comprises installing the elution, precipitation, drying and packaging processes circuits in the central processing plant (CPP) and a doubling of the ion exchange capacity.

Bringing all processing in-house is expected to reduce cash operating costs by US\$4-5/lb U₃O₈. Ramp-up to Stage 2 production rates are expected to further reduce cash operating costs by US\$5-6 per pound U₃O₈.

Unit 17, Level 2, 100 Railway Road, Subiaco WA 6008 PO Box 8129, Subiaco East WA 6008

Phone: +61 (0)8 9380 9920 Fax: +61 (0)8 9381 5064

Peninsula Energy Limited - ABN: 67 062 409 303

Additional Stage 2 construction, funded predominantly by the RSF, will include a further seven header houses and associated wellfield production units, in addition to the first seven header houses that comprise Stage 1.

Expansion of well field capacity in Stage 2 has been timed to coincide with the ramp-up in delivery commitments under existing and expected new long term uranium concentrate sale and purchase agreements. Peninsula currently has over 75% of Stage 1 production over the next 5 years and 60% of Stage 2 production over the next 10 years committed under five term agreements with investment grade US and European utilities.

The weighted average delivery price for the five contracts over the next 10 years is US\$55/lb U₃O₈ and at steady state production rates the Stage 2 expansion of the Lance Projects is forecast to reduce all-in sustaining cash costs from US\$41/lb to US\$31-32/lb.

Peninsula's Managing Director/CEO Gus Simpson commented; *"Peninsula is pleased to have secured this additional funding from our major shareholders and hopes to conclude the revenue streaming deal in the near future, which will enable the Company to accelerate development activity at the Lance Projects and move to the next production phase."*

Peninsula would like to acknowledge institutional shareholders RCF VI and Pala who continue to support the strategic partnership with the Company.

The Lance Projects have a mine life of at least 20 years, underpinned by 53.7 million pounds¹, the largest uranium ISR JORC-Code compliant resource in North America.

Convertible Loan Agreements

Peninsula has executed additional convertible loan agreements with major shareholders RCF VI and Pala to increase the total funding under these notes from US\$15 million to US\$20 million (**Convertible Loans**).

Under these agreements, RCF VI and Pala (**Lenders**) have each provided Peninsula with a convertible loan facility, with participation in proportion to their existing shareholdings in the Company. The US\$20 million total loan amount is comprised of a US\$12.84 million convertible loan provided by RCF VI and a US\$7.16 million convertible loan provided by Pala.

There have been no changes to the key terms or use of funds for the Convertible Loans as part of the increased funding. The Lenders may elect to convert all or part of the principal amount of the Convertible Loans (including any capitalised interest) into fully paid ordinary shares at any time prior to maturity at a conversion price that is the lower of \$0.80 per share or the price of any equity raised prior to repayment. The Convertible Loans bear interest at the rate of 8% per annum, payable quarterly in arrears in cash or shares at the Lenders election. The Maturity Date of the Convertible Loans is 22 April 2017.

Additionally, an arrangement fee of 2% of the amount available under the Convertible Loans is also payable in cash or in fully paid ordinary shares (at the Lenders election) using a conversion price at the lower of \$0.80 per share or market share price (5-day VWAP before the drawing date of the relevant loan).

The Convertible Loans will be secured by a charge over certain assets of the Company, but will be subordinated to the existing Investec working capital facility. The Company will be seeking shareholder approval in respect of the security to the Lenders in accordance with ASX Listing Rule 10.1 and also the conversion shares under the Convertible Loans in accordance with section 611(7) of the Corporations Act as soon as practicable.

The US\$5 million increase has been reflected in the Independent Experts Report and Notice of Meeting that have been submitted to the regulators for review prior to their despatch to shareholders for the extraordinary general meeting to be held as soon as possible.

The provision of the Convertible Loans continues the strategic support provided by RCF VI and Pala who are committed to partnering with Peninsula as it ramps up production at the Lance Projects.

Yours sincerely



John Andrew Simpson (Gus)
Managing Director/CEO
Peninsula Energy Limited

For further information, please contact our office on +61 (0)8 9380 9920 during normal business hours.

Note: All references to currency are Australian Dollars unless otherwise stated.

Competent Person

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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 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 a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Guilinger consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

¹ Current JORC Compliant Resource Estimate

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)

JORC Table 1 included in an announcement to the ASX 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.