PENINSULA ENERGY LIMITED

ABN 67 062 409 303

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 10.30am (WST)

DATE: 28 November 2016

PLACE: BDO
Rokeby Room
38 Station Street
SUBIACO WA 6008

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Independent Expert has formed the opinion that the transaction the subject of:

- ***Resolution 1 is NOT FAIR BUT REASONABLE;***
- ***Resolution 2 is NOT FAIR BUT REASONABLE; and***
- ***Resolution 3 is FAIR AND REASONABLE,***

to the non-associated Shareholders of Peninsula.

Peninsula's Directors (except Evgenij Iorich and Mark Wheatley who abstain from making a recommendation) recommend that eligible Shareholders vote IN FAVOUR of Resolutions 1, 2 and 3.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9380 9920.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

An Extraordinary General Meeting of the Shareholders of Peninsula Energy Limited to which this Notice of Meeting relates will be held at 10.30am (WST) on 28 November 2016 at:

BDO
Rokeby Room
38 Station Street
SUBIACO WA 6008

YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders at 10:30am (WST) on 26 November 2016.

VOTING IN PERSON

To vote in person, attend the Extraordinary General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
    - the proxy is not recorded as attending the meeting; or
    - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Shareholders of Peninsula Energy Limited will be held at BDO, 38 Station Street, Subiaco at 10.30am (WST) on 28 November 2016.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

Resolutions 1 and 2 are interdependent. If either of Resolutions 1 and 2 are not passed, then Resolutions 1 and 2 will both be taken to have not been passed.

1. RESOLUTION 1 – ISSUE OF SHARES AND CONVERTIBLE NOTE TO RCF VI AND INCREASE IN RELEVANT INTEREST

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

> *"Subject to Resolution 2 being passed, that, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, Shareholders approve:*
>
> *(a) the issue of the RCF Note and of Shares to RCF VI or an Associate pursuant to the Convertible Loan Facility;*
>
> *(b) the issue of Shares to RCF VI or an Associate pursuant to the exercise of the RCF Options; and*
>
> *(c) the increase in the voting power of RCF VI and the RCF Associates to up to 41.84%,*
>
> *on the further terms and conditions set out in the Explanatory Statement."*

Directors Recommendation: The Directors (except for Evgenij Iorich and Mark Wheatley, who abstain from making a recommendation) recommend that Shareholders vote in favour of Resolution 1.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM for the purposes of the Shareholder approval required under section 611 (item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the Shareholders in the Company who are not associated with the RCF Associates and has concluded that the proposal the subject of Resolution 1is NOT FAIR BUT REASONABLE.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by RCF VI or any of its Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF SHARES AND CONVERTIBLE NOTE TO PALA AND INCREASE IN RELEVANT INTEREST

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"Subject to Resolution 1 being passed, that, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, Shareholders approve:

(a) the issue of the Pala Note and of Shares to Pala or an Associate pursuant to the Convertible Loan Facility;

(b) the issue of Shares to Pala or an Associate pursuant to the exercise of the Pala Options; and

(c) the increase in the voting power of Pala and the Pala Associates to up to 24.59%,

on the further terms and conditions set out in the Explanatory Statement."

Directors Recommendation: The Directors (except for Evgenij Iorich and Mark Wheatley, who abstain from making a recommendation) recommend that Shareholders vote in favour of Resolution 2.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM for the purposes of the Shareholder approval required under section 611 (item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the Shareholders in the Company who are not associated with the Pala Associates and has concluded that the proposal the subject of Resolution 2 is NOT FAIR BUT REASONABLE.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Pala or any of its Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL OF DIRECT ENFORCEMENT OF THE SECURITY PURSUANT TO CONVERTIBLE LOAN FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.1 and for all other purposes, Shareholders approve the direct enforcement of the Security by the Lenders on the further terms and conditions set out in the Explanatory Statement."

Directors Recommendation: The Directors (except for Evgenij Iorich and Mark Wheatley, who abstain from making a recommendation) recommend that Shareholders vote in favour of Resolution 3.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the Shareholders in the Company who are not associated with RCF VI or Pala and their respective Associates and has concluded that the proposal the subject of Resolution 3 is FAIR AND REASONABLE.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by RCF VI, Pala or any of their respective Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ELECTION OF MR MARK WHEATLEY AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That Mr Mark Wheatley, being a Director of the Company who was appointed on 26 April 2016, retires in accordance with clause 11.12 of the Company's

Constitution and, being eligible for election, be elected as a Director of the Company."

5. RESOLUTION 5 – APPROVAL FOR THE ISSUE OF UNLISTED OPTIONS TO MR MARK WHEATLEY

To consider and, if thought fit, to pass, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 65,000 unlisted Options to Mr Mark Wheatley (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Mark Wheatley (or his nominee) and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:

(i) a member of the Key Management Personnel; or

(ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(a) the proxy is the Chair; and

(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – SHARE PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 25,000,000 Shares at an issue price of not less than 80% of the average market price for Shares on the five trading days prior to the issue of the Shares, to institutional and professional and sophisticated investors and otherwise on the terms and conditions set out in the Explanatory Statement."

Short Explanation: Under the Listing Rules, the Company may seek Shareholder approval prior to the issue of Equity Securities to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period. Please refer to the Explanatory Statement for further details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD

JONATHAN WHYTE
COMPANY SECRETARY
PENINSULA ENERGY LIMITED

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Extraordinary General Meeting to be held at BDO, Rokeby Room, 38 Station Street, Subiaco, Western Australia on 28 November 2016 at 10.30am (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTIONS 1 AND 2 – ISSUE OF SHARES AND CONVERTIBLE NOTES TO RCF VI AND PALA AND INCREASE IN RELEVANT INTEREST

1.1 Background

The Company began in-situ uranium recovery operations from its Lance Uranium Projects in Wyoming, USA (Lance Projects) in December 2015.

The Lance Projects development plan comprises a three (3) stage ramp-up strategy:

- Stage 1 – production rate of between 500,000 and 700,000 lbs U3O8 per annum;
- Stage 2 – production rate of 1,200,000 lbs U3O8 per annum; and
- Stage 3 – production rate of 2,300,000 lbs U3O8 per annum.

Production at present is still in the first ramp up stage with three of the planned seven Stage 1 header houses in operation as at the time of this Notice. The 4th header house came online during June and the remaining header houses are forecast to progressively come online during the second half of the 2016 calendar year. Stage 1 full production will see seven header houses in operation.

In parallel with the Stage 1 ramp up above, the Company is targeting commencement of initial development activities for Stage 2 at the Lance Projects followed by, subject to completion of additional funding, the commencement of construction of the Stage 2 Central Processing Plant and the expansion up to fourteen well field units. Bringing Stage 2 online is planned to coincide with the conclusion of the current toll milling agreement, bringing this function in house and when combined with the cost benefits of increased production and greater economies of scale, is forecast to reduce all-in sustaining cash costs by US$9-10/lb from US$41/lb to US$31-32/lb at steady state Stage 2 production rates.

As set out below in section 1.3, proceeds from the Convertible Loan Facility agreements will be used for Stage 1 general well field development activities at the Lance Projects, resource development drilling and final Stage 2 engineering design.

Proceeds from the Convertible Loan Facility agreements will also be used for the Company's Karoo Uranium Projects in South Africa, which is currently progressing through a pre-feasibility study, and for general working capital purposes.

1.2 Convertible Loan Facility

As set out in the announcements dated 26 April 2016 and 14 October 2016, the Company has entered into binding convertible bridge loan agreements with Resource Capital Fund VI L.P. (**RCF VI**) and Pala Investments Limited (**Pala**) pursuant to which RCF VI and Pala (together, the **Lenders**) have agreed (subject to Shareholder and other approvals) to provide the Company with the required funding support through a loan and convertible loan facility (**Convertible Loan Facility**).

The Convertible Loan Facility comprises a subordinated second ranking secured convertible bridge loans of an aggregate US$20 million, advanced by RCF VI and Pala proportionally to

each entity's shareholding in Peninsula (RCF VI loan amount is US$12.84 million and Pala loan amount is US$7.16 million). The Convertible Loan Facility has been secured through the Lenders' accession to the existing security over the assets of Peninsula in Australia, the United States and the United Kingdom held by Investec Australia Ltd as security trustee (**Security Trustee**) originally granted to the Security Trustee to secure the Company's obligations to and Investec Bank plc (**Investec**) in respect of a working capital facility signed in December 2015 (**Security**). The Lenders will accede to the Security Trust Deed by the execution of a Designation Notice and have entered into an intercreditor agreement with the Security Trustee and Investec pursuant to which the Lenders' rights in relation to the Security will be subordinated to those of Investec. The terms of the Security are set out below in section 2.1.

Subject to Shareholder and other approvals set out below being obtained, Peninsula will offer, and the Lenders will subscribe for, convertible notes to be issued for a face value equal to the principal amount outstanding under the Convertible Loan Facility and any accrued but unpaid interest from time to time (**Convertible Notes**).

Peninsula drew down US$15 million (US$9.63 million from RCF VI and US$5.37 million from Pala) (**Initial Drawdown Amount**) on 22 April 2016 (**Initial Drawdown**). Peninsula drew down US$5 million (US$3.21 million from RCF VI and US$1.79 million from Pala) (**Subsequent Drawdown Amount**) on 14 October 2016 (**Subsequent Drawdown**).

At the date which is 12 months from Initial Drawdown, being 22 April 2017[1] (**Repayment Date**), the Lenders have the option to convert the Convertible Notes to Shares in Peninsula at the price which is the lower of the following:

- A$0.80 per Share; and
- the price of any equity raising carried out by the Company prior to the Repayment Date.

The Convertible Loan Facility will accrue interest to be calculated and paid quarterly at a coupon rate of 8% per annum. Interest can be paid in cash or Shares at the Lenders' election, in which case the issue price for Shares will be determined by the 5 day VWAP prior to the quarter end (**Interest Shares**). RCF VI has informed the Company that it wishes to receive payments of interest in respect of the quarters ended 30 June 2016 and 30 September 2016 in the form of Interest Shares, and RCF VI are otherwise yet to elect whether to receive interest payments in cash or Shares. The tranche of Interest Shares in respect of the quarter ended 30 June 2016 was calculated on the basis of 5 day VWAP leading up to 30 June 2016 (being A$0.4985) at the 30 June 2016 USD/AUD exchange rate of 0.7387 (**30 June Interest Shares**). The tranche of Interest Shares in respect of the quarter ended 30 September 2016 was calculated on the basis of 5 day VWAP leading up to 30 September 2016 (being A$0.5869) at the 30 September 2016 USD/AUD exchange rate of 0.7684 (**30 September Interest Shares**).

Pala has informed the Company that it wishes to receive payments of interest in respect of the quarters ended 30 June 2016 and 30 September 2016 in the form of Interest Shares, and Pala is otherwise yet to elect whether to receive future interest payments in cash or Shares.

The Lenders are entitled to an arrangement fee of 2% of the total proceeds of the Convertible Loan Facility, to be paid in cash or Shares (at the Lenders' election) at a price of A$0.80 per Share. At Pala's election, the Company has paid its proportion of the arrangement fee in cash for the Initial Drawdown. RCF VI has informed the Company that it wishes to receive its portion of the arrangement fee in Shares, being up to 458,571 Shares[2] (**RCF Arrangement Fee Shares**). Pala has informed the Company that it wishes to receive its portion of the arrangement fee in Shares for the Subsequent Drawdown, being up to 63,929 Shares[3] (**Pala Arrangement Fee Shares**).

[1] or earlier, upon the occurrence of an event of default or an acceleration event.
[2] Assumed USD/AUD exchange rate of 0.70
[3] Assumed USD/AUD exchange rate of 0.70

The RCF Arrangement Fee Shares, Pala Arrangement Fee Shares and, subject to Shareholder approval being obtained, the Convertible Notes will be offered by the Company to the Lenders and issued with disclosure in accordance with section 707(3) and (4) of the Corporations Act (as modified by ASIC Legislative Instrument 2016/80) and pursuant to a transaction-specific prospectus compliant with section 713 of the Corporations Act.

RCF VI and its Associates currently hold 21.38% of the issued capital in the Company and Pala currently holds 11.93% of the issued capital in the Company.

The Convertible Loan Facility is conditional upon, among other things, Shareholders approving Resolutions 1, 2 and 3. If Resolution 1, 2 or 3 is not passed, this would entitle the Lenders by notice to the Company to declare all monies outstanding under the Convertible Loan Facility immediately due and payable.

Following the issue of the maximum number of Shares pursuant to conversion of RCF VI's Convertible Note (**RCF Note**), the issue of the maximum number of the RCF Arrangement Fee Shares, and the issue of Shares pursuant to the exercise of the RCF Options, RCF VI and its Associates' voting power in the Company may increase to as much as 41.84% (as further set out in section 1.6(b)). The Company is seeking Shareholder approval for this increase in voting power pursuant to Resolution 1.

Following the issue of the maximum number of Shares pursuant to conversion of Pala's Convertible Note (**Pala Note**) and the issue of Shares pursuant to the exercise of the Pala Options, Pala and its Associates' voting power in the Company may increase to as much as 24.59% (as further set out in section 1.6(c)). The Company is seeking Shareholder approval for this increase in voting power pursuant to Resolution 2.

1.3 Use of funds

The Company intends to use the funds raised under the Convertible Loan Facility as follows:

(a) US$5,500,000 - to working capital expenditure in respect of Strata Energy;

(b) US$7,000,000 - to working capital expenditure in respect of Peninsula;

(c) US$1,500,000 - to Karoo Project development costs; and

(d) US$6,000,000 - to Lance Project development costs.

1.4 PENOD Options

RCF VI and Pala received PENOD options through a $69.4 million fundraising which completed in February 2015 and included a $16.8 million placement to RCF VI at $0.02 (pre-consolidation basis) per share with a 1:2 free attached PENOD Option and a $52.6 million accelerated renounceable entitlement offer (**Entitlement Offer**) to all Shareholders at $0.02 per share (pre-consolidation basis) with a 1:2 free attached PENOD Option. Both RCF VI and Pala subscribed for their pro-rata entitlement under the Entitlement Offer and also sub-underwrote $10.9 million of the Entitlement Offer.

RCF VI currently holds 18,825,302 PENOD Options. If exercised, RCF VI would acquire 18,825,302 Shares in consideration for payment of the exercise price of A$37,650,604, being A$2.00 per PENOD Option. Pala currently holds 5,647,790 PENOD Options. If exercised, Pala would acquire 5,647,790 Shares in consideration for payment of the exercise price of A$11,295,580, being A$2.00 per PENOD Option.

1.5 Corporations Act prohibition

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a listed company if, as a result of the acquisition that person's or someone else's voting power in the company increases from 20% or below, to more than 20%, or from a starting point that is above 20% and below 90%.

Generally, under section 608 of the Corporations Act, a person has a relevant interest in securities if they:

(a) are the holder of the securities; or

(b) have power to exercise, or control the exercise of, a right to vote attached to securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

The voting power of a person is determined under section 610 of the Corporations Act. It involves calculating the number of voting shares in the company in which the person and the person's Associates have a relevant interest.

A person (**second person**) will be an "Associate" of the other person (**first person**) if:

(a) the first person is a body corporate and the second person is:

(i) a body corporate the first person controls;

(ii) a body corporate that controls the first person; or

(iii) a body corporate that is controlled by an entity that controls the first person;

(b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purposes of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and

(c) the second person is a person with whom the first person is acting, or proposing to act, in concert in relation to the company's affairs.

Exceptions to the section 606 prohibition

There are various exceptions to the prohibition in section 606 of the Corporations Act. Section 611 of the Corporations Act contains a table setting out circumstances in which acquisitions of relevant interests are exempt from the prohibition. Item 7 of this table provides an exemption where the acquisition is approved by a resolution passed at a general meeting of the company before the acquisition is made. The parties involved in the acquisition and their Associates are not able to cast a vote on the resolution.

The purpose of Resolution 1 is to obtain Shareholder approval for the issue of Shares and the RCF Note to RCF VI or an Associate pursuant to item 7 of section 611 of the Corporations Act. By passing Resolution 1, RCF VI will not be prohibited from acquiring Shares (including Shares on conversion of the RCF Note and on exercise of the RCF Options).

The purpose of Resolution 2 is to obtain Shareholder approval for the issue of Shares and the Pala Note to Pala or an Associate pursuant to item 7 of section 611 of the Corporations Act. By passing Resolution 2, Pala will not be prohibited from acquiring Shares (including Shares on conversion of the Pala Note and on exercise of the Pala Options).

1.6 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following paragraphs set out information required to be provided to Shareholders under ASIC Regulatory Guide 74 and item 7 in the table in section 611 of the Corporations Act.

Shareholders are also referred to the Independent Expert's Report set out at Appendix A to this Notice.

(a) **Identities of the persons proposing to make the acquisition, their Associates and any other persons acquiring a relevant interest**

The RCF Note, and the Shares issued on conversion of the RCF Note, the RCF Arrangement Fee Shares and the Shares issued on exercise of the RCF Options (**RCF Shares**), will be issued to RCF VI (or its nominee).

The Pala Note, the Shares issued on conversion of the Pala Note, the Pala Arrangement Fee Shares and the Shares issued on exercise of the Pala Options (**Pala Shares**), will be issued to Pala (or its nominee).

(b) **Increase in RCF VI's voting power in the Company resulting from the issue of RCF Shares and RCF Note**

As at the date of this Notice, RCF VI has a relevant interest in 38,109,200 Shares and the current voting power of RCF VI and each of its Associates in the Company is 21.38% based on 178,223,709 Shares on issue. RCF VI currently holds 18,825,302 PENOD Options.

The effect of the acquisition of RCF Shares by RCF VI is summarised in the following table, which outlines the current and proposed shareholding of RCF VI and its Associates in the Company:

	Maximum number of Shares to be issued to RCF VI or its nominee	Total Shares to be held by RCF VI and its Associates	Total Shares on issue where RCF VI and Pala convert at same time	Percentage voting power where RCF VI and Pala convert at same time	Total Shares on issue where RCF VI converts and Pala does not	Percentage voting power where RCF VI converts and Pala does not
Current position	N/A	38,109,200	178,223,709	21.38%	N/A	N/A
Position if Convertible Loan Facility is fully converted at A$0.80, the 30 June Interest Shares are converted at A$0.4985[1], the 30 September Interest Shares are converted at A$0.5869[1], the maximum number of outstanding Interest Shares are issued at A$0.80 per	43,071,603 *Shares issued on conversion of Principal:* 21,986,301 *Arrangement Fee Shares:* 453,861 *30 June Interest Shares:* 401,245 *30 September Interest Shares:* 430,586	81,180,803	240,271,838	29.98%	221,295,312	36.68%

Share, all of the RCF Options are exercised and the RCF Arrangement Fee Shares are issued at A$0.80 per Share[2]	*Outstanding Interest Shares:* 974,308 *Shares issued on exercise of the RCF Options:* 18,825,302					
Position if Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are converted at A$0.4985[1], the 30 September Interest Shares are converted at A$0.5869[1], the maximum number of outstanding Interest Shares are issued at A$0.60 per Share, all of the RCF Options are exercised and the RCF Arrangement Fee Shares are issued at A$0.80 per Share[2], with a 25% contingency added	62,683,945 *Shares issued on conversion of Principal:* 40,761,905 *Arrangement Fee Shares:* 458,571 *30 June Interest Shares:* 401,245 *30 September Interest Shares:* 430,586 *Outstanding Interest Shares:* 1,806,336 *Shares issued on exercise of the RCF Options:* 18,825,302	100,793,145	270,820,658	37.22%	240,907,654	41.84%[3]

	Maximum number of Shares to be issued to RCF VI or its nominee	Total Shares and voting power held by RCF VI and its Associates	Percentage voting power where RCF VI and Pala convert at same time	Percentage voting power where RCF VI converts and Pala does not
Current position	N/A	38,109,200 (21.38% based on 178,223,709 Shares on issue)	N/A	N/A
Position if: • **Convertible Loan Facility is fully converted at A$0.80;** • **the 30 June Interest Shares are converted at A$0.4985[1];** • **the 30 September Interest Shares are converted at A$0.5869[1];** • **the maximum number of outstanding Interest Shares are issued at A$0.80 per Share;** • **all RCF Options are exercised; and** • **the RCF Arrangement Fee Shares are issued at A$0.80 per Share[2]**	43,071,603 *Shares issued on conversion of Principal:* 21,986,301 *Arrangement Fee Shares:* 453,861 *30 June Interest Shares:* 401,245 *30 September Interest Shares:* 430,586 *Outstanding Interest Shares:* 974,308 *Shares issued on exercise of the RCF Options:* 18,825,302	81,180,803	29.98% (based on 240,271,838 Shares on issue)	36.68% (based on 221,295,312 Shares on issue)
Position if: • **Convertible Loan Facility is fully converted at A$0.60;** • **the 30 June Interest Shares are converted at A$0.4985[1];** • **the 30 September Interest Shares are converted at A$0.5869[1];** • **the maximum number of outstanding Interest Shares are issued at A$0.60 per Share;** • **all RCF Options are exercised;** • **the RCF Arrangement Fee Shares are issued at A$0.80 per Share[2]; and** • **a 25% contingency is**	62,683,945 *Shares issued on conversion of Principal:* 40,761,905 *Arrangement Fee Shares:* 458,571 *30 June Interest Shares:* 401,245 *30 September Interest Shares:* 430,586 *Outstanding Interest Shares:* 1,806,336 *Shares issued on exercise of the RCF Options:* 18,825,302	100,793,145	37.22% (based on 270,820,658 Shares on issue)	41.84%[3] (based on 240,907,654 Shares on issue)

added				

Note: The figures in the above table have been calculated based on the assumption that Resolutions 1 and 2 are both passed, no Options on issue (other than the RCF Options and the Pala Options) are exercised, no other Shares are issued by the Company, and the shareholding of RCF VI and its Associates in the Company does not change. Shareholders should be aware that RCF VI and its Associates are entitled to increase their shareholding in the Company in the manner permitted under the Corporations Act.

The maximum voting power for which Shareholder approval is sought pursuant to Resolution 1 (being 41.84%) has been determined by applying a 25% contingency to the position if the Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are issued at A$0.4985 (with a USD/AUD exchange rate of 0.7387), the 30 September Interest Shares are issued at A$0.5869 (with a USD/AUD exchange rate of 0.7684), the outstanding Interest Shares are issued at A$0.60 per Share and the Arrangement Fee Shares are issued at $0.80 per Share, all at an assumed AUD / USD exchange rate of 0.73. The application of a contingency to determine the maximum number of Shares is to allow for uncertainty and variability in the share price and foreign exchange rates.

[1] USD/AUD exchange rate of 0.7387 as at 30 June 2016 and 0.7684 as at 30 September 2016
[2] Assumed USD/AUD exchange rate of 0.73
[3] RCF VI's percentage voting power would be less than this number, as for the Share issue price to have been reduced to less than A$0.80, the Company would have needed to have issued Shares to a third party (other than the Lenders) at that lower price

(c) **Increase in Pala's voting power in the Company resulting from the issue of Pala Shares and Pala Note**

As at the date of this Notice, Pala has a relevant interest in 21,267,898 Shares and the current voting power of Pala and each of its Associates in the Company is 11.93% based on 178,223,709 Shares on issue. Pala currently holds 5,647,790 PENOD Options.

The effect of the acquisition of Pala Shares by Pala is summarised in the following table, which outlines the current and proposed shareholding of Pala and its Associates in the Company:

	Maximum number of Shares to be issued to Pala or its nominee	**Total Shares to be held by Pala and its Associates**	**Total Shares on issue where RCF VI and Pala convert at same time**	**Percentage voting power where RCF VI and Pala convert at same time**	**Total Shares on issue where Pala converts and RCF VI does not**	**Percentage voting power where Pala converts and RCF VI does not**
Current position	N/A	21,267,898	178,223,709	11.93%	N/A	N/A
Position if Convertible Loan Facility is fully converted at A$0.80, the 30 June Interest Shares are converted at A$0.4985[1], the 30 September Interest	18,976,527 *Shares issued on conversion of Principal:* 12,260,274 *Arrangement Fee Shares:* 61,301	40,244,425	240,271,838	14.86%	197,200,236	20.41%

Shares are converted at A$0.5869[1], the maximum number of outstanding Interest Shares are issued at A$0.80 per Share, all of the Pala Options are exercised and the Pala Arrangement Fee Shares are issued at A$0.80 per Share[2]	*30 June Interest Shares:* 223,747 *30 September Interest Shares:* 240,109 *Outstanding Interest Shares:* 543,306 *Shares issued on exercise of the Pala Options:* 5,647,790					
Position if Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are converted at A$0.4985[1], the 30 September Interest Shares are converted at A$0.5869[1], the maximum number of outstanding Interest Shares are issued at A$0.60 per Share, all of the Pala Options are exercised and the Pala Arrangement Fee Shares are issued at A$0.80 per	29,913,005 *Shares issued on conversion of Principal:* 22,730,159 *Arrangement Fee Shares:* 63,929 *30 June Interest Shares:* 223,747 *30 September Interest Shares:* 240,109 *Outstanding Interest Shares:* 1,007,271 *Shares issued on exercise of the Pala*	51,180,903	270,820,658	18.90%	208,136,714	24.59%[3]

Share[2], with a 25% contingency added	*Options:* 5,647,790					

Note: The figures in the above table have been calculated based on the assumption that Resolutions 1 and 2 are both passed, no Options on issue (other than the Pala Options and the RCF Options) are exercised, no other Shares are issued by the Company, and the shareholding of Pala and its Associates in the Company does not change. Shareholders should be aware that Pala and its Associates are entitled to increase its shareholding in the Company in the manner permitted under the Corporations Act.

The maximum voting power for which Shareholder approval is being sought pursuant to Resolution 2 (being 24.59%) has been determined by applying a 25% contingency to the position if the Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are issued at A$0.4985 (with a USD/AUD exchange rate of 0.7387), the 30 September Interest Shares are issued at A$0.5869 (with a USD/AUD exchange rate of 0.7684), the outstanding Interest Shares are issued at A$0.60 per Share and all of the Pala Options are exercised, all at an assumed AUD / USD exchange rate of 0.73. The application of a contingency to determine the maximum number of Shares is to allow for uncertainty and variability in the share price and foreign exchange rates.

[1] USD/AUD exchange rate of 0.7387 as at 30 June 2016 and 0.7684 as at 30 September 2016
[2] Assumed USD/AUD exchange rate of 0.73
[3] Pala's percentage voting power would be less than this number, as for the Share issue price to have been reduced to less than A$0.80, the Company would have needed to have issued Shares to a third party (other than the Lenders) at that lower price

(d) **Further background information on Resource Capital Funds**

Resource Capital Funds (**RCF**) is a group of commonly managed private equity funds established in 1998 with a mining sector specific investment mandate spanning all hard mineral commodities and geographic regions.

Since inception, RCF has supported 150 mining companies, with projects located in 47 countries and across 29 commodities.

The sixth fund, Resource Capital Funds VI L.P. (**RCF VI**), with committed capital of US$2.04 billion, is now being invested.

Further information about RCF can be found on its website at **www.resourcecapitalfunds.com.**

RCF has a strong team of investment professionals, with wide ranging industry and technical expertise and a demonstrated history of investments in mining globally. RCF's track record is based on its ability to pick technically and commercially compelling assets and support management to achieve desired outcomes whilst remaining throughout a source of patient capital. RCF aims to partner with companies to build strong, successful and sustainable businesses and in doing so strives to earn superior returns for all Shareholders.

(e) **Further background information on Pala**

Founded in 2006, Pala is an investment company dedicated to value creation in the mining sector, having invested in 87 companies in 25 countries across six continents.

Pala has an extensive team of accomplished mining industry professionals from all over the world, and seeks to partner with management teams, boards and shareholders to create long term value. Pala invests in all mining commodities in development, production and turnaround situations, as well as in mining products and services. Deep relationships in the mining, investment and advisory world allow Pala to assist its

partners in developing business connections, raising finance, delivering transactions and strengthening management.

Further information about Pala can be found on its website at **www.pala.com.**

(f) **Future intentions of RCF VI for the Company**

RCF VI has informed the Company that its intentions mentioned in this section are based on the facts and information regarding the Company, its business and the general business environment which are known to RCF VI as at the date of the Notice, which is limited to publicly available information. Any future decisions regarding these matters will only be made based on all material information and circumstances at the relevant time. Accordingly, the statements set out below are statements of current intention only which, if circumstances change or new information becomes available in the future, could change accordingly.

No change to the composition of the Company's Board is currently proposed by RCF VI or the Company.

Other than as disclosed above or elsewhere in this Explanatory Statement, RCF VI:

(i) has no current intention of making any significant changes to the existing business of the Company;

(ii) has no current intention to inject further capital into the Company;

(iii) has no current intention of making changes regarding the future employment of the Company's present employees;

(iv) does not currently intend for any property to be transferred between the Company and itself or any person associated with it;

(v) has no current intention to otherwise redeploy the fixed assets of the Company; and

(vi) has no current intention to significantly change the Company's existing financial or dividend policies.

(g) **Future intentions of Pala for the Company**

Pala has informed the Company that its intentions mentioned in this section are based on the facts and information regarding the Company, its business and the general business environment which are known to Pala as at the date of the Notice, which is limited to publicly available information. Any future decisions regarding these matters will only be made based on all material information and circumstances at the relevant time. Accordingly, the statements set out below are statements of current intention only which, if circumstances change or new information becomes available in the future, could change accordingly.

No change to the composition of the Company's Board is currently proposed by Pala or the Company.

Other than as disclosed above or elsewhere in this Explanatory Statement, Pala:

(i) has no current intention of making any significant changes to the existing business of the Company;

(ii) has no current intention to inject further capital into the Company;

(iii) has no current intention of making changes regarding the future employment of the Company's present employees;

(iv) does not currently intend for any property to be transferred between the Company and itself or any person associated with it;

(v) has no current intention to otherwise redeploy the fixed assets of the Company; and

(vi) has no current intention to significantly change the Company's existing financial or dividend policies.

(h) **Terms of the proposed acquisition and contracts conditional on Shareholder approval of Resolution 1 and 2**

The terms of the proposed acquisition of Shares and Convertible Notes by RCF VI and Pala under the Convertible Loan Facility and upon exercise of the RCF Options and Pala Options are summarised in sections 1.2 and 1.4 of this Explanatory Statement above. The terms of the Security granted for the benefit of the Lenders are set out in section 2.1 below.

Other than the Convertible Loan Facility and the Security, there are no other contracts or proposed contracts between the Lenders and the Company or any of their Associates which are conditional upon, or directly or indirectly dependent on, Shareholder approval of Resolutions 1 or 2.

(i) **Timing of the proposed acquisition**

The timing of the proposed acquisition of Shares and Convertible Notes by RCF VI and Pala under the Convertible Loan Facility and upon exercise of the RCF Options and Pala Options is set out in sections 1.2 and 1.5 of this Explanatory Statement.

(j) **Reasons for the proposed acquisition**

An explanation of the reasons for the proposed acquisition is set out in section 1.1 of this Explanatory Statement.

(k) **Directors' interests and recommendations**

The current Directors of the Company are Messrs John Harrison, John (Gus) Simpson, Richard Lockwood, Warwick Grigor, Evgenij Iorich, Harrison (Hink) Barker and Mark Wheatley.

Each Director (apart from Evgenij Iorich and Mark Wheatley, who abstain from making a recommendation) recommends that Shareholders vote in favour of Resolutions 1 and 2 for the following reasons:

- the Convertible Loan Facility provides the necessary funding to continue the ramp-up of Stage 1 of the Lance Projects and complete the roll-out of the remaining header house well field units over the remainder of 2016;
- financing costs associated with the Convertible Loan Facility are competitive when compared to alternate financing options; and
- should Resolution 1 (and Resolutions 2 and 3) not be approved by Shareholders, the repayment date of drawn amount of US$20 million may be accelerated and the Company may not have sufficient funding available to make the repayment at that point in time.

No votes can be cast on Resolutions 1 or 2 by RCF VI, Pala or any of their respective Associates. Evgenij Iorich abstains from making a recommendation as he is an employee of Pala and serves as Pala's nominee on the Board of the Company. Mark Wheatley abstains from making a recommendation as he serves as RCF's nominee on the Board of the Company.

(l) **Independent Expert's Report as to whether the acquisition by RCF VI is fair and reasonable**

Accompanying this Notice is an Independent Expert's Report prepared by RSM. The Independent Expert's Report assesses whether the acquisition of Shares by RCF VI through the issue of the RCF Note and RCF Shares, and the increase in the voting power of RCF VI and the RCF Associates to up to 41.84%, pursuant to Resolution 1, and the acquisition of Shares by Pala through the issue of the Pala Note and Pala Shares, and the increase in the voting power of Pala and the Pala Associates to up to 24.59%, pursuant to Resolution 2 are fair and reasonable to the Shareholders not associated with RCF VI or Pala, respectively.

The report concludes that:

- the acquisition of Shares by RCF VI through the issue of the RCF Note and RCF Shares, and the increase in the voting power of RCF VI and the RCF Associates to up to 41.84%, pursuant to Resolution 1, are not fair but reasonable to the Shareholders not associated with RCF VI; and

- the acquisition of Shares by Pala through the issue of the Pala Note and Pala Shares, and the increase in the voting power of Pala and the Pala Associates to up to 24.59%, pursuant to Resolution 2 are not fair but reasonable to the Shareholders not associated with Pala

Please refer to the Independent Expert's Report of this Notice at Appendix A for further details and in particular the advantages and disadvantages of the issue of the RCF Note and RCF Shares, the subject of Resolution 1, to RCF VI, and the issue of the Pala Note and Pala Shares, the subject of Resolution 2, to Pala. This assessment is designed to assist all Shareholders in reaching their voting decision. It is recommended that all Shareholders read the Independent Expert's Report in full.

(m) **Interdependency**

If either Resolution 1 or Resolution 2 is not passed, the issue of Shares and Convertible Notes pursuant to Resolutions 1 and 2 will not proceed.

If Resolutions 1, 2 and 3 are not passed, this would entitle the Lenders by notice to the Company to declare all monies outstanding under the Convertible Loan Facility immediately due and payable.

2. RESOLUTION 3 – APPROVAL OF DIRECT ENFORCEMENT OF SECURITY BY THE LENDERS PURSUANT TO CONVERTIBLE LOAN FACILITY

2.1 General

The Convertible Loan Facility is to be secured through the Lenders acceding to the existing security over the assets of Peninsula in Australia, the United States and the United Kingdom held by Investec Australia Ltd as security trustee (**Security Trustee**) and originally granted to secure the Company's obligations to Investec Bank plc (**Investec**) under a working capital facility signed in December 2015. The Lenders have entered into an intercreditor agreement with the Security Trustee and Investec pursuant to which the Lenders' rights in relation to the Security will be subordinated to those of Investec. The Lenders have joined the existing security arrangements through a Designation Notice to be signed by the Company, the Lenders and the Security Trustee.

Whilst perfection of the Security was not a condition precedent to drawdown, in the event Shareholder approval to the Lenders' direct enforcement of the Security is not obtained, this would entitle the Lenders by notice to the Company to declare all monies outstanding under the Convertible Loan Facility immediately due and payable.

2.2 Application of Listing Rule 10.1

Listing Rule 10.1 provides that approval of holders of an entity's ordinary securities is required where an entity proposes to dispose of or agree to dispose of a substantial asset to a second entity that is a substantial shareholder, or an Associate of a substantial shareholder of that second entity.

For these purposes:

(a) a person is a substantial holder if the person and the person's Associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to an entity's voting securities; and

(b) an asset is a substantial asset if its value, or the value of the consideration for it, is 5% or more of the equity interests of the company as set out in the latest accounts of the company given to ASX under the Listing Rules.

The Lenders are substantial Shareholders of the Company.

The Company's full year accounts for the period ended 30 June 2016 (as lodged with ASX on 30 September 2016) show that its equity interests were approximately US$132.52 million. The value of the assets the subject of the Security would exceed 5% of the Company's equity interests as shown in its last consolidated financial statements.

ASX deems the granting of a security interest over an asset to be a disposal of that asset. As such the granting of security by the Company for the benefit of the Lenders (by way of the Designation Notice) may be deemed under Listing Rule 10.1 to be a disposal of a substantial asset (ie the underlying assets to the Security Documents), on the basis that the Lenders are substantial Shareholders in the Company. As the value of the debt secured by the Security Documents is greater than 5% of the equity interests of the Company as set out in its last accounts given to ASX, the Company is seeking Shareholder approval and ratification of the Security Documents pursuant to Listing Rule 10.1.

For the purposes of Listing Rule 10.1, the "disposal" of an asset includes the grant of a security over that asset. Accordingly, Shareholder approval for the purposes of Listing Rule 10.1 would be required before the Company could enter into any agreements to provide the Security.

2.3 Listing Rule 10.1 waiver

As the documents comprising the Security were entered into prior to Shareholder approval being obtained pursuant to Resolution 3, the Company was, on 12 October 2016, granted a waiver of Listing Rule 10.1 in respect of the Security for the Initial Drawdown Amount and the Subsequent Drawdown Amount (**Drawdown Amounts**). The waiver enables the Security to be granted prior to Shareholder approval being obtained, on the condition that the Security includes a term that if an event of default occurs and the Lenders exercise their rights under the Security, neither the Lenders nor any of their Associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable Listing Rules, including Listing Rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by the Lenders exercising their power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to the Lenders in accordance with its legal entitlements. The Company and the Lenders have amended the terms of the Security to reflect the inclusion of this term.

Notwithstanding ASX's grant of a waiver of Listing Rule 10.1 for the Security for the Drawdown Amounts, to ensure that the Lenders are able to directly enforce the Security without requiring any further approvals of Shareholders to be obtained or being required to exercise its rights through a receiver or receiver and manager, it was determined appropriate to seek the approval of Shareholders for the purposes of Listing Rule 10.1.

2.4 Independent Expert's Report

In accordance with Listing Rule 10.1, accompanying this Notice is an Independent Expert's Report prepared by RSM. The Independent Expert's Report assesses whether the Lenders' direct enforcement of the Security is fair and reasonable to the Shareholders who are not associated with RCF VI and Pala. The report concludes that the direct enforcement by RCF VI and Pala of the Security is fair and reasonable to the non-associated Shareholders.

Please refer to the Independent Expert's Report of this Notice at Appendix A for further details and in particular the advantages and disadvantages of the Lenders' direct enforcement of the Security, being the subject of Resolution 3. This assessment is designed to assist all Shareholders in reaching their voting decision. It is recommended that all Shareholders read the Independent Expert's Report in full.

2.5 Resolution not approved

In the event Shareholder approval under Resolution 3 is not obtained to permit the direct enforcement of the Security by the Lenders:

- the Security will remain in place albeit subject to the condition imposed under the ASX waiver (refer to section 2.3 above); and

- whilst approval of the exercise of the Security by the Lenders was not a condition precedent to drawdown, the Lenders will be entitled under the Convertible Loan Facility agreements to declare by notice to the Company all monies outstanding under the Convertible Loan Facility immediately due and payable.

2.6 Directors' recommendation

The Board (apart from Evgenij Iorich and Mark Wheatley, who abstain from making a recommendation) recommends that members vote in favour of the Resolution.

3. RESOLUTION 4 – ELECTION OF MR MARK WHEATLEY AS A DIRECTOR

Clause 11.12 of the Company's Constitution requires that a Director appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office until the next annual general meeting and then be eligible for re-election.

Mr Mark Wheatley was appointed as an addition to the existing Directors on 26 April 2016. In accordance with clause 11.12 of the Company's Constitution, Mr Mark Wheatley retires from office and offers himself for election as a Director.

A profile of Mr Mark Wheatley is contained on the Company's website at **www.pel.net.au**.

4. RESOLUTION 5 – APPROVAL FOR THE ISSUE OF UNLISTED OPTIONS TO MR MARK WHEATLEY

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue unlisted Options (**Related Party Options**) to Mr Mark Wheatley (or his nominee) on the terms and conditions set out below.

4.2 Related Party transaction

For a public company, or an entity that the public company controls, to give a financial benefit to a Related Party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Directors are Related Parties of the Company. The issue of Options to a Director requires the Company to obtain Shareholder approval because this constitutes giving a financial benefit.

In addition, Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party, or a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Related Party Options to Mr Mark Wheatley (or his nominee).

4.3 Shareholder approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to the proposed issue of Options to the Related Party:

(a) the Related Party is Mr Mark Wheatley and he is a Related Party by virtue of being a Director;

(b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) proposed to be issued under Resolution 5 to the Related Party is 65,000 Options;

(c) the exercise price of the Related Party Options will be $1.52;

(d) the expiry date of the Related Party Options will be 1 December 2019;

(e) the terms and conditions of the Related Party Options are set out in Schedule 1;

(f) the maximum number of Options to be issued to the Related Party is 65,000 Related Party Options to Mr Mark Wheatley in accordance with the remuneration terms contained in his letter of appointment. The issue of options is consistent with options issued to other Non-Executive Directors in 2015;

(g) the value of the Related Party Options and the pricing methodology is set out in Schedule 2. The valuation of these Options was calculated using a Black Scholes pricing model;

(h) the Related Party Options will be granted to the Related Party for nil cash consideration and no consideration. Accordingly, no loans will be made in relation to, and no funds will be raised from, the issue of the Related Party Options;

(i) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is as follows:

Highest	$1.45 on 14 October 2015
Lowest	$0.48 on 27 June 2016
Last	$0.61 on 19 October 2016

(j) the Related Party currently has an interest in the following securities in the Company:

Participating Director	Shares	Options
Mr Mark Wheatley	Nil	Nil

(k) Mr Mark Wheatley currently receives remuneration of $65,000 per year (Mr Wheatley was appointed on 26 April 2016 so received no salary or fees in the previous financial year);

(l) if the Related Party Options granted to the Related Party were exercised, a total of 65,000 Shares would be issued to Mr Mark Wheatley under Resolution 5. This would increase the number of Shares on issue from 178,223,709 to 178,288,709 (assuming that no Options are exercised and no Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Participating Director	Issued Shares as at the date of this Notice of Meeting	Number of Related Party Options to be issued	Issued Shares upon the conversion of Related Party Options	Dilutionary effect if all Related Party Options issued are exercised
Mr Mark Wheatley	-	65,000	65,000	0.04%
TOTAL	178,223,709	**65,000**	178,288,709	0.04**%**

(m) the Related Party Options will be issued to the Mr Mark Wheatley no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on one date;

(n) the Board does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed;

(o) the Board acknowledges the issue of Related Party Options to Mr Mark Wheatley is contrary to recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the issue of Related Party Options to Mr Mark Wheatley is reasonable in the circumstances, given that it will assist the Company in achieving its goals by aligning the interests of Mr Mark Wheatley with the interests of Shareholders; and

(p) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Options to the Related Party as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Options to the Related Party will not be included in the calculation of the Company's annual 15% placement capacity pursuant to Listing Rule 7.1 or its additional 10% placement capacity pursuant to Listing Rule 7.1A.

Director's recommendation

Mr Mark Wheatley declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5.

In forming their recommendations, each Director considered the experience of the Director and current market practices when determining the number of Related Party Options to be issued.

6. RESOLUTION 6 – SHARE PLACEMENT FACILITY

6.1 General

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the Directors to allot and issue up to 25,000,000 Shares under a Share placement facility (**Placement Facility**).

None of the Shares the subject of the Placement Facility will be placed to Related Parties of the Company.

A summary of Listing Rule 7.1 is set out in section 1.6 above.

The effect of passing Resolution 6 will be to allow the Directors to issue these Shares (if required) during the period of 3 months after the Extraordinary General Meeting (or a longer period, if allowed by ASX), without eroding the Company's annual 15% placement capacity under Listing Rule 7.1, or its additional 10% capacity under Listing Rule 7.1A.

As at the date of this Notice of Meeting there has been no decision by the Directors whether to utilise the Placement Facility. The Directors believe that it is prudent for the Company to have a share placement facility available so that the Company has the flexibility to raise additional equity funding without Shareholder approval.

6.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Placement Facility:

(a) the maximum number of securities to be issued is 25,000,000 Shares;

(b) the Shares will be issued no later than three (3) months after the date of the Extraordinary General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);

(c) the issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;

(d) as at the date of this Notice of Meeting there has been no decision by the Directors to issue any Shares. Accordingly, the names of any allottees or proposed allottees are not known and it is not known whether any allotments will occur as a single allotment or will occur progressively. The allottees will be identified at the Directors discretion but the Shares will not be issued to Related Parties of the Company;

(e) the Shares will be fully paid ordinary Shares in the capital of the Company and will rank equally with the Company's current issued Shares. The Company will apply to ASX for quotation of the Shares; and

(f) any funds raised under the Placement Facility will be used for ramp-up activities at the Lance Projects, the ongoing exploration and feasibility program at the Karoo Projects in South Africa, possible acquisition of new mineral assets or new businesses, and for working capital purposes.

Directors' recommendation

The Board recommends that members vote in favour of the Resolution.

GLOSSARY

30 June Interest Shares has the meaning given in section 1.2 of the Explanatory Statement.

A$ means Australian dollars, the lawful currency of the Commonwealth of Australia.

Designation Notice means a designation notice to be signed by the Company, the Lenders and the Security Trustee whereby the Lenders will join the existing security arrangements held by the Security Trustee.

Associate has the meaning given in section 1.5 of the Explanatory Statement.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

Board means the current board of Directors of the Company.

Business Day has the meaning set out in the Listing Rules.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;

(e) a company the member controls; or

(f) a person described by the *Corporations Regulations 2001* (Cth).

Company or **Peninsula** means Peninsula Energy Limited (ABN 67 062 409 303).

Convertible Loan Facility has the meaning given in section 1.2 of the Explanatory Statement.

Convertible Notes has the meaning given in section 1.2 of the Explanatory Statement.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities has the meaning given in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Extraordinary General Meeting or **Meeting** means the extraordinary meeting convened by this Notice.

Independent Expert's Report means the independent expert's report prepared by RSM set out in Appendix A to this Notice.

Interest Shares has the meaning given in section 1.2 of the Explanatory Statement.

Investec means Investec Bank plc.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including any Director of the Company.

Lenders means RCF VI and Pala.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of Extraordinary General Meeting including the Explanatory Statement and the Proxy Form.

Option means an option to purchase a Share and includes a PENOD Option.

Pala means Pala Investments Limited.

Pala Associate means an Associate of Pala.

Pala Note has the meaning given in section 1.2 of the Explanatory Statement.

Pala Options means 5,647,790 PENOD Options.

Pala Shares means Shares to be issued pursuant to the Convertible Loan Facility or on exercise of Pala Options, which together with Shares currently held by Pala and its Associates, could result in Pala and its Associates holding a voting power in Peninsula of up to 24.59%.

PENOD Option means an Option listed on ASX exercisable at A$2.00 on or before 31 December 2018.

Placement Facility has the meaning given in section 6.1 of the Explanatory Statement.

Proxy Form means the proxy form attached to this Notice of Meeting.

RCF means Resource Capital Funds, a group of private equity funds managed by RCF Management LLC.

RCF Arrangement Fee Shares has the meaning given in section 1.2 of the Explanatory Statement.

RCF Associate means an Associate of RCF VI.

RCF Note has the meaning given in section 1.2 of the Explanatory Statement.

RCF Options means 18,825,302 PENOD Options.

RCF Shares means Shares to be issued pursuant to the Convertible Loan Facility or on exercise of RCF Options, which together with Shares currently held by RCF VI and its Associates, could result in RCF VI and its Associates holding a voting power in Peninsula of up to 41.84%.

RCF VI means Resource Capital Fund VI LP.

Related Party has the meaning given to it in the Listing Rules.

Related Party Option has the meaning given in section 4.1 of the Explanatory Statement.

Repayment Date means 22 April 2017.

Resolutions means the resolutions set out in the Notice of Meeting and **Resolution** means any one of them.

RSM means RSM Australia Pty Ltd.

Security means the existing security over the assets of Peninsula in Australia, the United States and the United Kingdom held by Investec Australia Ltd as security trustee , granted originally to secure the obligations of the Company to Investec Bank plc pursuant to a working capital facility signed in December 2015 but which will be amended to secure the obligations of the Company under the Convertible Loan Facility.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Strata Energy means Strata Energy Inc, a company incorporated in Delaware, United States of America.

US$ means United States dollars, the lawful currency of the United States of America.

VWAP means volume weighted average price.

WST means Western Standard Time, Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

The Related Party Options entitle the holder (**Optionholder**) to subscribe for Shares on the following terms and conditions:

(a) Each Related Party Option gives the Optionholder the right to subscribe for one Share.

(b) The Related Party Options will expire at 5.00pm (WST) on 1 December 2019 (**Expiry Date**). Any Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The Related Party Options will have an exercise price of $1.52 (**Exercise Price**).

(d) An Optionholder may exercise their Related Party Options by lodging with the Company, before the Expiry Date:

(i) a written notice of exercise of Related Party Options specifying the number of Related Party Options being exercised; and

(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Related Party Options being exercised,

(**Exercise Notice**).

(e) All Shares issued upon the exercise of Related Party Options will upon allotment rank pari passu in all respects with other Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Related Party Options.

(f) The Company will not apply for official quotation of the Related Party Options by ASX.

(g) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(h) There are no participating rights or entitlements inherent in the Related Party Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Related Party Options prior to the date for determining entitlements to participate in any such issue.

(i) A Related Party Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Related Party Option can be exercised.

(j) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Related Party Options, the Exercise Price may be reduced in accordance with the formula set out in Listing Rule 6.22.2.

(k) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of a Related Party Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Related Party Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(l) The Related Party Options are transferable subject to compliance with all applicable laws.

SCHEDULE 2 – RELATED PARTY OPTION VALUATION

The Related Party Options to be issued to the Related Party pursuant to Resolution 5 have been valued independently by RSM using the Black & Scholes option model and, based on the assumptions set out below, were ascribed the following value:

Assumptions:	
Valuation date	5 August 2016
Market price of Shares	$0.684[3]
Exercise price (150% of market price)	A$1.52
Expiry date (length of time from issue)	3.32 years
Risk free interest rate	1.44%[1]
Volatility (discount)	73%[2]
Indicative value per Related Party Option (rounded)	21.1cents
Total Number of Related Party Options	65,000
Total Value of Related Party Options	A$13,721

Related Party	**Related Party Options (Number)**	**Valuation per Related Party Option**	**Total Value of Related Party Options ($)**
Mark Wheatley	65,000	A$0.211	A$13,721
Total	**65,000**		**A$13,721**

[1] Risk free interest rate based on the yield of 3 year government bonds on 4 August 2016 as per the RBA.

[2] Volatility was determined using the average annualised volatility measured over a 5 year period (calculated by RSM)

[3] Market price was calculated as the VWAP of the Shares over a 5 day period ended 4 August 2016

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes

APPENDIX A – INDEPENDENT EXPERT'S REPORT

PENINSULA ENERGY LIMITED

Financial Services Guide and Independent Expert's Report

11 October 2016

We have concluded that the Proposed Transaction is not Fair, but Reasonable

We have concluded that the issue of the Security is Fair and Reasonable

FINANCIAL SERVICE GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Toll Free:	1300 78 08 08
Facsimile:	(03) 9613 6399
Email:	info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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11 October 2016
Directors
Peninsula Energy Limited
Unit 17, Level 2, 100 Railway Road
SUBIACO WA 6008

Dear Directors

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to Shareholders for a General Meeting of Peninsula Energy Limited ("Peninsula" or "the Company") to be held on or around November 2016, at which shareholder approval will be sought for (among other things) the issue of convertible notes ("Convertible Notes") and security ("Security") pursuant to a convertible loan facility ("Convertible Loan Facility") that the Company has entered into with substantial Shareholders, Resource Capital Fund VI L.P. ("RCF VI") and Pala Investments Ltd ("Pala") (together, the "Lenders") for a total of US$20 million, and the issue of shares on the exercise of options held by RCF VI and Pala ("Proposed Transaction").

1.2 The loans can be converted to shares in the Company at the lower of $0.80 per Share or the price of any equity raised prior to repayment. The maturity date of the loans is 22 April 2017.

1.3 RCF VI currently holds 21.4% of the issued capital in the Company and Pala currently holds 11.9% of the issued capital in the Company. RCF VI currently holds 18,825,302 options to acquire shares in the Company and Pala currently holds 5,647,790 options to acquire shares in the Company, which are all exercisable at $2.00 per share.

1.4 Conversion of the loans and exercise of the options could result in RCF VI increasing its interest in Peninsula by more than 3% from a starting point greater than 20% and Pala increasing its interest in Peninsula from less than 20% to greater than 20%.

1.5 The convertible loans will be secured by a charge over certain assets of the Company ("Security").

1.6 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction and provision of Security are fair and reasonable to Shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders").

1.7 The request for approval of the Proposed Transaction is included in Resolutions 1 to 3 in the Notice.

1.8 Resolutions 1 and 2 are interdependent, hence we have provided one opinion. However we have analysed each Resolution in isolation in our Report.

1.9 The ultimate decision whether to approve the Proposed Transaction and Security should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion

Proposed Transaction

Opinion

2.1 In our opinion, and for the reasons set out in Sections 11 and 12 of this Report, the Proposed Transaction is **not fair but reasonable** to the Non-Associated Shareholders of Peninsula.

Approach

2.2 In assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – *Content of Expert Reports* ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.

2.3 Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

2.4 Therefore, we have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:

- The Fair Value of a Share in Peninsula on a control basis pre the Proposed Transaction; with
- The Fair Value of a Share in Peninsula on a non-control basis immediately post completion of the Proposed Transaction,

and, considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.5 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 4 of this Report.

Fairness

2.6 Our assessed values of a Peninsula Share prior to and immediately after the Proposed Transaction are summarised in the table and figure below.

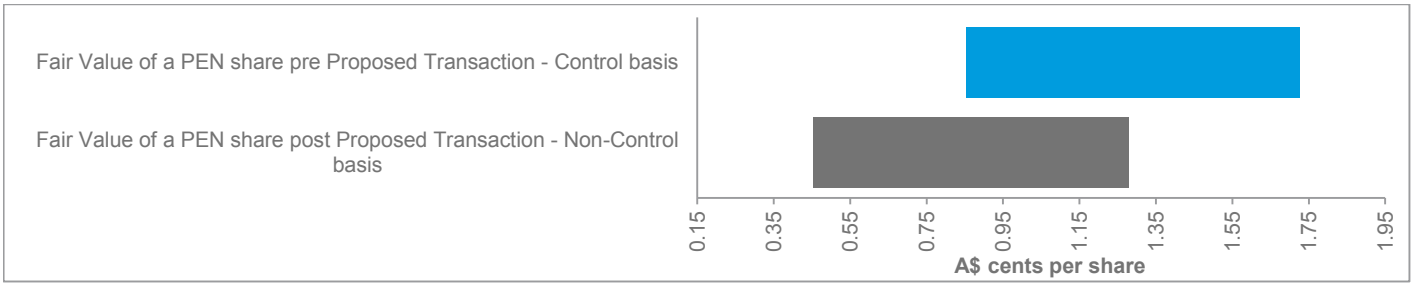
Table 1 Assessed values of a Peninsula Share pre and post the Proposed Transaction

Assessment of fairness	Ref.	Value per Share		
		Low	Preferred	High
		A$	A$	A$
Fair Value of a Peninsula share pre the Proposed Transaction - Control basis	9.52	$0.85	$1.03	$1.73
Fair Value of a Peninsula share post the Proposed Transaction - Non control basis	10.2	$0.45	$0.66	$1.28

Source: RSM analysis

2.7 We have summarised the values included in the table above in the chart below.

Figure 1 Peninsula Share valuation graphical representation



Source: RSM Analysis

2.8 The chart above indicates that the preferred undiluted value post the Proposed Transaction is below the preferred value and lower range of undiluted values pre the Proposed Transaction.

2.9 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Corporations Act 2001, we consider the Proposed Transaction to be not fair to the Non-Associated Shareholders of Peninsula.

Reasonableness

2.10 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

2.11 If the Proposed Transaction does not proceed then the Company may not have adequate funding to advance the development of the Lance Project in accordance with the current strategic timeline, which may preclude the Company from delivering on its committed sales contracts, disadvantage the Company in the market and ultimately result in financial loss to Shareholders.

2.12 The key advantages of the Proposed transaction are:

- The Company will have sufficient funding to continue to develop the Lance and Karoo Projects;
- The Company will have sufficient working capital to continue operating in the short-term.

2.13 The key disadvantages of the Proposed Transaction are:

- Shareholders will be diluted;
- RCF VI and Pala will increase their undiluted interest in the Company from 21.4% to up to 36.9% (41.8% fully diluted) and from 11.9% to up to 22.5% (24.6% fully diluted) respectively, assuming all PENOD options issued to RCF VI and Pala are fully converted and any listed or unlisted options on issue to Non-Associated Shareholders are not converted;
- The conversion period for the Convertible Loan Facility is only 12 months, thus if the debt is called upon the Company may not have sufficient funds and need to seek other debt or equity alternatives.

2.14 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of Peninsula at this time.

2.15 Whilst we have included a control premium in our assessment, we note that the Proposed Transaction only results in RCF VI acquiring an additional element of control and Pala acquiring an element of control.

Therefore with the exception of RCF VI and Pala's capacity to potentially block special Shareholder resolutions, the Proposed Transaction does not significantly enhance RCF VI or Pala's influence over the Company and existing Non-Associated Shareholders will retain their majority ownership regardless of whether the Proposed Transaction is completed.

2.16 In our opinion, the position of the Non-Associated Shareholders of Peninsula if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Peninsula.

Security

Opinion

2.17 In our opinion, the issue of the Security is fair and reasonable to the Non-Associated Shareholders of Peninsula.

Fairness

2.18 The Security is limited to the value of the debt owed to RCF VI and Pala, plus other amounts otherwise owed to RCF VI and Pala under the Proposed Transaction. As such, RCF VI or Pala will not receive any value from the Security that is greater than the debt owing to them. For the purpose of our analysis, we have not considered any additional interest charges or additional amounts that may become payable as the quantum of such is not predictable and not material to our opinion of fairness. We note that the 8% p.a. coupon rate attached to the Convertible Loan Facility is not unreasonable.

2.19 In accordance with the guidance set out in RG 111 issued by ASIC, and in the absence of any other relevant information, for the purpose of ASX Listing Rule 10.1, we consider the issue of the Security to be fair to the Non-Associated Shareholders of Peninsula, as the value of the Security cannot be greater than the value of the debt owed to RCF VI and Pala.

Reasonableness

2.20 RG 111 establishes that a transaction is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for the security holders to approve the transaction in the absence of a superior alternative. In assessing the reasonableness of Security, we have considered the following factors in our assessment:

- The future prospects of the Company if the Security is issued; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of issuing the Security.

2.21 The issue of the Security is a condition of the Proposed Transaction. If the issue of the Security is not approved, then the Proposed Transaction may not proceed and the Company will need to source alternative funding.

2.22 We consider the key advantages of issuing the Security to be as follows:

- The issue of the Security is fair;
- The 8% p.a. coupon rate attached to the Convertible Loan Facility is not unreasonable; and
- The issue of the Security allows the Proposed Transaction to take place which will allow Peninsula to develop its projects and fund short term working capital requirements.

2.23 The key disadvantage of issuing the Security is:

- If, in an event of default by Peninsula and RCF VI or Pala enforce the Security, then some or all of Peninsula's assets may be sold (to the extent required to enable RCF VI or Pala to recover the debt).

2.24 In our opinion, the position of the Non-Associated Shareholders of Peninsula if the Security is issued is more advantageous than if the Security is not issued. Therefore, in the absence of any other relevant information and/ or a superior transaction, we consider that the issue of the Security is reasonable for the Non-Associated Shareholder of Peninsula.

2.25 Non-Associated Shareholders should have particular regard to the potential advantages and disadvantages set out above in the context of their own risk profile and investment strategy.

3. Summary of Transactions

Overview

3.1 On 26 April 2016, Peninsula announced that it had entered into convertible loan agreements with major Shareholders Resource Capital Fund VI L.P. and Pala Investments Ltd for a total of US$15 million and announced a further US$5 million increase in early October 2016 for an aggregate total of US$ 20 million ("Proposed Transaction").

Key terms of the agreements

3.2 Under the agreements RCF VI and Pala ("Lenders") have each agreed to provide the Company with funding support through a convertible loan facility ("Convertible Loan Facility") in proportion to their existing shareholdings in the Company.

3.3 The key terms of the agreements are:

- The US$20 million total loan amount is comprised of a US$12.84 million loan from RCF VI and US$7.16 million from Pala to be subscribed for by each Lender through the issue of convertible notes ("Convertible Notes");
- The Convertible Notes will bear interest at the rate of 8% per annum, payable quarterly in arrears in cash or shares ("Interest Shares") at the Lenders' election.
    - Both RCF VI and Pala have informed the Company that they wish to receive payments of interest in respect of the quarters ended 30 June 2016 and 30 September 2016 in the form of Interest Shares, and the Lenders are otherwise yet to elect whether to receive further interest payments in cash or Shares. The tranche of Interest Shares were calculated in respect of each quarter on the basis of the 5 day VWAP and the AUD:USD exchange rate at each quarter end, being A$0.4985 and 0.7387 at 30 June 2016 ("30 June Interest Shares") and A$0.5869 and 0.7684 at 30 September 2016 ("30 September Interest Shares");
- The lenders may elect to convert all or part of the principal amount of the Convertible Notes (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;
- An arrangement fee of 2% of the amount available under the Convertible Notes is also payable in cash or in fully paid ordinary Shares (at the Lenders' election) using a conversion price of the lower of $0.80 per Share or the 5 day VWAP immediately prior to the drawing of the relevant loan ("Arrangement Fee");
    - At Pala's election, the Company has paid its proportion of the Arrangement Fee in cash for the original drawdown of US$15 million in April 2016. RCF VI has informed the Company that it wishes to receive its portion of the total Arrangement Fee in Shares, being up to 458,571 Shares ("RCF Arrangement Fee Shares") and Pala has informed the Company that it wishes to receive its portion of the Arrangement Fee for the additional US$ 5 million drawdown in Shares, being up to 63,929 Shares ("Pala Arrangement Fee Shares");
- The Convertible Notes will be secured by a charge over certain assets of the Company, but will be subordinated to the existing Investec working capital facility ("Investec Facility");
- The maturity date of the Convertible Notes is 22 April 2017 ("Maturity Date").

3.4 The Company is seeking approval for maximum voting power to be granted to RCF VI and Pala under the Convertible Loan Facility, as follows:

Table 2 Maximum possible number of shares to be issued to RCF VI and Pala

	Number of RCF VI Shares	Number of Pala Shares
Convertible Loan at A$0.60 each[1][2]	40,761,905	22,730,159
Arrangement Fee Shares are issued at A$0.80 each [1] [2]	458,571	63,929
30 June Interest Shares at A$0.4985 each [3][4]	401,245	223,747
30 September Interest Shares at A$0.5869 each [3][4]	430,586	240,109
Outstanding Interest Shares issued at A$0.60 each[1]	1,806,336	1,007,271
Total Shares Issued	**43,858,643**	**24,265,215**

Source: Company estimates
(1) Includes a 25% contingency
(2) Assuming AUD:USD exchange rate of 0.70
(3) Assuming a AUD:USD Exchange rate of 0.7387 at 30 June 2016 and 0.7684 at 30 September 2016
(4) The 30 June Interest Shares and 30 September Interest Shares are not subject to the 25% contingency

3.5 The application of a contingency to determine the maximum voting power is to allow for uncertainty and variability in the share price and foreign exchange rates.

Investec Facility

3.6 Security over the assets of Peninsula in Australia, the United States and the United Kingdom is held by Investec Australia Ltd and Investec Bank plc as part of a working capital facility signed in December 2015.

3.7 The Convertible Loan Facility and associated Lenders' Security will be subordinated to that held by Investec.

Use of funds

3.8 The Company intends to use the funds raised under the Convertible Loan Facility as follows:

- US$6,000,000 - to Lance Project development costs.
- US$5,500,000 - to working capital expenditure in respect of Strata Energy, being the United States subsidiary of Peninsula responsible for the Lance Project operations;
- US$7,000,000 - to working capital expenditure in respect of Peninsula; and
- US$1,500,000 - to Karoo Project development costs.

Rationale for the Proposed Transaction

3.9 The funds received under the Convertible Loan Facilities will be primarily used to finance the well field ramp up activities and Stage 2 final engineering designs at the Lance uranium project in Wyoming, USA (“Lance Project”), plus, together with other financing initiatives being currently undertaken, resource development and feasibility studies at the Karoo uranium/molybdenum project in South Africa (“Karoo Project”) and general working capital purposes.

3.10 Each of the Shareholders has the financial capacity to provide further funding to Peninsula when and if further funding is required for the development of its projects.

Impact of Proposed Transaction on Peninsula's Capital Structure

3.11 The table below sets out a summary of the capital structure of Peninsula prior to and post the Proposed Transaction. While the Company is seeking approval for maximum voting power to be granted to RCF VI and Pala under the Convertible Loan Facility, we have shown the impact of the Proposed Transaction where both RCF VI and Pala convert at the same time; where RCF VI converts and Pala does not convert; and where Pala converts and RCF VI does not convert.

Table 3 Share structure of Peninsula pre and post the Proposed Transaction

	Prior to Proposed Transactions		Post Proposed Transaction (RCF VI and Pala)[1]		Post Proposed Transaction (RCF VI only)[1][2]		Post Proposed Transaction (Pala only)[1][3]	
Shares on issue:								
Non-Associated Shareholders	118,846,611	66.7%	118,846,611	48.2%	118,846,611	53.5%	118,846,611	58.7%
RCF VI	38,109,200	21.4%	81,967,843	33.3%	81,967,843	36.9%	38,109,200	18.8%
Pala	21,267,898	11.9%	45,533,113	18.5%	21,267,898	9.6%	45,533,113	22.5%
Total undiluted Shares on Issue	**178,223,709**	**100%**	**246,347,567**	**100%**	**222,082,352**	**100%**	**202,488,924**	**100%**
Options:								
Options on issue to Non-Associated Shareholders	21,430,092	46.7%	21,430,092	46.7%	21,430,092	53.2%	21,430,092	79.1%
Options on issue to RCF VI	18,825,302	41.0%	18,825,302	41.0%	18,825,302	46.8%	-	0.0%
Options on issue to Pala	5,647,790	12.3%	5,647,790	12.3%	-	0.0%	5,647,790	20.9%
Total Options and Performance Shares	**45,903,184**	**100%**	**45,903,184**	**100%**	**40,255,394**	**100%**	**27,077,882**	**100%**
Fully Diluted Position:								
Existing Non-Associated Share / Option holders[4]	118,846,611	58.6%	118,846,611	43.9%	118,846,611	49.3%	118,846,611	57.1%
RCF VI	56,934,502	28.1%	100,793,145	37.2%	100,793,145	41.8%	38,109,200	18.3%
Pala	26,915,688	13.3%	51,180,903	18.9%	21,267,898	8.8%	51,180,903	24.6%
Total diluted Shares on issue	**202,696,801**	**100%**	**270,820,659**	**100%**	**240,907,654**	**100%**	**208,136,714**	**100%**

Source: Company estimates

(1) The maximum voting power for which Shareholder approval is sought pursuant to Resolution 1 and 2 has been determined by applying a 25% contingency to the position if the Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are issued at A$0.4985 (with a AUD:USD exchange rate of 0.7387), the 30 September Interest Shares are issued at A$0.5869 (with a AUD:USD exchange rate of 0.7684), the outstanding Interest Shares are issued at A$0.60 per Share and the Arrangement Fee Shares are issued at $0.80 per Share, all at an assumed AUD / USD exchange rate of 0.70. The application of a contingency to determine the maximum number of Shares is to allow for uncertainty and variability in the share price and foreign exchange rates.
(2) Assumes maximum possible number of shares are issued under the Proposed Transaction where RCF VI converts their shares and Pala does not.
(3) Assumes maximum possible number of shares are issued under the Proposed Transaction where Pala converts their shares and RCF VI does not.
(4) Our assessment post the Proposed Transaction assumes that all PENOD options issued to RCF VI and Pala are fully converted and any listed and unlisted options on issue to Non-Associated Shareholders and Unlisted options to be issued to a director subject per resolution 5 of the Notice are not converted.

4. Scope of the Report

Proposed Transaction

Corporations Act

4.1 Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing by more than 3% in every 6 months from a starting point that is above 20% or increasing their interest from a position of less than to greater than 20%. Completion of the Proposed Transaction may result in RCF VI increasing their undiluted interest in Peninsula from 21.4% to up to 36.9% (41.8% fully diluted) and Pala from 11.9% to up to 22.5% (24.6% fully diluted), assuming all PENOD options issued to RCF VI and Pala are fully converted and any listed and unlisted options on issue to Non-Associated Shareholders are not converted.

4.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Non-Associated Shareholders of the company.

4.3 Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.

4.4 Section 611(7) of the Act states that Shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

Basis of Evaluation

4.5 In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by the ASIC in RG 111.

4.6 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

4.7 RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

4.8 Furthermore, RG 111 states that in relation to related party transactions the expert's assessment of fair and reasonable should not be applied on a composite test – that is, there should be a separate assessment of whether the transaction is "fair and reasonable" as in a control transaction.

4.9 Consistent with the guidelines in RG 111, in assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis undertaken is as follows:

- Whether the value of a Peninsula Share prior to implementation of the Proposed Transaction (on a control basis) is less than the value of a Peninsula Share following implementation of the Proposed Transaction (on a non-control basis) - fairness; and
- A review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction - reasonableness.

4.10 The other significant factors to be considered include:

- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

4.11 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this report.

Security

Listing Rules

4.12 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.

4.13 Prior to the Proposed Transaction RCF VI and Pala each held interests in Peninsula greater than 10% and, as such, are considered substantial shareholders.

4.14 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is 5% or more of the equity interest of the entity as set out in the latest financial statements given to the ASX".

4.15 The equity interests of Peninsula as at 30 June 2016 were US$132.5 million. The Security will be granted over the present and future assets of Peninsula in Australia, the United States and the United Kingdom and therefore will exceed 5% of Peninsula's equity interests.

4.16 ASX Listing Rule 10.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.

4.17 Accordingly, Peninsula is seeking approval for the issue of the Security. The Company has engaged RSMCA, to prepare a report which sets out our opinion as to whether the issue of the Security is fair and reasonable to Non-Associated Shareholders.

Regulatory guidelines

4.18 In determining whether the issues of the Security is "fair and reasonable" we have also given regard to the views expressed by the ASIC in RG 111.

4.19 RG 111 states that in relation to related party transactions the expert' assessment of fair and reasonable should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is "fair and reasonable" as in a control transaction.

4.20 Distinct from the requirements for the analysis of the Proposed Transaction, for the purpose of the Security, we do not need to consider a premium for control.

4.21 In assessing whether the issue of the Security is fair and reasonable to Non-Associated Shareholders, the analysis undertaken is as follows:

- Whether the value of the assets secured is greater than the value of the debt that will be owed in accordance with the terms of the Security – fairness; and
- A review of other significant factors which Non-Associated Shareholders might consider prior to approving the Security – reasonableness.

4.22 The other significant factors to be considered when assessing the reasonableness of the Security include:

- The future prospects of the Company if the Security is not provided; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as consequence of issuing the Security.

4.23 Our assessment of the Security is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Peninsula

Background

5.1 Peninsula Energy Limited is an ASX listed uranium mining company engaged in the mining, exploration and development of uranium projects in the United States and South Africa.

5.2 The Company's flagship assets are the Lance uranium projects located on the North-East flank of the Powder River Basin in Wyoming, USA ("Lance Project"). The Company commenced in-situ uranium production from the Lance Project in December 2015 and delivered its first drummed uranium to the conversion facility in May 2016.

5.3 The Lance Project development plan comprises a three (3) stage ramp-up strategy:

- Stage 1 – production rate of between 500,000 and 700,000 lbs U_3O_8 per annum;
- Stage 2 – production rate of 1,200,000 lbs U_3O_8 per annum; and
- Stage 3 – production rate of 2,300,000 lbs U_3O_8 per annum.

5.4 The Company will continue to ramp up stage 1 activity in 2016 and plans to commence initial development activities for stage 2 following the completion of additional funding.

5.5 The Company also holds a 74% interest in the Karoo uranium/molybdenum exploration project located in the Republic of South Africa ("Karoo Project"). The Karoo Project, located in the Western Cape, Eastern Cape and Northern Cape Provinces of South Africa comprise 40 prospecting rights covering 7,774 km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin. New applications for mining and prospecting rights have been submitted to initiate mining and extend the tenure of the title holdings and once completed the total tenement holding will reduce to an area covering 4,657 km². Feasibility studies and resource development on the Karoo Project continue to progress.

5.6 Details of Peninsula's exploration and production assets can be found in the independent technical report prepared by SRK Consulting Pty Ltd ("SRK") and attached at Appendix E.

Directors and management

5.7 The directors and key management of Peninsula are summarised in the table below.

Table 4 Peninsula Directors

Mr John Simpson	Chief Executive Officer and Managing Director	Mr John "Gus" Simpson is a Science and Arts graduate from Curtin University, Western Australia. He joined the Peninsula Energy Board in August 2007 and has over 25 years of experience in the management of listed mineral companies. He has had principal involvement in a number of successful mineral discoveries in Africa, Australia and North America
Mr John Harrison	Non-Executive Chairman	Mr Harrison has experience and resource sector knowledge acquired over a 45 year career including 20 years of investment banking in London. During this time Mr Harrison has developed an extensive international contact base advising companies across a range of commodities, (including uranium) and raising more than £500m in equity capital in the process
Mr Warwick Grigor	Non-Executive Director	Mr Grigor is a law and economics graduate of the Australian National University with over 25 years' experience in financial markets and stock broking. Mr Grigor is currently Executive Chairman and founder of Far East Capital Ltd, a specialist mining company financier and corporate advisor, and Non-Executive Chairman of ASX listed First Graphite Ltd. Mr Grigor was previously Executive Chairman of Canaccord Genuity (Australia) Ltd.

Mr Richard Lockwood	Non-Executive Director	Mr Lockwood is a director of London based Arlington Group Asset Management Limited and was previously the senior resources fund manager at CQS Asset Management Ltd having merged his New City Investment Management group with CQS in 2007. Mr Lockwood has over 50 years' experience in the funds management and mining investment sectors across the United Kingdom, Australia, and South Africa. He has extensive involvement with the uranium sector via institutional investment markets including being the founder of specialist uranium investment fund, Geiger Counter Ltd.
Mr Evgenij Iorich	Non-Executive Director	Mr Iorich is currently Portfolio Manager at Pala Investments Limited (Pala) and has extensive experience in the natural resources sector across a broad range of commodities with a focus on M&A opportunities, operational, financial planning and corporate structuring
Mr Harrison Barker	Non-Executive Director	Mr Harrison (Hink) Barker retired June 1, 2015 from the Generation segment of Dominion Resources with over 40 years of fossil and nuclear fuel commercial and technical responsibilities. Since 1992, Mr Barker had been the manager responsible for Dominion's procurement of nuclear fuel and the related processing steps of conversion from U3O8 to UF6, enrichment of UF6, and fabrication of nuclear fuel assemblies
Mr Mark Wheatley	Non-Executive Director(1)	Mr. Wheatley is an experienced resources company CEO, Non-Executive Director and Chairman with a career spanning more than 30 years in mining and related industries. Mr. Wheatley has 10 years' experience in the uranium industry and been involved in ISR project feasibility studies, start up, production, rehabilitation and closure.

Source: S&P Capital IQ/ ASX

(1) Mr Wheatley was appointed as Non-Executive Director on 26 April 2016. Shareholder approval is being sought under Resolution 4 for Mr Wheatley to retire in accordance with clause 11.2 of the Company's constitution and be re-elected as a Director of the Company.

Financial Information of Peninsula

5.8 The information below provides summaries of the financial performance of Peninsula for the years' ended 30 June 2016 and 30 June 2015 extracted from the audited financial statements of the Company.

5.9 The auditor of Peninsula, BDO, has issued an unqualified review opinion on the financial statements for the year ended 30 June 2016.

Financial Performance

Table 5 Peninsula Historical Financial Performance

US$ 000	Ref.	30-Jun-2016 Audited	30-Jun-2015 Audited
Revenue		5,771	-
Cost of sales		(3,110)	-
Gross profit		**2,661**	**-**
Other income		44	193
Selling and marketing expenses		(1,050)	-
Administration expenses		(3,836)	(3,931)
Depreciation expense		(201)	(202)
Foreign exchange gain		1,094	1,435
Other expenses		(1,644)	(1,278)
Loss before interest and tax	**5.10**	**(2,932)**	**(3,783)**
Finance costs		(597)	(647)
Net loss for before tax		**(3,529)**	**(4,430)**
Income tax expense		-	-
Loss for the year from continuing operations		**(3,529)**	**(4,430)**

Source: Company financial statements

5.10 Peninsula's financial performance is indicative of a company in the initial stages of production and ramp-up with initial operating revenue and cost of sales.

5.11 In December 2015 Peninsula commenced uranium recovery at the Ross Permit Area of its Lance Project in the United States. The Company made its first deliveries of uranium under its existing uranium contracts between January and June 2016. As the Lance Project was in the ramp phase during this time period, uranium was purchased externally on the spot market for these deliveries.

Financial Position

Table 6 Peninsula Historical Financial Position

US$ 000	Ref.	30-Jun-2016 Audited	30-Jun-15 Audited
Assets			
Cash and cash equivalents		3,759	24,990
Trade and other receivables - current		3,672	2,872
Inventory		2,221	-
Total current assets		9,652	27,862
Trade and other receivables - non current		3,117	-
Property, plant and equipment		29,101	13,143
Mineral exploration and evaluation		8,181	9,040
Mineral development	5.12	110,737	91,758
Other financial assets		3	3
Total non-current assets		151,139	113,944
Total assets		160,791	141,806
Liabilities			
Trade and other payables		3,164	2,835
Borrowings		17,988	204
Deferred revenue		1,119	-
Provisions		70	50
Total current liabilities		22,341	3,089
Borrowings		692	899
Provisions	5.14	5,234	753
Total non-current liabilities		5,926	1,652
Total liabilities		28,267	4,741
NET ASSETS	5.12	**132,524**	**137,065**
Equity			
Issued capital		184,073	181,013
Reserves		3,237	7,071
Accumulated losses		(55,890)	(52,361)
Non-controlling interest		1,104	1,342
Total equity		**132,524**	**137,065**

Source: Company Financial Statements

5.12 As at 31 December 2016, Peninsula had net assets of US$132.5 million driven by capitalised mineral development expenditure of US$110.7 million relating to the Lance Project, US$8.2 million capitalised exploration expenditure relating to the Karoo Project along with US$29.1 million property, plant and equipment.

5.13 The Company had a net working capital deficit (current assets less current liabilities) of US$12.7 million and net debt (cash less borrowings) of US$14.9 million including US$3.8 million cash and cash equivalents.

5.14 Long term provisions at 30 June 2016 represents estimated rehabilitation provisions recognised in relation to the exploration and development activities for costs associated with the restoration of various sites.

5.15 Additional funding is required in order for the Company to execute its strategic development at the Lance Project and for immediate working capital purposes given the current cash outflow rate, noting the $21.2 million decrease in cash during the year.

Capital Structure

5.16 Peninsula has 178,223,709 ordinary shares on issue and 45,903,184 unlisted options. The top 20 Shareholders of Peninsula as at 27 September 2016 are set out below.

Table 7 Peninsula Top 20 Shareholders

Rank	Name	Total Units	% Issued Share Capital
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	38,205,757	21.44%
2	CITICORP NOMINEES PTY LIMITED	22,601,856	12.68%
3	NATIONAL NOMINEES LIMITED	14,248,804	7.99%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,783,826	6.61%
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	8,255,676	4.63%
6	BNP PARIBAS NOMS PTY LTD	5,841,781	3.28%
7	MR GULKESH TINKU SINGH KOONER	2,601,586	1.46%
8	MR GAVIN MCPHERSON	1,729,222	0.97%
9	ETCHELL CAPITAL PTY LTD	982,043	0.55%
10	CCP TECHNICAL LIMITED	979,696	0.55%
11	CITICORP NOMINEES PTY LIMITED	919,830	0.52%
12	BNP PARIBAS NOMINEES PTY LTD	658,291	0.37%
13	BLOODSTONE LIMITED	555,556	0.31%
14	MR WALLY MICHAEL YURYEVICH	524,875	0.29%
15	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	522,589	0.29%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	503,575	0.28%
17	KELLCO TECHNOLOGIES PTY LTD	492,313	0.28%
18	EAGLE GROUP INVESTMENTS PTY LTD	475,738	0.27%
19	MR REZA REZAZADEH VIND	475,000	0.27%
20	SKEGGS GOLDSTIEN PLANNERS PTY LIMITED	470,000	0.26%
	Total Top 20 Shareholding	**112,828,014**	**63.31%**
	Total issued capital	**178,223,709**	

Source: Company / Computershare

5.17 As at the date of this Report, RCF VI has a relevant interest in 38,109,200 Shares and the current voting power of RCF VI and each of its Associates in the Company is 21.4% based on 178,223,709 Shares on issue on an undiluted basis. RCF VI also hold 18,825,302 unlisted Options, which translate to a maximum voting power of 28.9% on a fully diluted basis, assuming that all PENOD options issued to RCF VI and Pala are fully converted and any listed and unlisted options on issue to Non-Associated Shareholders are not converted.

5.18 Pala currently holds 21,267,898 Shares and an undiluted voting power in the Company of 11.9%. Pala also holds 5,647,790 Options which translates to a maximum voting power of 14.6% on a fully diluted basis,

assuming that all PENOD options issued to Pala and RCF VI are fully converted and any listed and unlisted options on issue to Non-Associated Shareholders are not converted.

5.19 There are an additional 21,430,092 listed and unlisted options held by Non-Associated Shareholders of the Company as well as 65,000 unlisted options to be issued to a related party subject to Resolution 4. All listed and unlisted Options are out of the money at the date of this report and are therefore excluded from any dilutive calculations.

Share price performance

5.20 The figure below sets out a summary of Peninsula's closing Share prices and traded volumes for the 12 months to 20 September 2016. We note that Peninsula's shares were in suspension from approximately six weeks prior to the announcement of the Proposed Transaction on 26 April 2016. As such we will comment on the period up to Peninsula's last day of trading prior to this, being 11 March 2016, and following the announcement of the Proposed Transaction.

Figure 2 Peninsula daily closing Share price and traded volumes

Source: S&P Capital IQ/ ASX

5.21 In the period prior to Peninsula's securities entering a trading halt on 11 March 2016, Peninsula shares were traded consistently, although at low volumes, with around 10% of total shares traded during the 180 trading days prior to the 11 March 2016.

5.22 The only significant day of trading during this period occurred on 22 December 2015 with 2.235 million Shares or 1.27% of issued capital traded in a single day. On 23 December 2015, the Company released a positive announcement labelled '*High Grade Uranium Intercepts at Karoo Project*' indicating positive hole re-probing results for its exploration assets in South Africa.

5.23 We note that elevated volumes were traded on 27 April 2016. However this activity appears to only reflect the Company's securities coming out of a trading halt on 26 April 2016, with volumes returning to normal levels in the subsequent days.

5.24 Peninsula's Share price performance is discussed in more detail in Paragraphs 9.42 to 9.44.

6. Profile of Resource Capital Fund

Background

6.1 Resource Capital Funds ("RCF") is a group of commonly managed private equity funds, established in 1998 with a mining sector specific investment mandate spanning all hard mineral commodities and geographic regions. Since inception, RCF has supported 150 mining companies, with projects located in 47 countries and across 29 commodities. The sixth fund, Resource Capital Fund VI L.P. ("RCF VI") with committed capital of $2.04 billion, is now being invested.

6.2 Further information about RCF can be found at www.resourcecapitalfunds.com

Agreements

6.3 At the completion of the Proposed Transaction, RCF VI will have entered into the following agreements::

- Convertible Loan Facility agreement with the Company for the US $12.84 million convertible bridge loan
- General Security Agreement with respect to the Company's assets pursuant to the Convertible Loan Facility
- Accession Deed between the Lenders and Investec whereby the Lenders will join the existing security arrangements held by Investec.

7. Profile of Pala Investments Limited

Background

7.1 Pala investments Limited ("Pala") is a multi-strategy investment company that endeavours to create value in the mining and metals sector. Pala has a team of industry professionals and seeks to partner with management teams, boards and shareholders to create long-term value.

7.2 Through its private equity investments, Pala invests across the mining value chain including mining projects in a range of commodities, with a focus on late-stage development, production and turnaround situations, as well as businesses that serve the mining sector, including mining consumables and services, trading and logistics.

7.3 In addition, Pala employs a range of liquid investment strategies in order to create value throughout the commodities cycle, including investments in various asset classes from fixed income to commodity derivatives and equities.

7.4 For more information, visit www.pala.com

Agreements

7.5 Consistent with RCV VI, at the completion of the Proposed Transaction Pala will have entered into the following agreements:

- Convertible Loan Facility agreement with the Company for the US $7.16 million convertible bridge loan
- General Security Agreement with respect to the Company's assets pursuant to the Convertible Loan Facility
- Accession Deed between the Lenders and Investec whereby the Lenders will join the existing security arrangements held by Investec.

8. Valuation Approach

Valuation methodologies

8.1 In assessing the Fair Value of an ordinary Peninsula Share prior to and immediately following the Proposed Transactions, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

8.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

8.3 Market based methods estimate the Fair Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- The quoted price for listed securities; and
- Industry specific methods.

8.4 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

8.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

8.6 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- Capitalisation of maintainable earnings; and
- Discounted cash flow methods.

8.7 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

8.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast

period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset based methods

8.9 Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

8.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

8.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.

8.12 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

Valuation of a Peninsula Share pre the Proposed Transaction (control basis)

Primary Valuation

8.13 In assessing the value of a Peninsula Share prior to the Proposed Transaction, our primary valuation methodology has been derived by determining the Fair Value of Peninsula using a sum of parts comprising:

- The Company's Lance Project operations, including a JORC compliant resource, utilising:
    - Both the discounted cash flow methodology based on the forecast production and cash flows of the projects for the Ross and Kendrick Permit Areas and the comparable transaction methodology for the Ross and Kendrick Permit Areas, which have less than 50% of currently defined resources classified in the inferred category; and
    - The comparable transactions methodology for the Barber Permit Area, which has greater than 50% of currently defined resources classified in the inferred category
- The Company's Karoo Project exploration assets based on the comparable transactions methodology; and
- Other assets and liabilities of the Company at book value.

8.14 We consider this valuation approach to be appropriate for the JORC compliant mineral resource under the guidelines of the VALMIN Code.

Preferred Method – Lance Project

8.15 The Company has prepared 15 year cash flow projections for the Lance Project to 2030 for the Ross and Kendrick Permit Areas (the "Model"). We have instructed SRK to act as an independent specialist to review the technical assumptions contained in the Model in order to calculate the Fair Value attributed to the Ross and Kendrick Permit Areas. This method is considered appropriate for the Ross and Kendrick Permit Areas where production from inferred resources is around 27% and contribution to net revenue is around 15%.

8.16 SRK has prepared a standalone valuation of the Barber area based on the comparable transactions methodology, which is considered more appropriate for this area where production from inferred resources is greater than 50%.

Alternate Method – Lance Project

8.17 As an alternate method for cross checking our valuation of the Lance Project, SRK has prepared a valuation using the comparable transactions methodology for the entire the Lance Project, including the Ross and Kendrick Permit Areas.

8.18 In addition, SRK was requested to provide a valuation for the exploration properties, including the reported resources for the Karoo Project.

8.19 We note that our sum of parts valuation is inclusive of a premium for control.

Secondary Valuation

8.20 Peninsula's securities are listed on the ASX. We have therefore also utilised the quoted market price methodology of Peninsula on the ASX as a secondary valuation methodology and to assess the market value as a cross check to our valuation of Peninsula derived under the sum of parts methodology. We note that Peninsula's shares were in suspension for approximately six weeks prior to the announcement of the Proposed Transaction.

Valuation of a Peninsula Share post the Proposed Transaction (non-control basis)

8.21 In assessing the value of Peninsula post the Proposed Transaction, we have used the pre Proposed Transaction value and included the impact of the Proposed Transaction assuming it proceeds. In particular, we have made the following adjustments:

- Included proceeds from the convertible loan agreements;
- Included any dilution from the issue of Shares.

8.22 We have assessed the value of an ordinary Peninsula Share immediately post the Proposed Transaction on a non-controlling basis by adjusting for minority discount in accordance with RG 111.

9. Valuation of Peninsula Prior to the Proposed Transaction

9.1 As stated at paragraph 8.13 we have assessed the value of a Peninsula Share prior to the Proposed Transaction on a sum of parts basis and have also considered the quoted price of its listed securities. In both valuations, we have included a premium for control.

Primary Valuation – Sum of Parts

9.2 Our primary valuation methodology as stated in section 8 has been derived by determining the Fair Value of a Peninsula share using a sum of parts approach.

9.3 We have assessed the value of a Peninsula Share on a control basis to be in the range of A$0.85 to A$1.73 per Share with preferred value of A$1.03 per share, as summarised in the table below.

Table 8 Assessed Fair Value of a Peninsula Share – net assets

	Ref.	30-Jun-16	Low	Preferred	High
		US$ 000	US$ 000	US$ 000	US$ 000
Fair Value of Lance Projects - Ross & Kendrick	9.8	104,160	71,673	75,188	78,875
Fair Value of Lance Projects - Barber	9.26	26,700	30,500	42,900	70,000
Fair Value of Karoo Projects	9.35	12,632	24,400	32,400	96,000
Cash and cash equivalents	5.13	3,759	3,759	3,759	3,759
Net value of other assets and liabilities	9.36	(14,727)	(14,727)	(14,727)	(14,727)
Net assets (sum of parts)		**132,524**	**115,605**	**139,520**	**233,907**
Number of Shares on issue at date of this report ('000)	3.11		178,224	178,224	178,224
Value per share (undiluted) (US$)			**$0.65**	**$0.78**	**$1.31**
Value per share (undiluted) (A$)[1]			**$0.85**	**$1.03**	**$1.73**

Source: RSM analysis

(1) USD denominated values have been converted at a current AUD:USD exchange rate of 0.76.

Valuation of Ross and Kendrick Permit Areas

Preferred method

9.4 The carrying value of the Lance Project in the Statement of Financial Position is based on accumulated costs less an amount for amortisation, utilising the units of production method based on the rates of actual production to remaining proved reserves. We have replaced this carrying value with a DCF valuation for the Ross and Kendrick Permit Areas (refer Table 9 Lance Project) and a comparable transactions valuation for the Barber Permit Area.

Ross and Kendrick Permit Areas

9.5 The DCF methodology requires an estimate of future cash flows over the forecast production period and assessment of an appropriate discount rate. The DCF methodology is generally preferred to other methodologies as it recognises that:

- the ultimate value of an asset depends upon the cash flow that will be generated during its economic life;
- there is a benefit in receiving cash flow today rather than in the future; and

- the inducement to make an investment in an asset with a high level of risk is the expected higher return from the higher risk assets.

9.6 We have instructed SRK to independently review the technical assumptions contained in the Model in order to calculate the Fair Value attributed to the Ross and Kendrick Permit Areas, utilising discounted cash flows based on the forecast production and cash flows of these two areas.

9.7 SRK made several recommendations to the underlying projections made by the Company which have been reflected in the Model for the purposes of our valuation. SRK's report is attached as Appendix E.

9.8 We have reviewed the projections which have been prepared on a nominal basis. Our review of projections included:

- a review of the integrity and accuracy of the calculations in the financial projections; and
- Consideration of the key assumptions in the Model and the performance of sensitivity analysis on the assumptions to highlight the approximate impact of movements on the key assumptions on the value of the project areas with less than 50% of currently defined resources classified in the inferred category, being the Ross and Kendrick Permit Areas.

9.9 The table below provides a summary of the DCF valuation of the Ross and Kendrick areas in the Lance Project. We have not considered the Barber Permit because it comprises a large inferred resource, representing greater than 50% of the declared resources for that area. We have assessed the Fair Value of the Ross and Kendrick Permit Areas on this basis to be in the range of US$71.7 million and US$78.9 million.

Table 9 Lance Project DCF Valuation

Discounted Cash Flows US$ 000		Total	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 - 33
Uranium Production	klbs	13,715	175	586	950	1,151	1,161	1,201	1,150	1,150	1,150	1,150	3,891
Uranium Sales	klbs	13,900	218	550	829	1,171	1,200	1,154	1,150	1,150	1,150	1,150	4,179
U3O8 Price	(US$/lb)	56.1	53.4	52.7	50.0	51.0	56.0	53.7	54.5	55.4	56.3	57.6	60.3
Revenue	(US$'000)	780,430	11,618	28,972	41,485	59,673	67,243	61,974	62,705	63,721	64,762	66,289	251,988
Royalties & Mining Taxes	(US$'000)	94,929	1,896	4,392	6,125	8,574	8,734	7,649	7,597	7,648	7,547	7,554	27,213
Revenue after Royalties & Mining Taxes	(US$'000)	685,501	9,723	24,580	35,360	51,099	58,508	54,325	55,108	56,073	57,214	58,736	224,775
Operating Costs	(US$'000)	258,439	7,946	11,431	13,980	16,166	17,802	19,428	19,883	19,179	18,507	20,758	93,360
Operating Profit	(US$'000)	427,062	1,777	13,150	21,380	34,933	40,706	34,897	35,225	36,894	38,708	37,978	131,415
Capital Expenditure	(US$'000)	207,148	16,142	28,267	19,486	22,433	19,458	15,329	14,035	15,385	12,664	12,986	30,965
Free Cash flow	(US$'000)	219,914	(14,364)	(15,118)	1,894	12,500	21,248	19,568	21,190	21,509	26,044	24,992	100,450
Final Net Free Cash	(US$'000)	**219,914**	**(14,364)**	**(15,118)**	**1,894**	**12,500**	**21,248**	**19,568**	**21,190**	**21,509**	**26,044**	**24,992**	**100,450**

NPV (US$ 000)		
Low value	11.50%	71,673
High value	10.50%	78,875

Source: RSM Analysis

Model Assumptions – Lance Project

Production

9.10 Production is based on JORC compliant 21,814,789 lbs of measured, indicated and inferred U_3O_8 in-situ resources contained in the Ross and Kendrick Permit Areas with a 15 year life of mine pertaining to these two areas only.

9.11 The average flow rate per well adopted in the Model is approximately 18 gpm per extraction well and the average uranium concentration is approximately 25 mg/l in ramp-up and 50 mg/l in steady state.

9.12 A summary of each field's resources is detailed in the table below.

Table 10 In-Situ Resources in the Model

In-Situ Resources (U3O8) (lbs)	Ross	Kendrick	Total
Measured	2,399,096	1,410,769	3,809,866
Indicated	3,365,408	6,860,498	10,225,906
Inferred	120,000	7,659,018	7,779,018
Total	**5,884,504**	**15,930,285**	**21,814,789**

Source: RSM analysis

9.13 While approximately 64% of the combined Ross and Kendrick resources are classified as measured and indicated, the Model assumes that the measured and indicated resources will have a higher recoverability under pattern than the inferred portion. As such, the model assumes that approximately 72% of the Ross and Kendrick's measured and indicated resources are mined while only 48% of the inferred resources are mined, translating to a net recoverability of 63% overall from the Ross and Kendrick Permit Areas. We note that in its technical report, SRK state that a 70% uranium recovery is achievable following an initial ramp up phase of say 150 days.

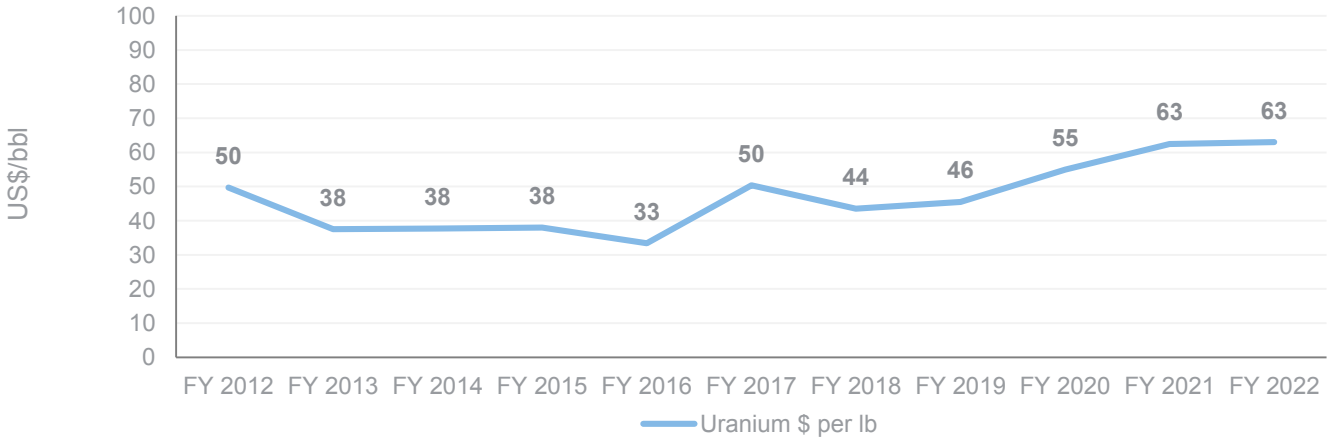
Uranium Price

9.14 The long term average realised uranium price adopted in the Model of $57.6/lb is a blended rate driven by a combination of committed contract prices and spot futures.

9.15 The Company has entered into a number of uranium concentrate sale and purchase agreements which secures a major portion of production over the first 5-8 years. The average realised price for these contracts is approximately $US55/lb.

9.16 For the uncommitted planned production we have reviewed forecast uranium price data compiled by S&P Capital IQ. The data compiled by Capital IQ is taken from a number of economic and market analyst forecasts and is averaged to present an estimated forecast price as displayed in the graph below.

Figure 3 Forecast Uranium Price



Source: S&P Capital IQ

9.17 Based on our review of the consensus estimates for the forecast uranium price we are satisfied that the average price utilized in the Model of US$52.4/lb is reasonable.

Operating expenditure, royalties and production taxes

9.18 The table below summarises the operating expenditure, royalties and taxes included in the Model.

Table 11 Operating expenditure, royalties and production taxes

US$ 000		Total	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 - 33
Royalties & Mining Taxes	**(US$'000)**	**94,929**	**1,896**	**4,392**	**6,125**	**8,574**	**8,734**	**7,649**	**7,597**	**7,648**	**7,547**	**7,554**	**27,213**
Royalties		46,099	827	1,989	2,881	4,094	4,237	3,726	3,713	3,713	3,713	3,713	13,491
Indirect Taxes		45,146	921	2,086	2,898	4,000	4,107	3,649	3,624	3,611	3,593	3,577	13,080
Sales Tax		3,684	147	316	346	480	390	273	261	324	241	264	642
Operating Costs	**(US$'000)**	**258,439**	**7,946**	**11,431**	**13,980**	**16,166**	**17,802**	**19,428**	**19,883**	**19,179**	**18,507**	**20,758**	**93,360**
CPP - Uranium	(US$'000)	78,578	2,842	4,803	5,375	6,037	6,127	6,311	6,216	6,278	6,341	6,404	21,844
CPP Expansion	(US$'000)	-	-	-	-	-	-	-	-	-	-	-	-
Satellite Plant	(US$'000)	-	-	-	-	-	-	-	-	-	-	-	-
Wellfield	(US$'000)	54,413	769	1,626	3,222	4,110	4,607	5,030	4,907	4,204	4,246	4,288	17,405
General & Admin	(US$'000)	77,262	4,182	4,809	5,162	5,411	5,471	5,516	5,570	5,626	5,026	5,076	25,411
Surety Bond Fees	(US$'000)	3,288	152	193	220	232	249	231	239	222	221	221	1,108
Closure	(US$'000)	44,897	-	-	-	377	1,349	2,339	2,951	2,850	2,673	4,769	27,590

Source: RSM analysis

9.19 Production royalties are calculated based on contractual obligations with the United States authorities as set out below.

- Surface Royalty Rate (% production revenue) - 1.96%
- Minerals Royalty Rate (% production revenue) – 5.22%
- Severance Tax Rate (% production revenue) – 2.43%

Calculation of an appropriate discount rate

9.20 The discount rate we have selected allows for both the time value of money and the risks attached to future cash flows. It is a nominal discount rate in line with the Model, which already takes into account inflation. The applicable discount rate is the likely rate of return an acquirer of the Lance Project would require for the risks inherent in investing in the asset.

9.21 We have utilised the weighted average cost of capital ("WACC") as our discount rate. We have assessed the WACC to be in the range of 10.5% to 11.5%. Details of our assessment of the preferred range for the WACC are included in Appendix D.

Sensitivity analysis

9.22 We have performed four key sensitivities on our DCF for the Lance Project. We have selected our sensitivities based on the likelihood of changes in the key assumptions that underpin the Model. We consider the key sensitivities to be:

- Changes in the price of uranium received by Peninsula;
- Changes in the total recoverable uranium (production);
- Changes in the amount of capital expenditure; and
- Changes in the operating costs.

9.23 The tables below summarise the approximate high level impact of the changes in our key assumptions assuming a range of discount rates. We note that these calculations are estimates only and do not take into account committed sales, production cycles or the impact that a material change in assumptions would

have on the Lance Project's current development plan represented in the valuation. The real impact of a change in assumptions would be different if these were taken into account.

Table 12 Impact of sensitivities on value of Lance Project

Uranium Price (US$/lb)						
		-20%	-10%	0%	10%	20%
Discount Rate	10.5%	6,161	42,518	78,875	115,233	151,590
	11.0%	4,729	39,958	75,188	110,417	145,647
	11.5%	3,373	37,523	71,673	105,823	139,973

Change in production (US$ '000)						
		-20%	-10%	0%	10%	20%
Discount Rate	10.5%	6,161	42,518	78,875	115,233	151,590
	11.0%	4,729	39,958	75,188	110,417	145,647
	11.5%	3,373	37,523	71,673	105,823	139,973

Change in CAPEX (US$ '000)						
		-20%	-10%	0%	10%	20%
Discount Rate	10.5%	103,068	90,972	78,875	66,779	54,683
	11.0%	98,860	87,024	75,188	63,352	51,515
	11.5%	94,843	83,258	71,673	60,087	48,502

Change in operating costs (ex royalties & taxes) (US$ '000)						
		-20%	-10%	0%	10%	20%
Discount Rate	10.5%	102,406	90,641	78,875	67,110	55,345
	11.0%	97,989	86,589	75,188	63,787	52,386
	11.5%	93,778	82,725	71,673	60,620	49,567

Source: RSM Analysis

9.24 Our analysis indicates that the asset is most sensitive to changes is production, but will also experience material movements in value if the average realised price from overall sales vary significantly. We note that this assessment does not take into consideration the impact of committed sales the Company has secured via long term contracts.

Barber Permit Area

9.25 SRK have utilised market-based methods on the basis of U_3O_8 for the declared resources as a preferred method to value the Barber Permit Area.

9.26 The Barber Permit Area contains a large inferred resource, representing greater than 50% of the declared resources for that area. For the Barber Permit Area, SRK considered a total of 23 transaction occurring between January 2011 and April 2016 and involving projects at the exploration stage or with late-stage uranium resources. Based on this analysis, SRK considered the Four Mile ISL project, which contained similar U_3O_8 grade and a large (73%) portion of the resource in the inferred category, to be the most comparable to the inferred resource at the Barber Permit Area. From this analysis SRK selected low and high valuation factors of $0.96 US$/lb and 2.20 US$/lb, with a preferred valuation factor of 1.15 US$/lb.

9.27 On this basis, SRK calculated that the current market value for the Barber Permit Area is between US$30.5 million and US$70.0 million, with a preferred value of US$42.2 million as outlined in the table below.

Table 13 Barber Permit Area MEE Valuation

Project (US $ million)	Valuation basis	Low	Preferred	High
Barber Permit Area	Declared resources/MEE (> 50% inferred)	30.5	42.9	70.0
Total (US$ million)		**30.5**	**42.9**	**70.0**

Source: SRK's Independent Technical Assessment and Valuation Report relating to the mineral assets of Peninsula Energy Limited, refer appendix E

Alternate Method

9.28 As an alternate method for valuing the Lance Project, SRK utilised market-based methods on the basis of U_3O_8 for the declared resources across the Ross and Kendrick Permit Areas to be considered with the valuation of the Barber Permit Area included in our Preferred Method.

9.29 For the Ross and Kendrick Permit Areas, which have less than 50% of currently defined resources classified in the inferred category, SRK considered 6 transactions occurring between February 2013 and July 2016 involving uranium projects in the operational phase. From this analysis SRK selected low and high valuation factors of 0.96 US$/lb and 4.09 US$/lb, with a preferred valuation factor of 1.88 US$/lb.

9.30 On this basis, SRK calculated that the current market value for the Lance Project including all three Permit Areas resides in the range of US$51.4 million to US$159.3 million with a preferred value of US$85.0 million as outlined in the table below.

Table 14 Lance Project MEE Valuation

Project area (US $ million)	Valuation basis	Low	Preferred	High
Ross Permit Area	Declared resources/MEE (< 50% inferred)	5.6	11.4	24.1
Kendrick Permit Area	Declared resources/MEE (< 50% inferred)	15.3	30.7	65.2
Barber Permit Area	Declared resources/MEE (> 50% inferred)	30.5	42.9	70.0
Total (US$ million)		**51.4**	**85.0**	**159.3**

Source: SRK's Independent Technical Assessment and Valuation Report relating to the mineral assets of Peninsula Energy Limited, refer appendix E

9.31 A summary of values for the Lance Project calculated according to our preferred and alternate valuation approaches are summarised in the table below.

Table 15 Value of Lance Project

Lance Project (US $ million)	Ref.	Low	Preferred	High
Lance Project - Preferred method (DCF + MEE)	9.3	102.2	118.1	148.9
Lance Project - Alternate method (All MEE)	9.30	51.4	85.0	159.3
Preferred valuation		**102.2**	**118.1**	**148.9**

Source: RSM analysis

9.32 The values produced through a combination of the DCF and market based approaches in our preferred method are broadly supported by the wholly market based values calculated under our alternate method, with the full range of values calculated using a combination of the DCF and market based methods falling within the range of values calculated under the wholly market based approach.

Valuation of Karoo Project

9.33 We have instructed SRK to provide a valuation of the Karoo Project. SRK has valued the Karoo Project on the basis of area (US$/km^2) for the exploration property and on the basis of U_3O_8 equivalent for the declared resources.

9.34 The properties that contain declared mineral resources have been valued based on factors derived from analysis of comparable transactions. The exploration properties that do not contain significant mineral resources have been valued based on area, using factors derived from analysis of comparable transactions.

9.35 SRK has preferred the use of the comparable transaction methodology because it considers that other methodologies do not reflect current market potential, level of work undertaken and inherent project values for the relevant exploration assets. The comparable transaction methodology encompasses analysing a number of comparable transactions and assessing a comparable metric to be applied across all comparable assets.

9.36 A summary of the valuation ranges and preferred values are set out in the table below.

Table 16 Valuation ranges for Karoo Project based on Peninsula's 74% interest

Stage (US $ million)	Valuation basis	Low	Preferred	High
Exploration	Area	0.5	0.7	1.2
Advanced Exploration/Pre-development	Declared resources/MEE	23.9	31.7	94.8
Total (US$ million)		**24.4**	**32.4**	**96.0**

Source: SRK's Independent Technical Assessment and Valuation Report relating to the mineral assets of Peninsula Energy Limited, refer appendix E

9.37 We note that the considerable range in assessed values attributed to the Karoo Project is indicative of an early-stage exploration Company, with the high value capturing the upside potential for the project based on comparable transactions. The Independent Specialist's preferred value for the Karoo Project of US$32.4 million is at the lower end of the range of assessed values.

9.38 We have attached SRK's independent technical report at Appendix E of this report.

Valuation of Cash and other assets and liabilities

9.39 We have accepted the book value as Fair Value for the other assets and liabilities, including cash, of Peninsula as at 30 June 2016, as set out in the table below.

Table 17 Valuation of Peninsula's other assets and liabilities

As at 30 June 2016	Ref	US$ 000
Other assets and liabilities		(19,208)
Provision for rehabilitation reversal		4,481
Other assets and liabilities excluding cash	**9.3**	**(14,727)**
Cash and cash equivalents	9.3	3,759
Total other assets and liabilities		**(10,968)**

Source: RSM Analysis

9.40 At 30 June 2016 the Company recognised a US$4.481 million provision for restoration costs associated with the restoration of various sites. These mining closure costs are included in the valuation of Lance Projects model ($US44.9 million over the life of mine) and as such we have removed the accounting provision to ensure these costs are not duplicated.

9.41 Other assets and liabilities mostly comprise of trade debtors and trade creditors.

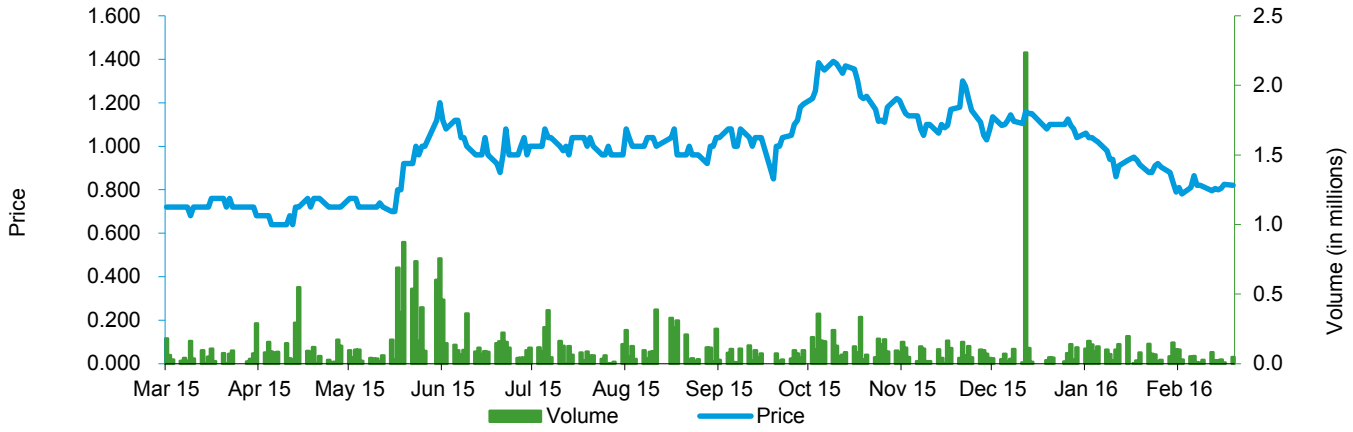
Secondary Valuation – Quoted Price of Listed Securities

9.42 In order to provide a comparison and a cross-check to our sum of parts valuation of a Peninsula share, we have considered the quoted market prices of Peninsula's shares on a public exchange. Peninsula's shares were in suspension for approximately one month prior to the announcement of the Proposed Transaction. As such we have commented on the Peninsula share up until their last day of trading, prior to being suspended, in order to provide a cross reference to our DCF valuation. We have performed our analysis based on the ASX traded shares.

Analysis of recent trading in Peninsula shares

9.43 Figure 4 below sets out a summary of Peninsula's closing share price and volume of Peninsula shares traded in the 12 months to Peninsula's on 11 March 2016 being their last day of trading before the announcement of the Proposed Transaction.

Figure 4 Daily closing price and traded volumes of Peninsula from 12 months prior to 11 March 2016



Source: S&P Capital IQ/ ASX

9.44 In the 180 days prior to 11 March 2016, Peninsula shares traded at a low of A$0.77 on 9 February 2016 and a high of $1.45 on 14 October 2015.

9.45 In order to provide further analysis of the market prices for Peninsula shares, we have considered the volume weighted average market price ("VWAP") for 1 day, 10 day, 30 day, 60 day, 90 day, 120 day and 180 trading day periods:

Table 18 Peninsula VWAP as at 11 March 2016

# of Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	0.839	0.803	0.812	0.832	1.025	1.058	1.065	1.050
Total Volume (000's)	42.9	285.3	508.3	1,578.3	6,007.8	8,590.8	11,517.1	17,769.5
Total Volume as a % of Total Shares	0.02%	0.16%	0.29%	0.90%	3.45%	4.94%	6.65%	10.27%
Low Price	0.830	0.785	0.785	0.770	0.770	0.770	0.770	0.770
High Price	0.860	0.860	0.860	0.950	1.200	1.385	1.450	1.450

Source: S&P Capital IQ/ ASX

9.46 The table indicates a relatively low historical liquidity with less than 1% of the company's share capital traded in the 30 days and around 10% in the 180 days prior to 11 March 2016.

Value of a Peninsula Share on a non-control minority basis

9.47 In our opinion, the weighted average share price of Peninsula over the last 30 days prior to 11 March 2016 is reflective of the underlying value of a Peninsula share. As such, we consider a range of values between $0.77 and $0.95 (1 – 30 day VWAP) reflects the quoted market price valuation of a Peninsula share on a minority basis prior to the Proposed Transaction.

Value of a Peninsula Share on a control basis

9.48 Our valuation of a Peninsula share, on the basis of the recent quoted market price including a premium for control is between $0.96 and $1.28 as summarised in the table below.

Table 19 Assessed value of an PEN share – Quoted Price of Listed Securities

	Low A$	Preferred A$	High A$
30-day VWAP of a PEN share at 11 March 2016	$0.770	$0.860	$0.950
Add premium for control	25%	30%	35%
Quoted market price controlling value	**$0.96**	**$1.12**	**$1.28**

Source: RSM Analysis

Key Assumptions

Control Premium

9.49 RG 111.11 states that, when considering the value of a company's shares, the expert should consider a premium for control. Under RG 111.11 an entity is deemed to have control with deems an entity to have control with a relevant interest of greater than 20%. The value derived at paragraph 9.48 is indicative of the value of a normal marketable parcel of Peninsula shares on the basis that a Shareholder does not have control of Peninsula. Thus while RCF VI already has control of the Company prior to the Proposed Transaction, if the Proposed Transaction is successful RCF VI will hold an undiluted interest of up to 36.9% (41.8% fully diluted, assuming all PENOD options issued to RCF VI are fully converted and any listed or unlisted options on issue to Non-Associated Shareholders are not converted) in the issued capital of Peninsula. In addition, if the Proposed Transaction is successful and Pala elects to convert its Shares and RCF VI does not, Pala will hold an undiluted interest of up to 22.6% (24.6% fully diluted, assuming all PENOD options issued to Pala are fully converted and any listed or unlisted options on issue to Non-Associated Shareholders are not converted). Therefore, as explained in Section 4 our assessment of the Fair Value of a Peninsula Share based on the quoted market price must include a premium for control.

9.50 In selecting a control premium we have given consideration to the RSM 2013 Control Premium Study and recent updates. The study performed an analysis of control premiums paid over a 7-year period to 31 December 2012 in 345 successful takeovers and schemes of arrangements of companies listed on the ASX. Our study concluded that, on average, control premiums in takeovers and schemes of arrangements involving Australian companies in the mining and metals sectors was in the range of 25% to 35%. In addition, our studies showed that companies are typically willing to pay a higher premium in instances where they already have control under RG 111.11. As such, in valuing an ordinary Peninsula Share prior to the Proposed Transaction using the quoted price of listed securities methodology we have reflected a premium for control in the range of 25% to 35%.

Valuation summary and conclusion

9.51 A summary of our assessed values of an ordinary Peninsula Share on a control basis pre the Proposed Transaction, derived under the two methodologies, is set out in the table below.

Table 20 Peninsula Share valuation summary

	Ref.	Low A$	Preferred A$	High A$
Sum of parts	9.3	$0.85	$1.03	$1.73
Quoted market price	9.48	$0.96	$1.12	$1.28
Preferred valuation		**$0.85**	**$1.03**	**$1.73**

Source: RSM analysis

9.52 In our opinion, the sum of parts valuation methodology provides a better indicator of the Fair Value of a Peninsula share as we consider our analysis of the trading of Peninsula's share prior to 11 March 2016, being the last day of trading before the announcement of the Proposed Transaction, indicates that the market for Peninsula's shares is not deep enough to provide an assessment of their Fair Value via the quoted market price methodology.

9.53 Therefore, in our opinion, the Fair Value of a Peninsula share prior to the Proposed Transaction is between $0.85 and $1.73, with a preferred value of $1.03 per share on a controlling and undiluted basis. We note that our preferred value is broadly supported by the preferred value calculated using the quoted market price methodology.

10. Valuation of Peninsula Following to the Proposed Transaction

10.1 In determining the Fair Value of Peninsula and a Peninsula share on a non-controlling basis immediately post the Proposed Transaction, using the sum of parts methodology, we have taken the Fair Value of Peninsula pre the Proposed Transaction and reflected the impact of the Proposed Transaction in two separate scenarios:

- Scenario 1 – Adding the cash raised, deducting a minority discount and assumed conversion of RCVI and Pala's Convertible Notes at the same time ("Both Convert");
- Scenario 2 – Adding the cash raised, reflecting the impact of the debt and embedded derivative arising from the Pala Convertible Notes, deducting a minority discount and assumed conversion of RCF VI Convertible Notes and assessing the value of a Peninsula share immediately prior to conversion of the Pala Convertible Notes ("RCF VI Only");
- Scenario 3 – Adding the cash raised, reflecting the impact of the debt and embedded derivative arising from the RCV VI Convertible Notes, deducting a minority discount and assumed conversion of Pala Convertible Notes and assessing the value of a Peninsula share immediately prior to conversion of the RCF VI Convertible Notes ("Pala Only"); and
- Scenario 4 – Adding the cash raised, reflecting the impact of the debt and embedded derivative arising from the Convertible Notes, deducting a minority discount and assessing the value of a Peninsula share immediately prior to conversion of the Convertible Notes ("Neither Convert").

10.2 Based on our analysis, we have calculated a range of values for a Peninsula share post the Proposed Transaction of between A$0.45 and A$1.28.

Table 21 Valuation of a Peninsula share post the Proposed Transaction

	Ref.	Low	Preferred Value	High
		A$	A$	A$
Scenario 1 Value - Both Convert	10.4	$0.54	$0.66	$1.08
Scenario 2 Value - RCF VI Only	10.6	$0.54	$0.67	$1.14
Scenario 3 Value - Pala Only	10.8	$0.62	$0.76	$1.28
Scenario 4 Value - Neither Converts	10.10	$0.45	$0.57	$0.99
Preferred Range		**$0.45**	**$0.66**	**$1.28**

Source: RSM analysis

10.3 Consistent with RG 111.11, under each scenario, in selecting a minority discount we have given consideration to our control premium applied in Paragraph 9.49, where we established a range for a control premium of between 25% and 35%. As a result, our corresponding minority discount range for said control premiums is between 20% and 26%.

Scenario 1 valuation – Both Convert

10.4 Our assessed value of Peninsula following the Proposed Transaction under Scenario 1, where it is assumed that both RCF VI and Pala's Convertible Notes are converted at the same time, is set out in the table below.

Table 22 Assessed value of Peninsula post the Proposed Transaction - Scenario 1

Scenario 1 US$	Ref.	Low Value	Preferred Value	High Value
Sum of parts value of Peninsula pre the Proposed Transaction	9.3	115,604,725	139,519,846	233,907,402
Cash raised from the Proposed Transaction(1)	10.14	20,000,000	20,000,000	20,000,000
Fair Value of Peninsula post the Proposed Transaction on a control basis		**135,604,725**	**159,519,846**	**253,907,402**
Discount for minority interest		26%	23%	20%
Undiluted value of Peninsula on a minority basis		**100,347,497**	**122,830,282**	**203,125,921**
Number of shares on issue pre-Proposed Transaction	3.11	178,223,709	178,223,709	178,223,709
Maximum Shares issued to RCF VI assuming $0.60, 25% each(1)	3.11	43,858,643	43,858,643	43,858,643
Maximum Shares issued to Pala assuming $0.60, 25% each(1)	3.11	24,265,215	24,265,215	24,265,215
Total shares after Proposed Transaction		**246,347,566**	**246,347,566**	**246,347,566**
Minority value per share (undiluted) (US$)		**$0.41**	**$0.50**	**$0.82**
Minority value per share (undiluted) (A$)(2)		**$0.54**	**$0.66**	**$1.08**

Source: RSM analysis

(1) The maximum voting power for which Shareholder approval is sought pursuant to Resolution 1 and 2 has been determined by applying a 25% contingency to the position if the Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are issued at A$0.4985 (with a AUD:USD exchange rate of 0.7387), the 30 September Interest Shares are issued at A$0.5869 (with a AUD:USD exchange rate of 0.7684), the outstanding Interest Shares are issued at A$0.60 per Share and the Arrangement Fee Shares are issued at $0.80 per Share, all at an assumed AUD / USD exchange rate of 0.70. The application of a contingency to determine the maximum number of Shares is to allow for uncertainty and variability in the share price and foreign exchange rates.

(2) USD denominated values have been converted at a current AUD:USD exchange rate of 0.76.

10.5 Under Scenario 1 we consider that the value of a Peninsula Share post the Proposed Transaction is between A$0.54 and A$1.08, with a preferred value of A$0.66 on an undiluted basis.

Scenario 2 valuation – RCF VI Only

10.6 Our assessed value of Peninsula following the Proposed Transaction under Scenario 1, where it is assumed that only RCF VI's Convertible Notes are converted, is set out in the table below

Table 23 Assessed value of Peninsula post the Proposed Transaction - Scenario 2

Scenario 2 US$	Ref.	Low Value	Preferred Value	High Value
Sum of parts value of Peninsula pre the Proposed Transaction	9.3	115,604,725	139,519,846	233,907,402
Cash raised from the Proposed Transaction(1)	10.14	20,000,000	20,000,000	20,000,000
Debt component arising on Pala's Convertible Notes	10.14	(12,840,000)	(12,840,000)	(12,840,000)
Present value of interest payments on Pala's Convertible Notes	10.14	(933,818)	(933,818)	(933,818)
Fair Value of Peninsula post the Proposed Transaction on a control basis		**121,830,907**	**145,746,028**	**240,133,583**
Discount for minority interest		26%	23%	20%
Undiluted value of Peninsula on a minority basis		**90,154,871**	**112,224,442**	**192,106,867**
Adjustment for embedded call option in Pala's Convertible Notes	10.14	233,455	233,455	233,455
Fair value of Peninsula post the Proposed Transaction on a minority basis		**90,388,326**	**112,457,896**	**192,340,321**
Number of shares on issue pre-Proposed Transaction	3.11	178,223,709	178,223,709	178,223,709
Maximum Shares issued to RCF VI assuming $0.60, 25% each(1)	3.11	43,858,643	43,858,643	43,858,643
Total shares after Proposed Transaction		**222,082,352**	**222,082,352**	**222,082,352**
Minority value per share (undiluted) (US$)		**$0.41**	**$0.51**	**$0.87**
Minority value per share (undiluted) (A$)(2)		**$0.54**	**$0.67**	**$1.14**

Source: RSM analysis

(1) The maximum voting power for which Shareholder approval is sought pursuant to Resolution 1 and 2 has been determined by applying a 25% contingency to the position if the Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are issued at A$0.4985 (with a AUD:USD exchange rate of 0.7387), the 30 September Interest Shares are issued at A$0.5869 (with a AUD:USD exchange rate of 0.7684), the outstanding Interest Shares are issued at A$0.60 per Share and the Arrangement Fee Shares are issued at $0.80 per Share, all at an assumed AUD / USD exchange rate of 0.70. The application of a contingency to determine the maximum number of Shares is to allow for uncertainty and variability in the share price and foreign exchange rates.

(2) USD denominated values have been converted at a current AUD:USD exchange rate of 0.76.

10.7 Under Scenario 2 we consider that the value of a Peninsula Share post the Proposed Transaction is between A$0.54 and A$1.14, with a preferred value of A$0.67 on an undiluted basis.

Scenario 3 valuation – Pala Only

10.8 Our assessed value of Peninsula following the Proposed Transaction under Scenario 1, where it is assumed that only Pala's Convertible Notes are converted, is set out in the table below

Table 24 Assessed value of Peninsula post the Proposed Transaction - Scenario 3

Scenario 3 US$	Ref.	Low Value	Preferred Value	High Value
Sum of parts value of Peninsula pre the Proposed Transaction	9.3	115,604,725	139,519,846	233,907,402
Cash raised from the Proposed Transaction(1)	10.14	20,000,000	20,000,000	20,000,000
Debt component arising on RCF VI's Convertible Notes	10.14	(7,160,000)	(7,160,000)	(7,160,000)
Present value of interest payments on RCF VI's Convertible Notes	10.14	(520,727)	(520,727)	(520,727)
Fair Value of Peninsula post the Proposed Transaction on a control basis		**127,923,998**	**151,839,119**	**246,226,674**
Discount for minority interest		26%	23%	20%
Undiluted value of Peninsula on a minority basis		**94,663,758**	**116,916,122**	**196,981,339**
Adjustment for embedded call option in RCF VI's Convertible Notes	10.14	130,182	130,182	130,182
Fair value of Peninsula post the Proposed Transaction on a minority basis		**94,793,940**	**117,046,304**	**197,111,521**
Number of shares on issue pre-Proposed Transaction	3.11	178,223,709	178,223,709	178,223,709
Maximum Shares issued to Pala assuming $0.60, 25% each(1)	3.11	24,265,215	24,265,215	24,265,215
Total shares after Proposed Transaction		**202,488,924**	**202,488,924**	**202,488,924**
Minority value per share (undiluted) (US$)		**$0.47**	**$0.58**	**$0.97**
Minority value per share (undiluted) (A$)(2)		**$0.62**	**$0.76**	**$1.28**

Source: RSM analysis

(1) The maximum voting power for which Shareholder approval is sought pursuant to Resolution 1 and 2 has been determined by applying a 25% contingency to the position if the Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are issued at A$0.4985 (with a AUD:USD exchange rate of 0.7387), the 30 September Interest Shares are issued at A$0.5869 (with a AUD:USD exchange rate of 0.7684), the outstanding Interest Shares are issued at A$0.60 per Share and the Arrangement Fee Shares are issued at $0.80 per Share, all at an assumed AUD / USD exchange rate of 0.70. The application of a contingency to determine the maximum number of Shares is to allow for uncertainty and variability in the share price and foreign exchange rates.

(2) USD denominated values have been converted at a current AUD:USD exchange rate of 0.76.

10.9 Under Scenario 3 we consider that the value of a Peninsula Share post the Proposed Transaction is between A$0.62 and A$1.28, with a preferred value of A$0.76 on an undiluted basis.

Scenario 4 valuation – Neither Convert

10.10 Our assessed value of Peninsula following the Proposed Transaction under Scenario 1, where it is assumed that neither RCF VI nor Pala's Convertible Notes are converted, is set out in the table below

Table 25 Assessed value of Peninsula post the Proposed Transaction - Scenario 4

Scenario 4 US$	Ref.	Low Value	Preferred Value	High Value
Sum of parts value of Peninsula pre the Proposed Transaction	9.3	115,604,725	139,519,846	233,907,402
Cash raised from the Proposed Transaction(1)	10.14	20,000,000	20,000,000	20,000,000
Debt component arising on Convertible Notes	10.14	(20,000,000)	(20,000,000)	(20,000,000)
Present value of interest payments on the Convertible Notes	10.14	(1,454,545)	(1,454,545)	(1,454,545)
Fair Value of Peninsula post the Proposed Transaction on a control basis		**114,150,180**	**138,065,301**	**232,452,856**
Discount for minority interest		26%	23%	20%
Undiluted value of Peninsula on a minority basis		**84,471,133**	**106,310,282**	**185,962,285**
Adjustment for embedded call option in Convertible Notes	10.14	363,636	363,636	363,636
Fair value of Peninsula post the Proposed Transaction on a minority basis		**84,834,769**	**106,673,918**	**186,325,921**
Number of shares on issue pre-Proposed Transaction	3.11	178,223,709	178,223,709	178,223,709
Maximum Shares issued to RCF VI assuming $0.60, 25% each(1)	3.11	43,858,643	43,858,643	43,858,643
Maximum Shares issued to Pala assuming $0.60, 25% each(1)	3.11	24,265,215	24,265,215	24,265,215
Total shares after Proposed Transaction		**246,347,566**	**246,347,566**	**246,347,566**
Minority value per share (undiluted) (US$)		**$0.34**	**$0.43**	**$0.76**
Minority value per share (undiluted) (A$)(2)		**$0.45**	**$0.57**	**$0.99**

Source: RSM analysis

(1) The maximum voting power for which Shareholder approval is sought pursuant to Resolution 1 and 2 has been determined by applying a 25% contingency to the position if the Convertible Loan Facility is fully converted at A$0.60, the 30 June Interest Shares are issued at A$0.4985 (with a AUD:USD exchange rate of 0.7387), the 30 September Interest Shares are issued at A$0.5869 (with a AUD:USD exchange rate of 0.7684), the outstanding Interest Shares are issued at A$0.60 per Share and the Arrangement Fee Shares are issued at $0.80 per Share, all at an assumed AUD / USD exchange rate of 0.70. The application of a contingency to determine the maximum number of Shares is to allow for uncertainty and variability in the share price and foreign exchange rates.

(2) USD denominated values have been converted at a current AUD:USD exchange rate of 0.76.

10.11 Under Scenario 4 we consider that the value of a Peninsula Share post the Proposed Transaction is between A$0.45 and A$0.99, with a preferred value of A$0.57 on an undiluted basis.

Convertible Loan Facility

10.12 In order to assess the impact of the convertible notes on the value of a Peninsula share assuming the convertible notes are not converted, we have considered the accounting impact of the convertible notes on the Statement of Financial Position. Accounting standards require that, when convertible notes convert to a fixed number of shares, the value of the debt portion of the convertible notes is valued and the difference between the face value of the convertible notes and the debt portion of the convertible notes is considered the value of the embedded option in the convertible notes.

10.13 In order to estimate the value of the debt portion of the convertible notes, we must determine an appropriate interest rate to apply to the debt portion of the convertible notes. This interest rate is different to the coupon rate of the convertible notes because it is assumed that the debt portion does not have a conversion factor. Where a conversion factor does not exist, it is common to assume an interest rate higher than the coupon

rate of the same convertible note. We note that the convertible notes have a coupon rate of 8% and a 12 month period during which the lenders have the option to convert the Convertible Notes to shares in Peninsula, being 22 April 2017. In our opinion, an interest rate of 10% appears reasonable given the ramp up phase of the Lance Project and risks of Peninsula not establishing a steady state commercial operation.

10.14 We have assessed the value of the debt portion of the convertible notes and the option value of the convertible notes below:

Table 26 Designation of Convertible Note value between debt and embedded derivative

US$	Total value	RCF VI	Pala
Total face value (principal) ($'000) (a)[(1)]	$20,000,000	$12,840,000	$7,160,000
Coupon interest (%)	8.0%	8.0%	8.0%
Annual coupon payment ($'000)	$1,600,000	$1,027,200	$572,800
Effective interest (%) (b)	10%	10%	10%
Term (years) (c)	1	1	1
Present value of debt portion ($'000) (e = a/(1+c)^d)	$18,181,818	$11,672,727	$6,509,091
Present value of interest portion ($'000) (f = b/(1+c)^d)	$1,454,545	$933,818	$520,727
Total Liability ($'000) (g = e+f)	$19,636,364	$12,606,545	$7,029,818
Present value of option ($'000) (= a-g)	$363,636	$233,455	$130,182

Source: RSM estimates

11. Is the Proposed Transaction Fair to Peninsula Shareholders?

11.1 Our assessed values of a Peninsula Share prior to and immediately after the Proposed Transaction, are summarised in the table and figure below.

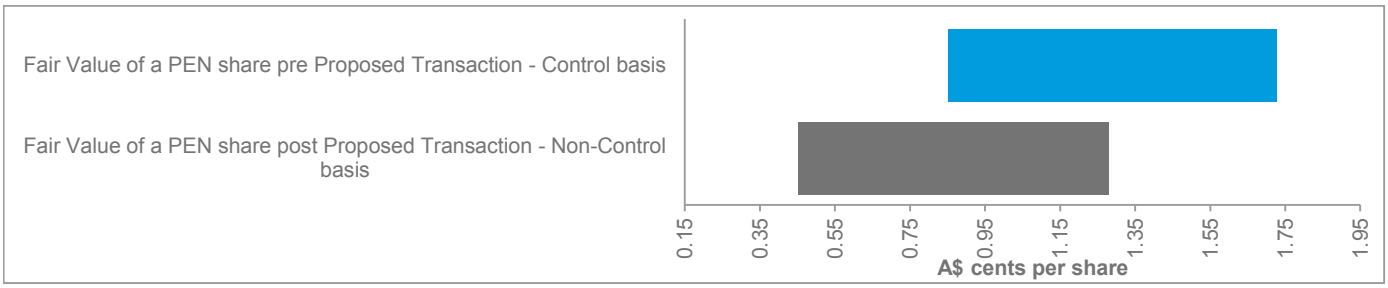
Table 27 Assessed values of an Peninsula share pre and post the Proposed Transaction

Assessment of fairness	Ref.	Value per Share		
		Low	Preferred	High
		A$	A$	A$
Fair Value of a Peninsula share pre the Proposed Transaction - Control basis	9.52	$0.85	$1.03	$1.73
Fair Value of a Peninsula share post the Proposed Transaction - Non control basis	10.2	$0.45	$0.66	$1.28

Source: RSM Analysis

11.2 A graphical representation of these values is shown below.

Figure 5 Peninsula Share valuation graphical representation



Source: RSM Analysis

11.3 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of s611 item 7 of the Corporations Act, we consider the Proposed Transaction to not be fair to the Non-Associated Shareholders of Peninsula as the preferred value of a Peninsula Share post the Proposed Transaction is lower than the preferred value of an Peninsula Share pre the Proposed Transaction.

12. Is the Proposed Transaction Reasonable?

12.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of Peninsula if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of PEN if the Proposed Transaction does not proceed

12.2 If the Proposed Transaction does not proceed, then it is not clear whether the Company will be able to meet its immediate working capital requirements or maintain commissioning of the Lance Project in accordance with the development time frames communicated to the market. Failing to commission the Lance Project on time may therefore preclude the Company from delivering on its committed sales contracts which are integral to the Company achieving average realised price on its uranium sales that are above the current spot price.

Advantages and disadvantages

12.3 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage 1 – funding to continue development of uranium projects

12.4 The proceeds from the Proposed Transaction will add necessary funds to be utilized toward development costs for the two uranium projects, with the Company estimating to use approximately US$6 million toward the Lance Project and US$1.5 million toward the Karoo Project.

Advantage 2 – the company has sufficient working capital to continue operations

12.5 The proceeds from the Proposed Transaction will add necessary funds for the on-going working capital of the Company including the continued commissioning of the Lance Project.

Advantage 3 – raised from existing shareholders who understand the projects

12.6 There is a strategic benefit to the company to raise funds with existing Shareholders who are already significantly invested in the Company with regard to future funding.

Disadvantages of approving the Proposed Transaction

Disadvantage 1 – dilution on Non-Associated Shareholders

12.7 The Proposed Transaction will result in the issue of Shares to the Lenders which will have a dilutive effect on the holdings of existing Shareholders.

Disadvantage 2 – RCF VI and Pala may increase their controlling interest in the Company

12.8 As a result of the Proposed Transaction, RCF VI and Pala will increase their relevant interest in the Company from 21.4% to up to 36.9% (41.8% fully diluted) and from 11.9% to up to 22.5% (24.6% fully diluted) respectively, assuming all PENOD options issued to RCF VI and Pala are fully converted and any listed or unlisted options on issue to Non-Associated Shareholders are not converted. This means that RCF VI and Pala will have a greater influence over the Company including general resolutions.

Disadvantage 3 –The Company may need to seek funding alternatives

12.9 The conversion period for the Convertible Loan Facility is only 12 months, thus if the debt is called upon it is unlikely Peninsula will have the required funds and will need to seek additional debt or equity alternatives

Alternative Proposal

12.10 We are not aware of any alternative proposal at the current time which might offer the Non-Associated Shareholders of Peninsula a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

12.11 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Peninsula.

12.12 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

A GILMOUR

Director

G YATES

Director

APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour and Mr Glyn Yates are directors of RSM Corporate Australia Pty Ltd. Both Mr Gilmour and Mr Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Security. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Peninsula Energy Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Gilmour, Glyn Yates, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately $30,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of Peninsula Energy Limited receives Shareholder approval for the Security, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for Peninsula for the years ended 30 June 2015 and 30 June 2016;
- Reviewed “Strata Input – Esc” forecast model for the Lance Project
- Convertible Loan Agreements between Peninsula and RCF VI;
- ASX announcements of Peninsula;
- S&P Capital IQ database; and
- Discussions with Directors, Management and staff of Peninsula

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
$	Australian Dollar
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
Arrangement Fee	A fee which the Lenders are entitled to be paid in cash or Shares based on 2% of the total proceeds of the Convertible Loan Facility
ASIC	Australian Securities & Investments Commission
The Assets	The Exploration Assets and the Property
ASX	Australian Securities Exchange
BFSI	Banking, financial services and insurance
Company	Peninsula
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
Convertible Note Facility	Has the meaning given in section 1.2 of the explanatory statement of the Notice
CY##	Calendar year ended 31 December
DCF	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
Directors	Directors of the Company
EBIT	Earnings, Before, Interest and Tax
EBITDA	Earnings, Before, Interest, Tax, Depreciation and Amortisation
Equity	The owner's interest in property after deduction of all liabilities
EV	Enterprise Value, meaning, the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities
Exploration Assets	The Karoo Project in South Africa
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY##	Financial year ended 30 June
IER	This Independent Expert Report
Maturity Date	The date which is 12 months from drawdown of the Convertible Loan Facility, being 22 April 2017
Non Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Non control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held

Notice	The notice of meeting to vote on the Proposed Transaction and the Security
NPBT	Net Profit Before Tax
NPAT	Net Profit After Tax
Option or Options	Unlisted options in the Company with varying vesting conditions
PENOD Option	PENOD Option means an Option listed on ASX exercisable at A$2.00 on or before 31 December 2018.
PEN or Peninsula	Peninsula Energy Limited
Proposed Transaction	The proposed US$20 million convertible loan agreements with the Lenders
RCF Arrangement Fee Shares	The entitlement to Arrangement Fees which RCV VI elected to receive in Shares
Regulations	Corporations Act Regulations 2001 (Cth)
Report	This Independent Experts Report prepared by RSM dated 5 August 2016
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or Shares	Ordinary issued capital in the Company
SME	Small to medium enterprises
SRK	SRK Consulting Pty Ltd
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
VWAP	Volume weighted average share price

D. WACC ASSESSMENT

When assessing an appropriate discount rate to use in a discounted cash flow valuation, due regard must be given to the rates of return available in the marketplace, the degree of risk attached to the business, shares or project and the required rate of return.

Businesses are normally funded by a mix of debt and equity. The Weighted Average Cost of Capital ("WACC") is a widely used and accepted basis to calculate the "representative" rate of returns required by debt and equity investors. We have applied the WACC methodology to determine an appropriate discount rate to be used in assessing the Fair Value of Peninsula cash flows.

The Capital Asset Pricing Model ("CAPM") is the most frequently used model in determining the cost of equity of an investment or project and the required rate of return for debt funding is determined having regard to current borrowing costs and prevailing credit ratings. The cost of equity and cost of debt are weighted by the respective proportions of equity and debt funding to arrive at the WACC.

WACC

The cash flows analysed by SRK were post-tax and nominal (adjusted for inflation). As such, the WACC formula we have used calculates a post-tax nominal rate of return. The generally accepted WACC formula is shown below:

$$WACC = \left[R_e \times \frac{E}{V}\right] + \left[R_d \times (1 - t_c) \times \frac{D}{V}\right]$$

Where:

WACC	=	post tax weighted average cost of capital
Re	=	required rate of return on equity or cost of equity
Rd	=	required rate of return on debt or cost of debt
tc	=	Corporate tax rate
E	=	Market value of equity
D	=	Market value of debt
V	=	Market value of debt and equity capital

CAPM

The CAPM is based on the theory that the prudent investor will price investments so that the expected return is equal to the risk free rate of return plus a premium for risk. CAPM assumes that there is a positive relationship between risk and return; that is, investors are risk averse and therefore demand higher returns for accepting higher levels of risk.

The CAPM calculates the cost of equity through the following formula:

Re	=	Rf + β[E(Rm) – Rf]

Where:

Re	=	Cost of equity capital or expected return on the investment.
Rf	=	Risk free rate of return.
E(Rm)	=	Expected return on the market.
E(Rm) - Rf	=	Market risk premium
β	=	Beta

We have considered each component of the CAPM below.

Risk free rate - Rf

We have assumed a risk free rate of 2.00% being the average yield on the 10-year Australian Government Bond for the last 10 years, as published by the RBA. We have used the 10-year bond rate as this is typically used as a proxy for the long-term risk-free rate.

Market Risk Premium – E(Rm) - Rf

Market risk premium represents the level of return investors require over and above the risk free rate in order to compensate them for the non-diversifiable risks associated with an investment in a market portfolio. Strictly speaking, the market risk premium is equal to the expected return from holding shares over and above the return from holding risk-free government securities.

Various empirical studies undertaken in Australia and overseas show that historical market risk premiums vary across markets; the Australian market is generally in line with the overall range of other developed countries but is slightly higher than the world average.

Having regard to this information, we have assumed a market risk premium of between 6% and 7.0% in our determination of the discount rate.

Beta - β

The beta coefficient measures the systematic risk of the company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market.

The choice of a beta requires judgement and necessarily involves subjective assessment as observations of beta in comparable companies may be subject measurement issues and other variations. Accordingly, depending upon circumstance, a sector average, or a basket of comparable companies may present a more reliable beta, rather than relying on a single comparable company.

Beta can be expressed as an equity beta (which includes the effect of gearing on equity returns) or as an asset beta (where the impact of gearing is removed). The asset beta will be lower than the equity beta for any given investments, with the difference dependent upon the level of gearing in the capital structure.

The selection of an appropriate beta involves a degree of professional judgement, particularly where the performance drivers of the company being valued are not directly aligned with the most comparable listed companies.

The comparable company data included in the table below illustrates the observed beta coefficients for public listed companies we consider most comparable to Peninsula.

In assessing companies comparable to the Peninsula, we have considered companies involved in energy resources industry in Australia, whose securities are listed on the Australian Securities Exchange.

The ungeared equity beta's for the companies selected ranged from a low of 0.80 to a high of 1.65, with an average of 1.17 as set out in the table below.

Company Name	Ticker	Market Cap	Debt / Market Cap	Unlevered Beta
Alliance Resources Ltd.	ASX:AGS	17.94	0.00%	0.80
EVE Investments Limited	ASX:EVE	11.16	0.00%	0.83
Vimy Resources Limited	ASX:VMY	62.17	12.06%	1.65
Paladin Energy Ltd	ASX:PDN	282.62	151.87%	0.80
Energy Resources of Australia Ltd.	ASX:ERA	171.88	0.00%	1.11
Peninsula Energy Limited	ASX:PEN	107.33	17.40%	1.17
UR-Energy Inc.	TSX:URE	96.22	29.34%	1.44
Energy Fuels Inc.	TSX:EFR	126.88	25.39%	1.59
Mean		**109.52**	**29.5%**	**1.17**

Source: S&P's Capital IQ as at 5 October 2016.

We provide descriptions of the comparable companies in the table below.

Company Name	Business Description
Alliance Resources Ltd. (ASX:AGS)	Alliance Resources Limited operates as a mineral exploration and mining company in Chile. The company explores for copper, gold, silver, and uranium. It holds interest in the Monardes Basin and Sierra Cinchado/Sierra del Potrillos projects located in Atacama Region III in northern Chile. The company is headquartered in Southbank, Australia.
EVE Investments Limited (ASX:EVE)	EVE Investments Limited operates in mineral exploration business. The company holds interests in gold exploration licenses in the Tan Tan province, Guelmin-Es Semara region of southern Morocco; and the Ballek copper-gold-uranium project comprising four exploration Permit Areas in Arjeplog commune, northern Sweden. The company was formerly known as Energy Ventures Limited and changed its name to EVE Investments Limited in November 2105. EVE Investments Limited is based in Subiaco, Australia.
Vimy Resources Limited (ASX:VMY)	Vimy Resources Limited primarily explores and develops uranium properties in Western Australia. Its primary property is the Mulga Rock project located to the northeast of the regional city of Kalgoorlie-Boulder. The company was formerly known as Energy and Minerals Australia Limited and changed its name to Vimy Resources Limited in December 2014. Vimy Resources Limited was founded 2006 and is based in West Perth, Australia.
Paladin Energy Ltd (ASX:PDN)	Paladin Energy Ltd develops and operates uranium mines in Africa. The company operates through Exploration, Namibia, and Malawi segments. Its flagship project is the Langer Heinrich mine located in the Namib Naukluft Desert in Namibia. The company serves utilities and other entities primarily located in the United States, Australia, China, Taiwan, and the United Kingdom. The company was formerly known as Paladin Resources Ltd and changed its name to Paladin Energy Ltd in November 2007. Paladin Energy Ltd was incorporated in 1993 and is headquartered in Subiaco, Australia.
Energy Resources of Australia Ltd. (ASX:ERA)	Energy Resources of Australia Ltd engages in mining, processing, and selling uranium oxide. The company holds interests in the Peninsular uranium mine located in the Northern Territory, Australia, as well as title to the Jabiluka deposit located to the north of Peninsular. It sells its product to power utilities in Asia, North America, Europe, and Africa. The company was founded in 1980 and is headquartered in Darwin, Australia. Energy Resources of Australia Ltd is a subsidiary of North Limited.
UR-Energy Inc. (TSX:URE)	UR-Energy Inc. engages in the acquisition, exploration, development, and operation of uranium mineral properties. The company holds interests in 14 projects located in the United States. Its principal property is the Lost Creek project comprising a total of approximately 2,100 unpatented mining claims and 4 Wyoming mineral leases covering an area of approximately 42,000 acres located in the Great Divide Basin, Wyoming. The company was founded in 2004 and is headquartered in Littleton, Colorado.

Energy Fuels Inc. (TSX:EFR)	Energy Fuels Inc., together with its subsidiaries, engages in the extraction, recovery, and sale of uranium and vanadium properties in the United States. The company operates in two segments, ISR Uranium and Conventional Uranium. Its principal properties are located in Utah, Wyoming, Arizona, New Mexico, and Colorado. The company owns the Nichols Ranch uranium recovery facility in Wyoming; White Mesa Mill in Utah; and uranium and uranium/vanadium properties and projects in various stages of exploration, permitting, and evaluation. Its White Mesa Mill also recovers vanadium as a co-product of mineralized material produced from certain of its projects in Colorado and Utah, as well as recovers uranium from other uranium-bearing materials. The company was formerly known as Volcanic Metals Exploration Inc. and changed its name to Energy Fuels Inc. in May 2006. Energy Fuels Inc. was incorporated in 1987 and is headquartered in Lakewood, Colorado.

Source: S&P's Capital IQ as at 5 October 2016.

Cost of debt

We have assumed a cost of debt for the Lance Project of 10%. This has been assumed based on publicly available information on the companies included in the table above.

We have assumed that the best capital structure to employ for the Lance Project is to have a debt to enterprise value of 50%, as discussed in the beta section above.

WACC summary

We set out the detailed calculation of the WACC in the table below.

Calculations		Min	Max
Market Risk Premium (Rm - Rf)	% p.a.	6.00%	7.00%
Multiplied by: Levered Beta	#Num	1.997	1.997
Adjusted Market Risk Premium	% p.a.	11.98%	13.98%
Add: Risk-Free Rate of Return (Rf)(1)	% p.a.	2.00%	2.00%
Add: Specific Risk Premium	% p.a.	-	-
Cost of Equity	**% p.a.**	**13.98%**	**15.98%**
Multiplied by: E/(D+P+E)	%	50.00%	50.00%
Cost of Equity Portion	% p.a.	6.99%	7.99%
Cost of Debt (Rd)	% p.a.	10.00%	10.00%
Tax Rate	% p.a.	30.00%	30.00%
After-Tax Cost of Debt	**% p.a.**	**7.00%**	**7.00%**
Multiplied by: D/(D+P+E)	%	50.00%	50.00%
Cost of Debt Portion	% p.a.	3.50%	3.50%
Calculated WACC	**% p.a.**	**10.5%**	**11.5%**

We have not considered company specific risk given the broad range of comparable companies used to calculate a company specific beta. As a result, a broad range of risks are already reflected in the beta. However, we have reduced the beta to.

Based on the assumptions set out above, we have assessed the post-tax nominal WACC to be between 10.5% and 11.5%.

E. INDEPENDENT TECHNICAL SPECIALIST'S REPORT

Independent Technical Assessment and Valuation Report relating to the mineral assets of Peninsula Energy Limited

Report Prepared for

RSM Corporate Australia Pty Ltd

Report Prepared by

SRK Consulting (Australasia) Pty Ltd

Project Number PNS001

October 2016

Independent Technical Assessment Report relating to the mineral assets of Peninsula Energy Limited

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Executive Summary

This intention of this report is to provide an independent technical evaluation of two uranium projects – the Lance Project (USA) and the Karoo Project (South Africa).

Summary of principal objectives

RSM Corporate Australia Pty Ltd (RSM) has been engaged by Peninsula Energy Ltd (Peninsula) to prepare an Independent Expert's Report (IER) for inclusion with a notice of meeting, to assist shareholders in their decision whether or not to approve a proposed funding package.

Peninsula is developing two uranium projects, namely:

- Lance Project: An in situ leach project located in Wyoming, USA. This is the most advanced of Peninsula's projects and is currently in the ramp-up stage of operation.
- Karoo Project: This consists of exploration tenure and associated uranium resources located in the Beaufort West region of the Western Cape Province of South Africa.

SRK Consulting (Australasia) Pty Ltd (SRK) was engaged to review the technical assumptions contained in the Lance cashflow model and provide RSM with a technical assessment report on the hydrogeological and geo-metallurgical inputs to this cashflow model for the Lance Project.

In addition, SRK was requested to provide a valuation for the exploration properties, including the reported resources for the Karoo Project.

Lance Project

Peninsula's wholly-owned subsidiary, Strata Energy Inc. (Strata) is the registered holder of the in situ uranium recovery operations located in the Ross Permit Area at the Lance Project in Crook County, Wyoming, USA. Strata holds permits covering an approximate area of 59,655 acres, with tenure comprising a mixture of private access agreements, as well as State and Federal mining claims.

The Lance Project is currently producing yellowcake, but remains in the ramp-up phase towards full production. The licence area is split into four different operational Mining Units (MUs), with activity focused in Mining Unit 1 (MU1) at the present time. For the main part, MU1 shows consistent production, albeit at a lower rate of leaching than initially predicted. As the fields become stable, this may improve slightly; however, this will warrant some modification to Peninsula's initial assumptions used in the economic modelling, as follows:

- The average flow rate from the recovery well achieved from the commencement of production to the end of June 2016 is 14.5 gallons per minute (gpm).
- This rate is affected by start-up process. On average, the most recent flow rate observed during steady state production over the period 8 to 30 June 2016 is 17.7 gpm. This indicates that the flow rate can be about 20% higher after start-up and the long-term average flow rate will be in the range of 17 to 18 gpm.
- Assume average uranium concentration of 25 mg/L in ramp-up and 50 mg/L in steady-state.
- Assume actual aggregate production will be approximately 15% less than the current predictions for individual header houses/ wellfields.
- More time will be required from the initial estimates to achieve 70% total recovery of uranium from the individual operating wells – perhaps in the order of 150 days.

The Lance Project's management team is applying in situ recovery (ISR) to a rock formation that has not previously been exploited in Wyoming. Challenges with flow rates and variable concentration are being addressed in an efficient and cost-effective manner.

It should be noted that the operators are highly experienced and constantly improving the initial design to improve efficiency. The Lance Project is a well-run and efficient operation. There are currently no identified environmental risks and despite the slower rate of production, the onsite management team has developed strategies to compensate, including bringing on additional header houses early and increasing well maintenance.

It is SRK's expectation that as operational understanding of MU1 increases and is applied to other operating units, the team on site will be able to maintain current levels of production, despite limited information about the other areas.

Geology

The Lance Project is located on the north east flank of the Powder River Basin in Wyoming. The original NuBeth Joint Venture between Nuclear Dynamics Inc., Bethlehem Steel Corporation and later Pacific Power and Hydro (NuBeth JV) discovered 13 zones of uranium mineralisation associated with a system of roll-fronts which was confirmed by drilling between 1970 and 1979 (Peninsula, 2015). As part of this exploration program, the NuBeth JV drilled more than 5,000 exploration and development holes, totalling in excess of 912,000 m.

The uranium mineralisation occurs as a series of roll-fronts or tabular deposits hosted in over 20 stacked sandstone units separated from different aquifers by impermeable mudstones/ siltstones. Most of the mineralised sandstone horizons lie within the Fox Hills Formation, but there is also some mineralisation within the overlying Lower Lance Formation. The depth of the mineralisation is approximately 530 feet (160 m) below surface. Molybdenum, selenium and more significantly vanadium are associated with the known uranium mineralisation.

A proprietary database of the historic drilling and pilot plant data was acquired by Peninsula in 2007. To date, roll-front uranium mineralisation extending over a strike length of 50 km in a north–south direction has been identified by Peninsula at the Lance Project (Peninsula, 2015).

Resource

The Lance Project comprises 312 line kilometres of identified roll-fronts and an exploration target of 158 to 217 Mlbs U_3O_8 (169 to 196 Mt grading 426 to 530 ppm U_3O_8) inclusive of a JORC Code (2012) compliant resource. This exploration target remains conceptual in nature and there is no guarantee that further technical studies will result in a Mineral Resource being estimated. These roll-fronts stretch over a north-south strike length of 50 km and are open to the north, south and west.

SRK's review of the geological model and resource estimate for the Lance Project was based on the following documents:

- World Industrial Minerals (WIM), Lance Uranium Project Mineral Resource Report, March 2012
- SRK Consulting (UK), Technical Environmental and Social Audit of the Lance Uranium Project, Wyoming USA, October 2015.

In addition, two 2D datasets for the Areas 05B and 07A, containing all the mineralised intersections (G Grade eU_3O_8 ppm, T Thickness (ft) and GT product grade-thickness (ft%)) were available. SRK used these datasets to perform spot checks on the resource.

In SRK's opinion, the geology of the Lance Project appeared to be well understood by WIM and the geological interpretation provided represents a sound basis for the Mineral Resource estimation.

QA/QC

SRK concurs with Optiro that preference should be given to prompt fission neutron (PFN) values, but factoring the gamma or PFN data based on ICP-MS values is not considered to be prudent as there are too few comparison data points and the ICP-MS results may be flawed.

Another source of uncertainty for the resources is the fact that the historical data (NuBeth JV holes), representing the largest part of the information, appear to be unsupported by any QA/QC data.

The bulk density has been determined from only 32 samples derived from four diamond holes as completed by Peninsula. The average value (2.1 t/m^3) is used as the basis for the tonnage estimate, but as noted in the SRK UK report, this value is considered low for the sandstone. Moreover, there is bound to be some variability linked to the various sandstone units involved. In SRK's opinion, further data is needed, although the overall tonnage is unlikely to be materially different.

Estimation methodology

In SRK's opinion, the Resource classified as Measured and Indicated is considered to be reasonable due to the high drilling density, despite the paucity of geochemical assays.

The Inferred Resource is defined by individual roll-fronts which are intersected by few holes, and as a consequence, the estimation is affected by a high degree of uncertainty. Analysis of drilling within the Kendrick area demonstrates a high rate of conversion of from Inferred to Indicated Resources.

Hydrogeological comments related to proposed ISR mining

In SRK's opinion, the hydrogeological conditions are favourable for ISR mining. Notably, the site-specific groundwater modelling undertaken at the Ross Project scale demonstrates that ISR operations can be safely conducted and that bleeding rates (ranging from 0.5% to 2%) will be sufficient to maintain an inward hydraulic gradient in the wellfield.

The hydrogeological conditions of the Lance ISR uranium project are similar to the third-party owned Irigaray, Christensen Range, Smith Ranch – Highland, and Crow Butte ISR projects.

SRK notes the following hydrogeological issues potentially resulting in slower or possibly lower uranium recoveries in the current model. Mitigation of these issues the drilling of additional wells within the mine units in order to achieve the targeted production goals:

- Hydrogeological testing was conducted primarily for permitting purposes and there are some gaps in Peninsula's understanding of the parameters influencing operational conditions – transmissivity / hydraulic conductivity of ore zone only, well injection, vertical anisotropy and vertical flare.
- Aquifer testing results are somewhat limited due to the primary goal of demonstrating confinement and supporting regional modelling efforts versus orebody mineability.
- Given that a low permeable zone has been encountered in south western extent of MU1, similar zones may be present within other MUs and wellfields needs be adjusted to accommodate the low permeability areas.
- There is some potential for interference between wellfields due to the aggressive mining schedule and requirement to manage additional bleed water.
- Limited available hydraulic head above top of the Ore Zone (OZ) aquifer in the central part of the deposit (MU3 and MU4) at the current conditions is reduced by oil field water supply wells (30 years of operation depressed OZ aquifer by about 150 ft). Although oil field supply wells will be turned off as per licence before operation of mine units, SRK has not found any reported estimates of groundwater recovery in this area.

- Based on the limited amount of test data available, it is unlikely that Strata will be able to maintain a pumping rate of 20 gpm per recovery well in the area, where hydraulic conductivity of OZ aquifer is lower than average or available drawdown is not sufficient. This applies to MU3 and MU4 in the Ross area and future mine units in the Kendrick area. As the data supporting these estimates is very limited, further testing may allow for positive or negative adjustments to be made prior to wellfield development.
- Swelling clay in the formation could cause potential problems with well injection and formation transmissivity (as encountered during the NuBeth R&D Phase I test in 1977-1978 and during R&D Enterprises' testwork in May 2013). Better filtering and increased control of the injected lixiviant chemistry are required in order to alleviate the problems seen in the NuBeth JV test pattern.
- There has only been a limited amount of groundwater modelling of operational conditions during ISR mining. Existing groundwater models were developed for permitting purposes and do not have sufficient vertical discretisation, which results in simulation of injection and recovery wells with 14 ft (on average) screen intervals within a single, almost 120 ft thick, model layer.
- The assumed vertical flare of 1.44 (this is the potential of lixiviant to flow from injection well toward the recovery well outside the screened or leach zone interval) used for bond estimation has not been evaluated by the groundwater model due to the lack of grid discretisation.

Valuation

The Lance Project has been valued on the basis of U_3O_8 (US$/lb) for the declared resources across the project area. A separate standalone valuation was also carried out for the Barber area which contains a large Inferred Resource.

For the Barber area, SRK considered a total of 23 transactions occurring between January 2011 and April 2016 and involving projects at the exploration stage or with late-stage uranium resources. Of these transactions, 14 involved projects with declared uranium resources at the time of the transaction. Initially, SRK considered all projects on a worldwide basis involving all uranium transactions, including eight transactions involving sandstone-hosted uranium projects. Based on this analysis, SRK considers the Four Mile ISL project (containing similar U_3O_8 grade and a large (73%) portion of the resource in the Inferred category) to be most comparable to the Inferred Resource at the Lance Project.

Peninsula's Kendrick and Ross projects, which are included in the mine plan, have less than 50% of the currently defined resources classified in the Inferred category. For these two projects, SRK considered six transactions occurring between February 2013 and July 2016 involving uranium projects in the operational phase. Of these transactions, three involve operating uranium ISL projects.

From this analysis, SRK has selected Low, High and Preferred valuation factors as follows:

- For declared U_3O_8 equivalent resources (with less than 50% of the stated resources classified in the Inferred category), the factors are 0.96 US$/lb for the Low factor, 4.09 US$/lb for the High factor and 1.93 US$/lb for the Preferred factor.
- For declared U_3O_8 resources (with more than 50% of the stated resource in the inferred category) a preferred value of are 0.96 US$/lb for the Low factor, 2.20 US$/lb for the High factor and 1.35 US$/lb for the preferred factor.

On this basis, SRK estimates that the current market value for the Lance Project resides in the range US$51.5 M to US$159.2 M with a preferred value of US$85M as outlined in Table ES-1.

Table ES-1: Valuation ranges for the Lance Project based on Peninsula's 100% ownership

Project	Valuation basis	Low (US$ million)	Preferred (US$ million)	High (US$ million)
Ross	Declared Resources (<50% Inferred)	5.6	11.4	24.1
Kendrick	Declared Resource (<50% Inferred)	15.3	30.7	65.2
Barber	Inferred Resource (>50% Inferred)	30.5	42.9	70.0
	Total	**51.5**	**85.0**	**159.2**

SRK notes that it has conducted a review of inputs into Peninsula's financial model (Discounted Cash Flow) for the Lance Project. Based on this review, SRK considers the financial model to be appropriate and the input parameters and timings are reasonable for the Ross and Kendrick project. On this basis, SRK considers the valuation of the Lance Project should be considered in terms of resource category:

- The Barber resource comprises a large portion of Inferred material. Given the associated geological uncertainty associated with these resources, this Inferred material has been excluded from the financial model. SRK considers the Barber assets are better assessed using the Comparable Transaction method as the primary valuation technique.
- The Ross and Kendrick areas are currently in or will shortly be in production, and contain Measured and Indicated Resources, with a limited portion of Inferred material. It is appropriate to value these two areas using Discounted Cash Flow (DCF) models, which is able to better represent the likely operational costs and contracted uranium pricing. In this instance, SRK's valuation ranges, as based on the Comparable Transaction method, provides an alternative valuation technique.

SRK understands that RSM has considered the Lance financial model in its Independent Expert Report.

Karoo Project

Peninsula holds a 74% interest in the Karoo Project through its wholly owned subsidiary company, Tasman Pacific Minerals Limited (Tasman Pacific). Tasman Pacific in turn holds a 100% interest in Tasman RSA Holdings, the holder of a 74% interest in the issued share capital of Tasman-Mmakau JV Company (Pty) Ltd (TM JVCo) and Lukisa JV Company (Pty) Ltd. The remaining 26% of each company's issued shares are held by Black Economic Empowerment (BEE) entities. TM JVCo is the holder of the five original Tasman Prospecting Rights (PRs) granted to Tasman by the South African Department of Minerals and Resources (DMR), while Lukisa JVCo holds title to an additional 35 PRs.

The Karoo Project comprises 40 PRs covering a combined, and contiguous, area spanning 7,800 km². SRK notes that although a number of the PRs have expired, this tenure remains valid while Mining Permit Applications are being assessed.

To date, only scoping level engineering studies have been completed at the Karoo Project. As such, SRK considers the Karoo Project is best classified as a pre-development project with ongoing exploration, historic resources and declared JORC Code-compliant mineral resources.

Geology

The Karoo uranium assets are hosted within a succession of sedimentary rocks belonging to the Karoo Supergroup. Uranium–molybdenum deposits are hosted by the Late Permian, Teekloof Formation. The Teekloof Formation is characterised by a succession of generally upwardly fining

cycles of sandstones and mudstones. Uranium–molybdenum mineralisation is localised to palaeo-river channel sandstones occurring as disseminated mineralisation with a tabular geometry.

SRK visited Peninsula's Karoo Project in the Beaufort West region of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin. During the site visit, SRK visited the main deposits – Ryst Kuil, Rietkuil and the core yard at Ryst Kuil where all available core for the Karoo deposits is kept.

Tenure

Peninsula is the sole shareholder of Tasman Pacific Minerals Limited, which, through its wholly owned subsidiary, Tasman RSA Holdings, holds 74% of the issued share capital in Tasman-Mmakau JV Company (Pty) Ltd (TM JVCo) and Lukisa JV Company (Pty) Ltd; the name will change to Tasman-Lukisa JV Company (Pty) Ltd in due course. The remaining 26% of each company's issued share capital is independently held by BEE entities. TM JVCo is the holder of the five original Tasman PRs granted to Tasman by the DMR, while Lukisa JVCo holds title to an additional 35 PRs.

Permitting

The company holds Certificates of Registration from the National Nuclear Regulator (NNR) of South Africa, which regulates the handling and storage of nuclear material in terms of the National Nuclear Regulatory Act, 1999 (Act No. 47 of 1999). Monitoring is administered by the national office of the NNR; regular inspections and reporting are required.

Tasman also holds an authorisation (Number: E2/5/9/3/DEPARTMENT OF ENERGY/TASMAN PACIFIC MINERALS LIMITED/001/2013) from the Department of Energy of South Africa to acquire, possess, use or transport radioactive source material (uranium oxide).

Resource

SRK's review of the geological model and resource estimate for the Karoo Project is based on the most recent resource estimation conducted by Optiro (2014). SRK reviewed data supplied by Peninsula for models of six deposits – Bokvlei, Davidskolk, De Pannen, Haanekuil East, Quaggasfontein and Ryst Kuil – and undertook spot checks for Bokvlei and Ryst Kuil.

QA/QC

In SRK's review, it was noted that

- Existing studies conclude that there is no or very little disequilibrium in the Karoo deposits, which facilitates the use of eU_3O_8.
- Sampling and assaying procedures for chemical grades are acceptable.
- Bulk density is determined by several hundreds of measurements using a weight in air/ weight in water approach. A constant value of 2.67 t/m^3, representing the average of values for the sandstones of the Beaufort Group is used in the estimation; this appears reasonable.
- Historical QA/QC results for chemical grades (Blanks, certified reference materials (CRMs), repeat assays) are analysed in Optiro's report and are generally acceptable.

Estimation methodology

The approach to the resource estimation is reasonable, but the separation high-grade/ low-grade domains is somewhat problematic, particularly where the drilling density is low, as in the case of Bokvlei, for example. SRK performed global checks in Bokvlei and Ryst Kuil, and found resources which agree reasonably well with those established by Optiro (2014).

SRK recommends using a more probabilistic approach, indicator kriging, for instance, where the drilling density is low. The Leapfrog approach is more valid in densely drilled zones, but even then,

the indicator method is more flexible and takes better account of the grade variability through the indicator variography.

Valuation

The Karoo Project has been valued on the basis of area (US$/km^2) for the Exploration Areas, and on the basis of U_3O_8 equivalent (US$/lb) for the declared uranium–molybdenum resources for the Resource Areas.

SRK considered a total of 23 transactions involving exploration or late-stage uranium resources properties in Africa and the rest of the world between January 2011 and April 2016. Of these transactions, 13 involved properties that had declared uranium resources at the time of the transaction. Initially, all projects worldwide involving all uranium transactions were considered, including 12 transactions involving African projects and seven transactions involving sandstone-hosted uranium projects.

From this analysis, SRK has chosen Low, High and Preferred valuation factors as follows:

- Exploration projects in terms of valuing by tenement areas (km^2). The factors are US$16/km^2 for the Low factor, US$292/km^2 for the High factor.
- For declared U_3O_8 equivalent resources, the factors are 0.19 US$/lb for the Low factor, 2.20 US$/lb for the High factor and 0.41 US$/lb for the Preferred factor.
- The Preferred value is based on the multiples of exploration expenditure (MEE) of historic exploration and this value is further supported by Peninsula's 74% acquisition of the Ryst Kuil in 2013 for US$50 million (M).
- On this basis, SRK estimates that the current market value of Peninsula's interest in the Karoo Project resides in the range US$24.4 M to US$96.0 M with a preferred value of US$32.4 M as outlined in Table ES-2.

Table ES-2: Valuation ranges for Karoo Project based on Peninsula's 74% ownership

Stage	Valuation basis	Low (US$ million)	Preferred (US$ million)	High (US$ million)
Exploration	Area	0.5	0.7	1.2
Advanced Exploration/ Pre-development	Declared Resources/ MEE	23.9	31.7	94.8
	Total	**24.4**	**32.4**	**96.0**

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Appendix A: Mining and Prospecting Rights Applications – Karoo Project

Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by RSM Corporate Australia Pty Ltd (RSM). The opinions in this Report are provided in response to a specific request from RSM to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

List of Abbreviations

Abbreviation	Meaning
3D	three dimensions
AIG	Australian Institute of Geoscientists
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
AusIMM	The Australasian Institute of Mining and Metallurgy
BAC	base acquisition cost
BEE	Black Economic Empowerment
CPP	Central Processing Plant
CRM	certified reference material
DCF	discounted cashflow
DD	diamond core
DMR	South African Department of Minerals and Resources
FH	Fox Hills
ft/d	feet per day
Gpm	gallons per minute
G	grade
GT	grade thickness
ICP-MS	inductively coupled plasma – mass spectrometry
IER	Independent Expert's Report
IML	Inter-Mountain Laboratories
ISL	in situ leach
ISR	in situ recovery
IX	ion exchange
JCI	Johannesburg Consolidated Investments
lbU/ft^3	pounds uranium per cubic foot
LL 1	Lance Formation (1)
LL 2	Lance Formation (2)
LUC	localised uniform conditioning
MEE	multiples of exploration expenditure
mg/L	milligrams per litre
MLA	Mining Licence Application
Mlbs	million pounds
Mo	molybdenum
MTR	metal transaction ratio
MU1	mine unit #1
NNR	National Nuclear Regulator
NRC	United States Nuclear Regulatory Commission
NRR	net refining returns royalty
NuBeth JV	NuBeth Joint Venture between Nuclear Dynamics Inc, Bethlehem Steel Corporation and later Pacific Power and Hydro

Abbreviation	Meaning
Nuclear Dynamics	Nuclear Dynamics, Inc.
OZ	Ore Zone
Peninsula	Peninsula Energy Ltd
PC	percussion
PEM	prospectivity enhancement multiplier
PFN	prompt fission neutron
PR	Prospecting Right
QA/QC	quality assurance/ quality control
R&D	research and development
RC	reverse circulation
RCF	Resource Capital Fund VI L.P.
Redox	reduction–oxidation
RSM	RSM Corporate Australia Pty Ltd
SMU	selective mining unit
SRK	SRK Consulting (Australasia) Pty Ltd
Strata	Strata Energy Inc.
T	thickness
TDS	total dissolved solids
TM JVCo	Tasman-Mmakau JV Company (Pty)
UCEX	Union Carbide
UTL	upper tolerance limit
WDEQ	Wyoming Department of Environmental Quality
WIM	World Industrial Minerals
WWC	WWC Engineering
XRF	X-ray fluorescence

1 Introduction and Scope of Report

SRK Consulting (Australasia) Pty Limited (SRK) has been commissioned by RSM Corporate Australia Pty Ltd (RSM) to prepare an Independent Technical Assessment and Valuation Report for Peninsula's uranium projects located in Wyoming (USA) and Western Cape Province (South Africa). SRK understands that this report is to be included in RSM's Independent Expert's Report (IER) relating to a proposed funding package from Resource Capital Fund VI L.P. (RCF).

SRK further understands that RSM's IER will be included with a notice of meeting to assist shareholders in deciding whether or not to approve this funding package.

2 Background and Brief

2.1 Background of the project

This Independent Technical Assessment and Valuation Report was initiated by Mr Peter Gray, Senior Manager for RSM, on 4 May 2016.

2.2 Nature of the brief

RSM has been engaged by Peninsula to prepare an IER for inclusion with a notice of meeting, to assist shareholders in their decision whether or not to approve a proposed funding package.

Peninsula is developing two uranium projects, the most advanced being the Lance Project (in situ leach) in Wyoming, USA. The Lance Project is currently in the ramp-up stage to full production. Peninsula's second project is located in the Beaufort West region of the Western Cape Province of South Africa and consists of exploration tenure and associated uranium resources, which have been assessed to a scoping level.

SRK was engaged to review the technical project assumptions contained in the Lance Project cashflow model and provide RSM with a technical assessment of the hydrogeological and geo-metallurgical inputs to this cashflow model.

In addition, SRK was also requested to provide a valuation for the defined resources at the Lance Project and the exploration properties in South Africa, including the reported resources present at the Karoo Project.

3 Program Objectives and Work Program

3.1 Program objectives

The objective of this report is to provide an independent assessment of the technical assumptions Peninsula has included in its cashflow forecasts for the Lance Project. In addition, SRK will provide a valuation of the defined mineral resources and associated exploration tenure associated with the Karoo Project.

3.2 Purpose of the Report

The purpose of this report is to provide an Independent Technical Assessment and Valuation Report for inclusion in an IER to be prepared by RSM. It is SRK's understanding that the SRK report will be appended to RSM's IER and, as such, will be a public document.

3.3 Reporting standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). The VALMIN Code has been adopted by The Australasian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Geoscientists (AIG) and is binding on all members of these organisations. The VALMIN Code incorporates the JORC Code for reporting of Exploration Results, Mineral Resources and Ore Reserves, as well as other regulatory guidance as issued from time to time by the Australian Securities Exchange (ASX) and Australian Securities and Investment Commission (ASIC).

3.4 Work program

In the completion of its mandate, SRK has carried out the following work program:

- Review awarded: 13 May 2016
- Site visit to Karoo Project: 23 - 25 May 2016
- Site visit to Lance Project: 30 May - 1 June 2016
- Peer review: 20 June 2016
- Submission of the draft report: 24 June 2016
- Submission of the final report: 11 July 2016.

3.5 Project team

Matthew Greentree, PhD MAIG MAusIMM, Principal Consultant (Project Evaluation and Geology), managed the study, conducted the Valuation of Mineral Resources and exploration tenure for the Karoo Project and compiled the final report.

- Daniel Guibal, FAusIMM MMICA, MGAA, Min.Eng, Corporate Consultant (Geostatistics & Resources), provided a review of the resource estimates for the Lance and Karoo projects.
- Vladimir Ugorets, PhD, MMSAQP, Principal Consultant (Hydrogeology), provided an assessment of the hydrogeology and conducted a site visit to the Lance Project, Wyoming, USA.
- Rob Bowell, PhD, C.Chem C.Geol Corporate Consultant (Geochemistry & Geometallurgy), reviewed the geochemical and metallurgical aspects and conducted a site visit to the Lance Project, Wyoming, USA.
- Hennie Theart, PhD, Pr.Sci.Nat, FGSSA, FSEG, FAAG, PhD Corporate Consultant (Geology), conducted a site visit to the Karoo Project, Western Cape Province, South Africa.
- Jeames McKibben, BSc (Hons), MBA, MRICS (Chartered Valuation Surveyor), MAusIMM(CP), MAIG, Principal Consultant (Project Evaluation), undertook a peer review of the compiled report.

3.6 Statement of SRK independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no beneficial interest in the outcome of the technical assessment and valuation being capable of affecting its independence.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

3.7 Fees

The professional fees charges in the preparation of this report are A$84,000.

3.8 Representation

Peninsula has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

3.9 Indemnities

As recommended by the VALMIN Code, Peninsula has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Peninsula or to Peninsula not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

3.10 Consents

SRK consents to this Report being included, in full, in the RSM's IER in the form and context in which the Technical Assessment and Valuation is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessments and valuations expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

3.11 Declaration

The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by a team of technical specialists supervised by Dr Matthew Greentree, who is a Member the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Matthew Greentree accepts responsibility for the content and derived values outlined in this Report. Dr Matthew Greentree has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Specialist as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Dr Matthew Greentree consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

4 Lance Project

Peninsula's wholly-owned subsidiary company, Strata Energy Inc. (Strata), holds a 74% interest in the Lance Project's in situ uranium recovery operations in Wyoming, USA.

The Lance Uranium District includes 13 previously identified mineralised areas which collectively constitute Peninsula's Lance Project. One of these mineralised areas (known as the Ross area) was advanced to production, with an in situ recovery (ISR) wellfield operating in the late 1970s.

The Lance Project areas lie within a broader mineralised system comprised of 22 mineralised sands hosting more than 204 km (127 miles) of roll-front uranium deposits. This large mineralised system was defined throughout the district in the 1970s.

4.1 Location

Peninsula's Lance Project is located along the north east flank of the Powder River Basin within the Ross Permit Area of Crook County, Wyoming, USA (Figure 4-1).

Three defined resource areas have been defined to the north east of the regional centre of Gillette in the Lance district of Crook County, namely the Ross (currently in production), Kendrick and Barber areas (Figure 4-2).

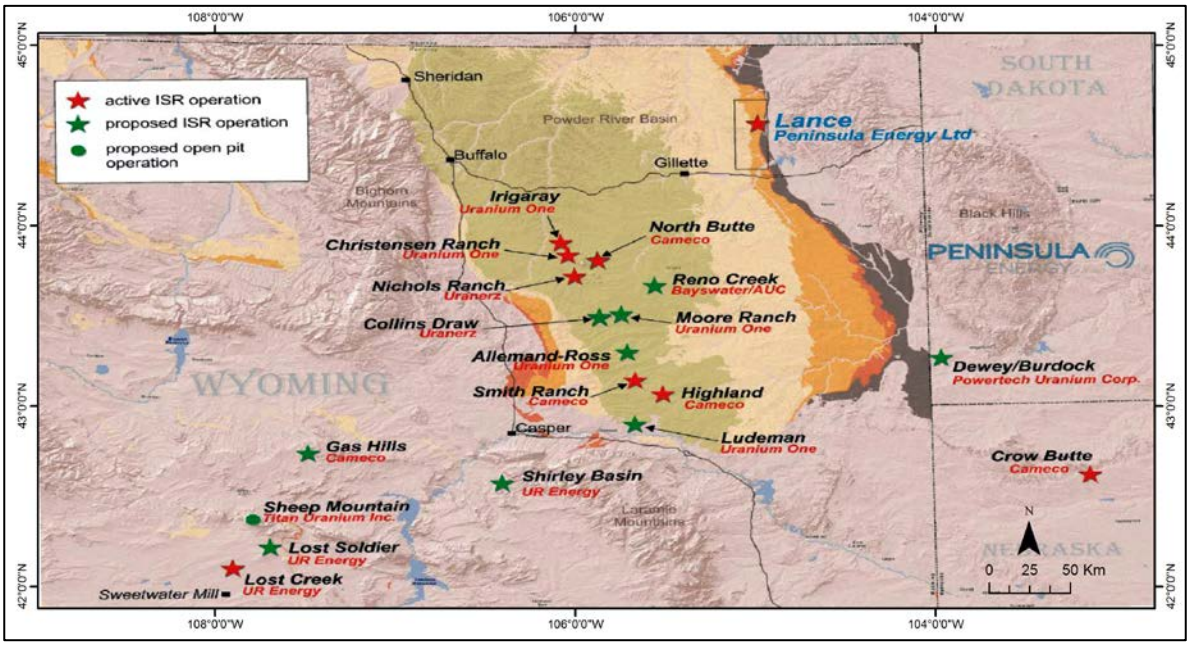


Figure 4-1: Location of the Lance Project and other significant third party owned uranium projects in the Powder River Basin

Key to geology: Quaternary cover (buff), Tertiary (yellow), Cretaceous (orange) and Permian (brown)

Source: Peninsula, 2015

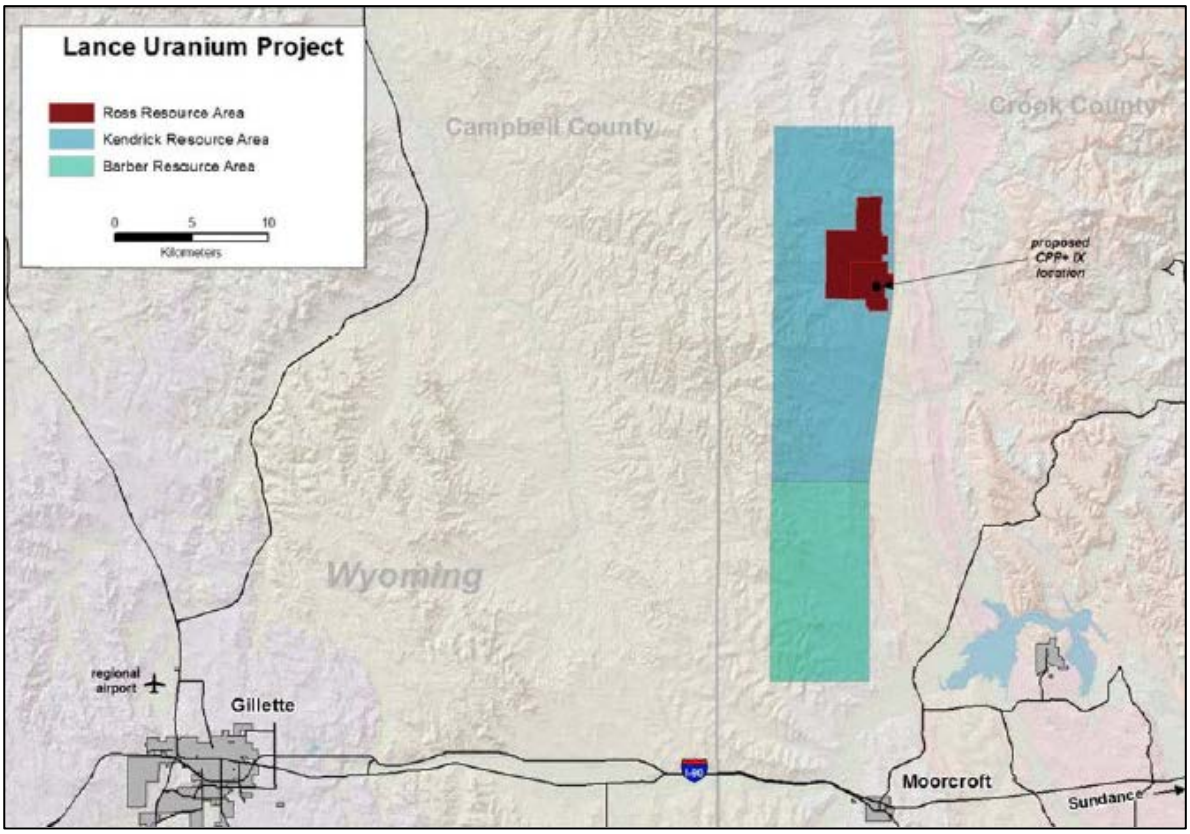


Figure 4-2: Relative locations of the resource areas – Lance Project

Source: WIM, 2012

4.2 Tenure

The Project tenure covers an approximate area of 59,655 acres and comprises a mixture of private access agreements, as well as State and Federal mining claims as outlined in Table 4-1 and shown in Figure 4-3.

Table 4-1: Tenure type and area

Tenure type	Area (acres)
Private Land (FEE) – Surface Access Agreements	24,581
Private Land (FEE) – Mineral Rights	10,078
Federal Mining Claims – Mineral Rights	12,717
Federal Mining Claims – Surface Access – Grazing Lease	40
State Leases – Mineral Rights	10,690
State Leases – Surface Access	1,229
Strata Owned – Surface Access	320
Total	**59,655**

Source: Peninsula, 31 March 2016

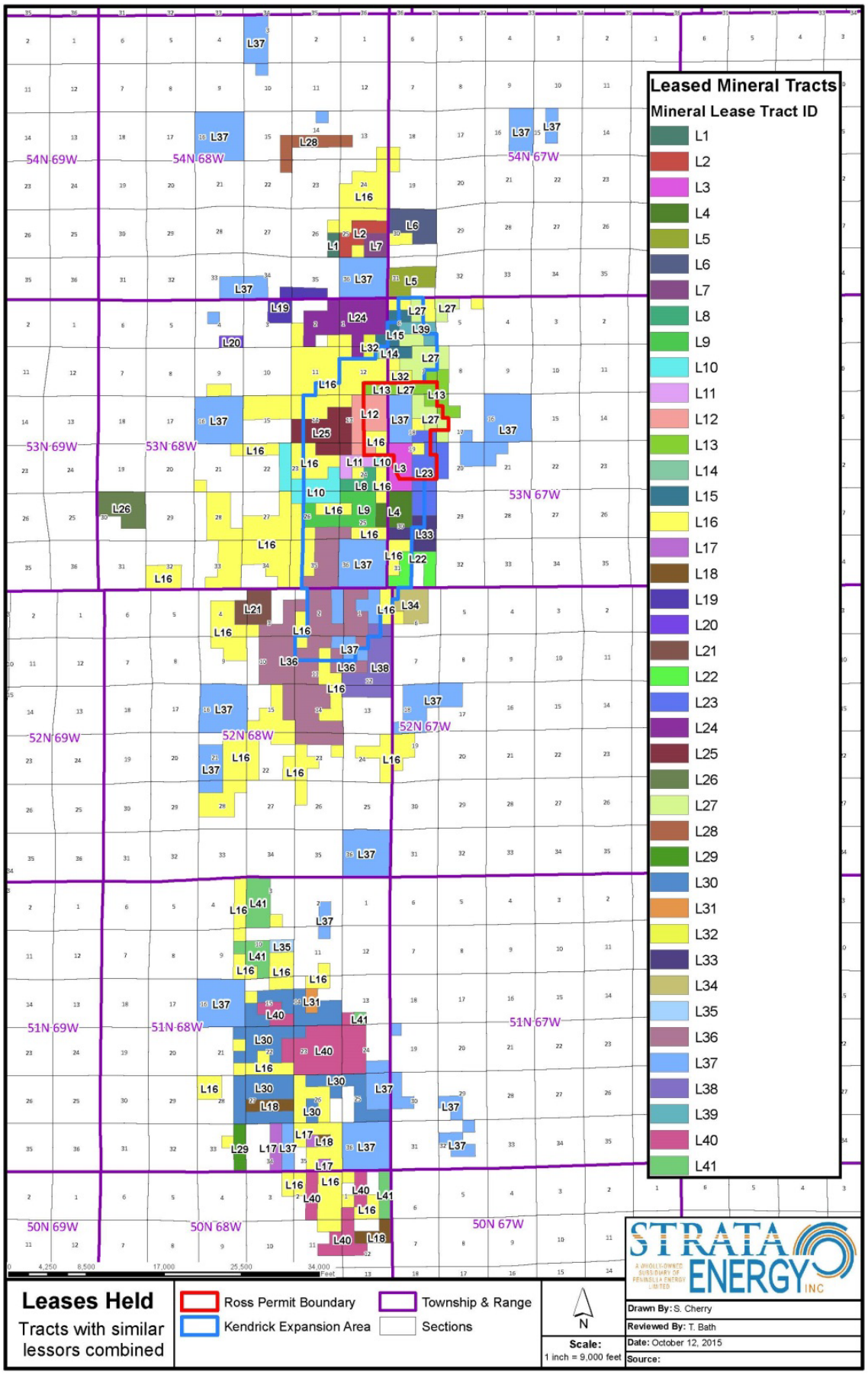


Figure 4-3: Lease holding - Lance Project

Note: L1 to L41 refer to the different mineral leases operated by Strata Energy.

4.3 Operating permits

The primary regulatory agencies that oversee uranium ISR projects in Wyoming are the US Nuclear Regulatory Commission (NRC) and the Wyoming Department of Environmental Quality (WDEQ). Strata has obtained the required licences for construction and operation of the Project and the Safety, Health and Environment Management System from NRC.

SRK has reviewed the MU1 wellfield package and confirmed the documentation is complete and adequate for regulatory approval. The WDEQ and NRC have provided final approval of the MU1 and MU2 wellfield packages. SRK believes that the work undertaken to date meets the standard for operations of this nature, that no material environmental issues have been identified and that there are no material risks of schedule delays or cost increases associated with the environmental and social aspects of the Project.

Strata maintains a proactive, visible profile in Crook County and with local stakeholders. The project office is located in Oshoto (Crook County) and the senior management team has relocated to Sundance, Wyoming, to establish a local presence. Company representatives meet with local landowners and local government on a frequent basis. The Project has a significant, positive economic impact on Crook County. The Natural Resources Defense Council (NRDC) and Powder River Basin Resource Council (PRBRC) presented a series of legal challenges during the administrative hearing process for NRC licencing of the Project. The legal challenges were dismissed after due process by the Atomic Safety Licensing Board (ASLB) in January 2015.

The NRDC and PRBRC appealed the ASLB decision in February 2015. As of early September 2015, the appeal remained under review. Strata's legal counsel advises as follows:

"Given that the NRDC/PRBRC appeal is primarily based on challenges to ASLB factual findings and evaluation of expert testimony, existing Commission [i.e., NRC] precedent on standard of review requires that significant deference be accorded to the ASLB's factual findings. Since Strata and NRC Staff prevailed on these factual findings [presented during the administrative hearing process], there is a high probability of success for Strata and NRC Staff at the Commission level."

SRK considers that the work undertaken to date meets the standard for operations of this nature, that no material environmental issues have been identified and that there are no material risks of schedule delays or cost increases associated with the environmental and social aspects of the Project.

Uranium production commenced in December 2015. Currently, adequate services for power, water and access are available to the Project and SRK does not see this as presenting a risk. For the Stage 1 Plant production, Strata has established a delivery contract with the regional electrical utility (PreCorp) for 1.7 kVa service using existing power lines. This is sufficient capacity for MU1 and CPP commissioning and operation. Strata and the regional utility have contracted for an additional 1.7 kVa service from 1 January 2016. This additional power requires modification of an existing substation, but will not require a new power line. SRK is of the opinion that power availability is not a material risk to the Project and that delivery terms for power are within industrial norms for the region. Strata has received approval for appropriation of groundwater for ISR operations. Potable water will be supplied to the Project. A reinjection well has been permitted, but to date has not been used and minor waste or excess water is stored on site in lined ponds. Well-maintained county roads and interstate freeways provide efficient and all-season road access to the Project.

Table 4-2 outlines the current status of Federal and State level environmental approvals for the Lance Project. All applicable licences have been granted and the operation is currently in compliance.

Table 4-2: Summary of approved licences and permits for the Ross ISR Project Area that includes the Lance Project (May 2016)

Level	Regulatory Agency	Permit or Licence	Status
Federal	NRC	Material Licence	SUA-1601 issued April 24, 2014
	BLM (Bureau of Land Management, a US Federal agency)	Plan of Operations	Withdrawn Jul 29, 2015; no impacts to BLM surface required.
	EPA (Environmental Protection Agency, a US Federal agency)	Approval to Construct Retention Ponds	Approval received May 5, 2015
		Approval of Class III Aquifer Exemption	Received May 15, 2013
	USACE (United States Army Corps of Engineers)	Verification of Preliminary Wetlands Delineation	Verification received December 9, 2010
		Nationwide Permit Coverage Authorization	Nationwide Permit coverage confirmed June 15, 2015
State	WDEQ/AQD (Wyoming Dept. Environmental Quality; Air Quality Department)	Air Quality Permit	Approved September 13, 2011, Permit #CT-12198
	WDEQ/LQD (Land Quality Division)	Permit to Mine	Approved, signed November 16, 2012, Permit #802
		UIC Class III Permit	Received WDEQ/LQD approval as part of Permit #802
		Mineral Exploration Permit/Drilling Notification	Approved #384DN
		Wastewater Pond Construction Permit (lined retention ponds and sediment pond)	Non-significant Revision to Permit #802 under agency review
	WDEQ/WQD (Water Quality Division)	UIC Class I Permit (deep disposal wells)	Approved April 13, 2011, Permit #10-263
		Permit to Construct Domestic Wastewater System	Permit to Construct 14-061 issued April 1, 2014; revised design approval 15-262 received July 27, 2015
		Stormwater WYPDES Permit (construction)	Approved January 17, 2013, Permit #WYR104738
		Temporary WYPDES Permit (discharge during MU2 well testing)	Permit WYG720375 issued 3 Feb 2016
		Public Water Supply System – Permit to Construct	Permit to Construct 14-012

Source: Peninsula, May 2016

4.4 Exploration history

The exploration history of the Lance district is summarised in Table 4-3 which relies on the World Industrial Minerals (WIM) report, 2012. Uranium mineralisation was first identified within the Lance Formation near Oshoto, Wyoming in 1952. However, the U_3O_8 grades (200 - 300 ppm) encountered at that time were considered sub-economic.

During the mid-1970s uranium boom, continental sandstones of the Lance Formation were targeted for roll-front-style uranium mineralisation. Exploration of the area was led by Nuclear Dynamics, Inc. (Nuclear Dynamics) given the favourable geological setting and anomalous radioactivity noted in

outcrop and oil field drilling. Beginning in 1971, Nuclear Dynamics acquired State and private mineral rights and staked Federal lode mining claims in the area.

In 1978, Nuclear Dynamics formed the NuBeth JV with Bethlehem Steel Corporation which subsequently expanded to include Pacific Power and Hydro. Between 1971 and 1979, the NuBeth JV completed more than 5,000 drill holes in the Lance area totalling some 912,000 m (3,000,000 ft), which identified 13 zones of uranium mineralisation resulting from chemical changes in the groundwaters flowing along the sandstone horizons causing the deposition of uranium-rich zones termed “roll-fronts” (Section 4.5.1 for definition) (Peninsula, 2015).

As a result of this exploration success, the NuBeth JV constructed a pilot In-Situ Recovery (ISR) wellfield and processing plant, beginning in 1978. The expansion of the project was terminated as a result of the loss of community interest in nuclear energy following the incident with the Three Mile Island nuclear power generator in Pennsylvania in 1979.

Following a 28-year hiatus, Strata acquired a proprietary database relating to the historic drilling and pilot plant data over the Lance area in 2007. Since that time, Peninsula has identified a series of roll-front-style uranium mineralised zones extending over a 50 km north–south strike length at the Lance Project (Peninsula, 2015).

Table 4-3: Summary of historic exploration within the Lance Project

Year	Company	Comment
1952		Identification of U_3O_8 in the Lance Formation
1971	Nuclear Dynamics	Acquisition and commencement of exploration drilling within the Lance Project
1978	Nuclear Dynamics	Joint Venture with Bethlehem Steel (NuBeth Joint Venture) to develop the Project
1978 -1979	NuBeth JV	Develops and briefly operates a pilot plant scale ISR in the south central portion of what will become the Ross Permit Area
2007	Strata	Acquisition of ground over the Ross Permit Area and begins confirmation drilling of historic resources as well as new exploration drilling. Strata acquires a portion of the historic NuBeth database
2009	Strata	Continued exploration and development drilling. Acquires the entirety of the original NuBeth JV database.
2010 - 2015	Strata	Ongoing exploration and development drilling (resource / reserve delineation)
2015 - 2016	Strata	ISL ramp-up production

Source: WIM Report, 2012

4.5 Geology and Resource

4.5.1 Geological model

The Lance Project lies along the eastern periphery of the Powder River Basin (Figure 4-4).

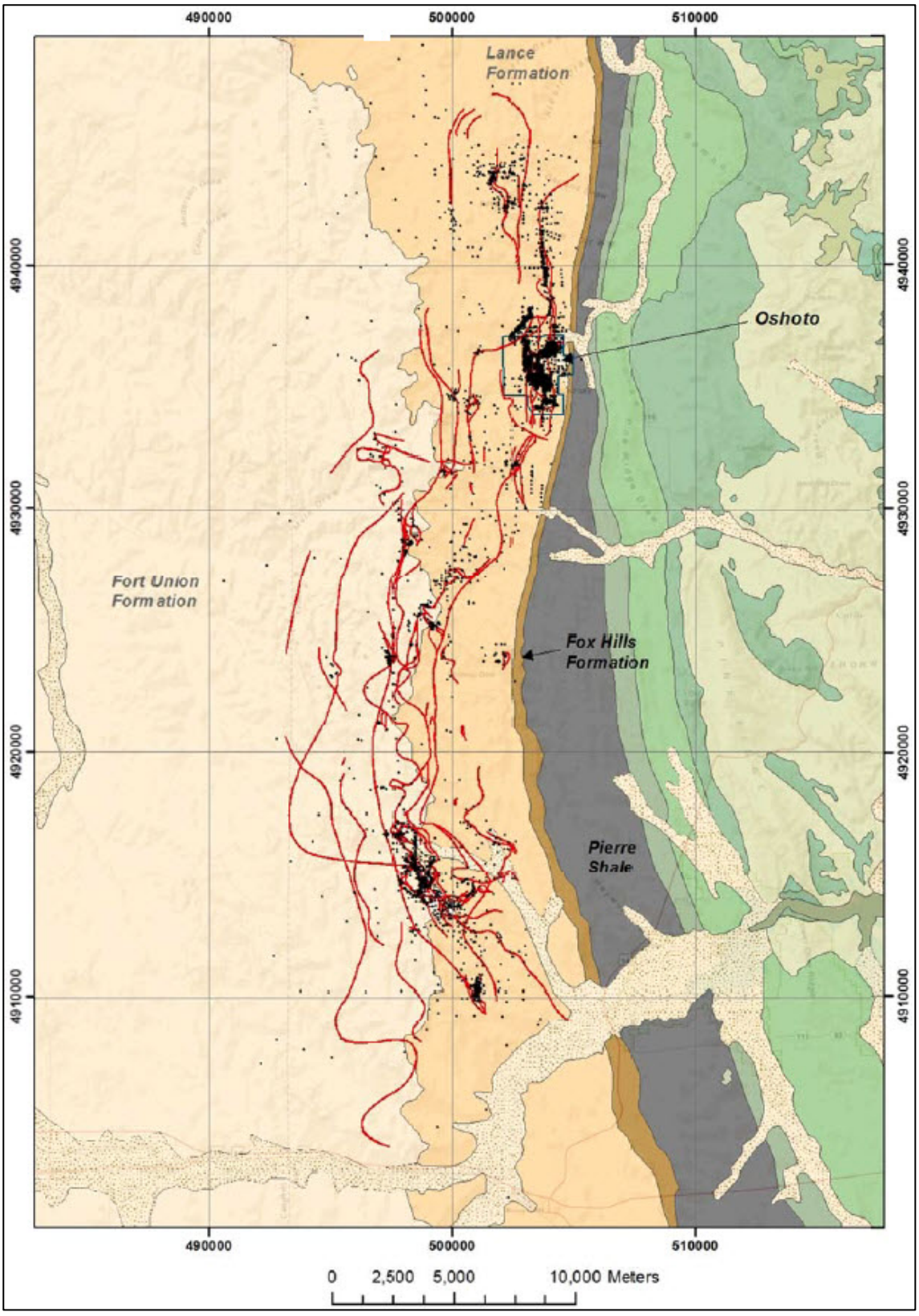


Figure 4-4: Geology of the Lance area with exploration drilling

Source: WIM, 2012

The project hosts Cretaceous sedimentary rocks belonging to the Pierre Shale, Fox Hills and Lance Formations (Figure 4-5).

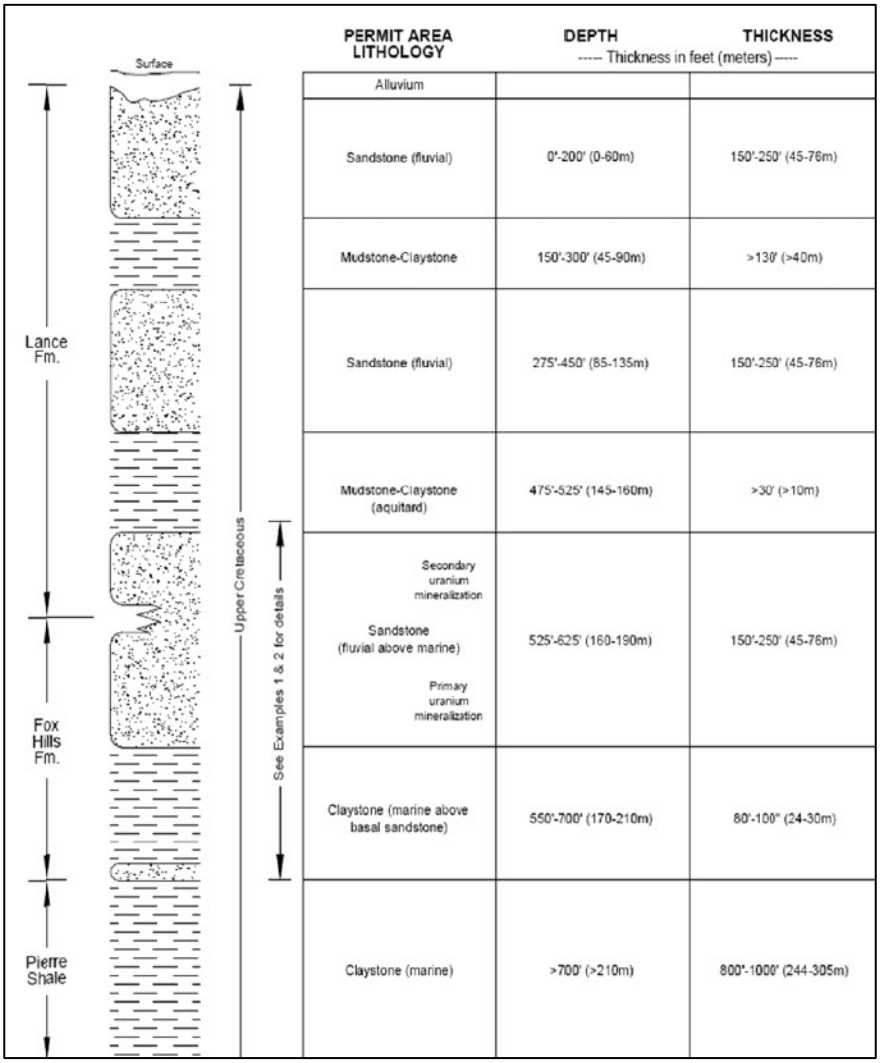


Figure 4-5: Generalised stratigraphy of the Lance Project area

Source: WIM, 2012

In the Ross area, the Fox Hills Formation consists of sandstone units separated by 9 -15 m of intervening shale. The lower unit consists of off-shore marine and transitional marine shale, siltstone, and fine-grained sandstone but is not known to contain uranium. The upper unit consists of uranium-bearing organic, thinly bedded claystone, siltstone and sandstone. Within the project area, mineralisation primarily occurs within the upper Fox Hills sandstone, although in localised areas, there is some mineralisation within the overlying Lower Lance Formation sandstone.

Uranium mineralisation at the Lance Project is present as roll-fronts. Roll-front uranium mineralisation is generally hosted within a permeable sandstone or conglomerate unit, where the uranium is leached from nearby uranium-rich stratigraphy, and transported along aquifers dissolved in an oxidised state, uranium is precipitated when the groundwater reaches a regionally reduced host rock aquifer and a redox front is created (Guilbert and Park, 1996). When the fluids change redox state, generally in contact with carbon-rich organic matter, uranium precipitates to form a 'front' (Nash et al.,1988; Cuney and Kyser, 2008).

The roll-fronts are typically crescent-shaped with the convex side pointing down the hydraulic gradient, Guilbert and Park (1996). The limbs are concordant with the bedding, with upper and lower

"limbs" which extend for many hundreds of metres, with geochemical zonation proportional to metal reduction.

The roll-fronts or tabular deposits are hosted in over 20 stacked sandstone units which are separated from different aquifers by impermeable mudstone/ siltstone units.

The depth of the mineralisation at Lance is about 530 feet (160 m) below surface. Molybdenum, selenium and more significantly, vanadium, are associated with the known uranium mineralisation. Although no discrete uranium grains could be differentiated, they were identified as being fine grains (less than 10 µm) and comprised of various calcium uranyl phosphates or silicates such as autinite or uranophane. These will have slower leaching kinetics than uranyl oxides such as pitchblende.

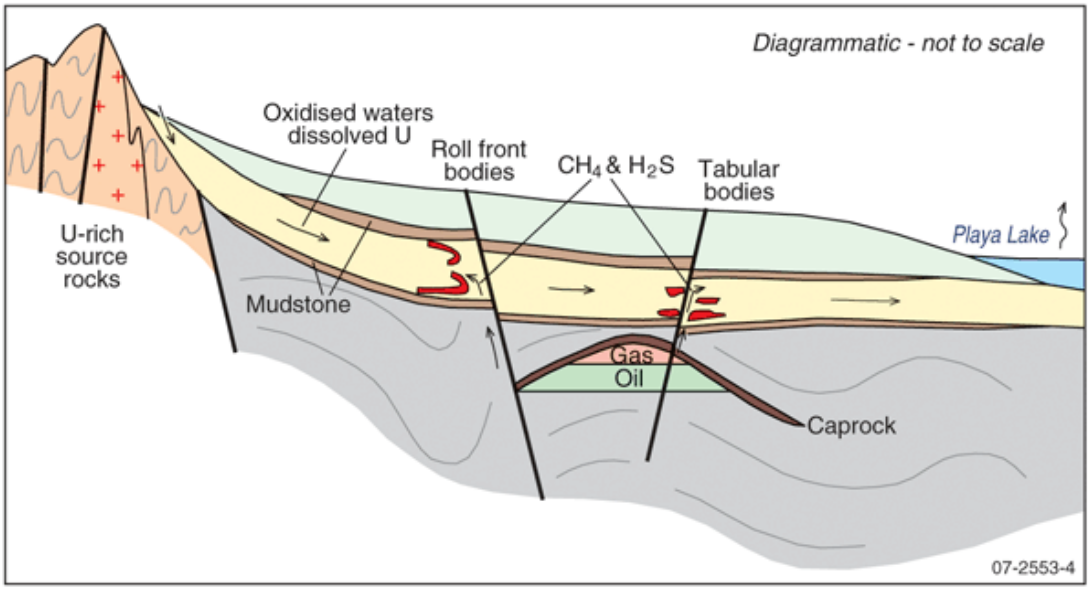


Figure 4-6: Schematic geological model for uranium roll-front mineralisation

Source: Geoscience Australia, 2008

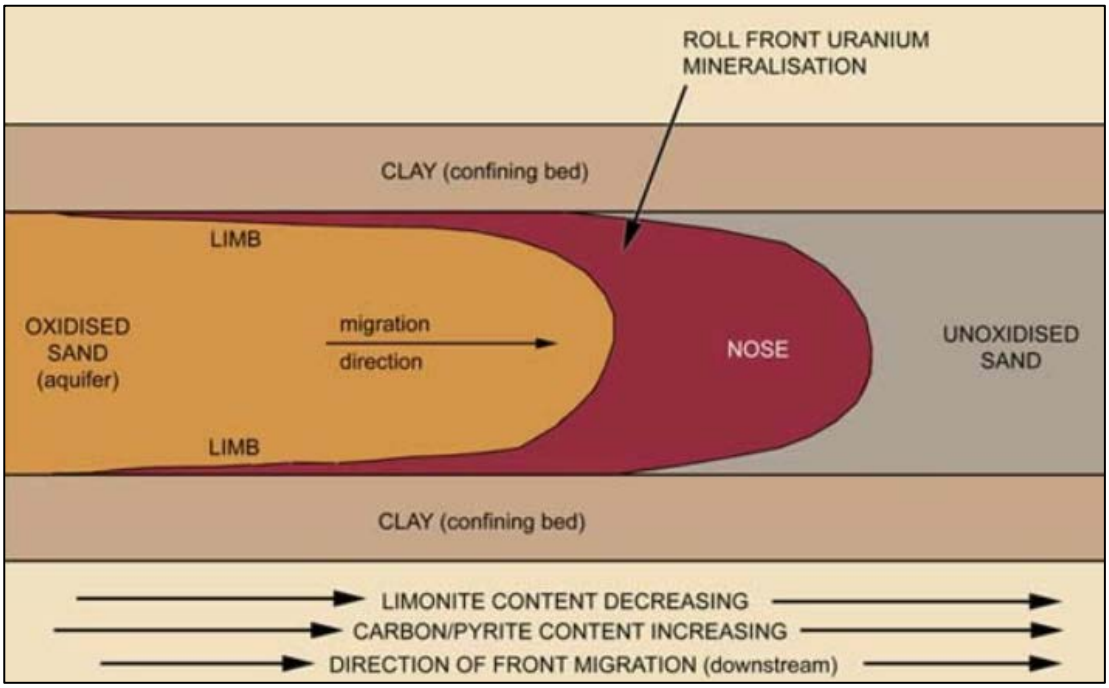


Figure 4-7: Details of a roll-front deposit in schematic cross section

Source Curnamona Energy

Although no discrete uranium grains could be differentiated, they are identified as fine grains (less than 10 µm) in the form of various calcium uranyl phosphates and silicates such as autinite or uranophane. These have slower leaching kinetics than uranyl oxides such as pitchblende.

4.6 Mineral Resource

SRK has reviewed the following documents relating to the geological model and resource estimate for the Lance Project:

- World Industrial Minerals (WIM), Lance Uranium Project Mineral Resource Report, March 2012
- SRK Consulting (UK), Technical Environmental and Social Audit of the Lance Uranium Project, Wyoming USA, October 2015.

In addition, two 2D (two-dimensional) datasets for Areas 05B and 07A were available. These contain all the mineralised intersections [G - Grade (eU_3O_8 ppm), T - Thickness (ft) and GT - product grade-thickness (ft%)] and were used by SRK to perform spot checks on the stated resource.

Figure 4-8: Location plan of Secondary Resource Areas

Source: WIM, 2012

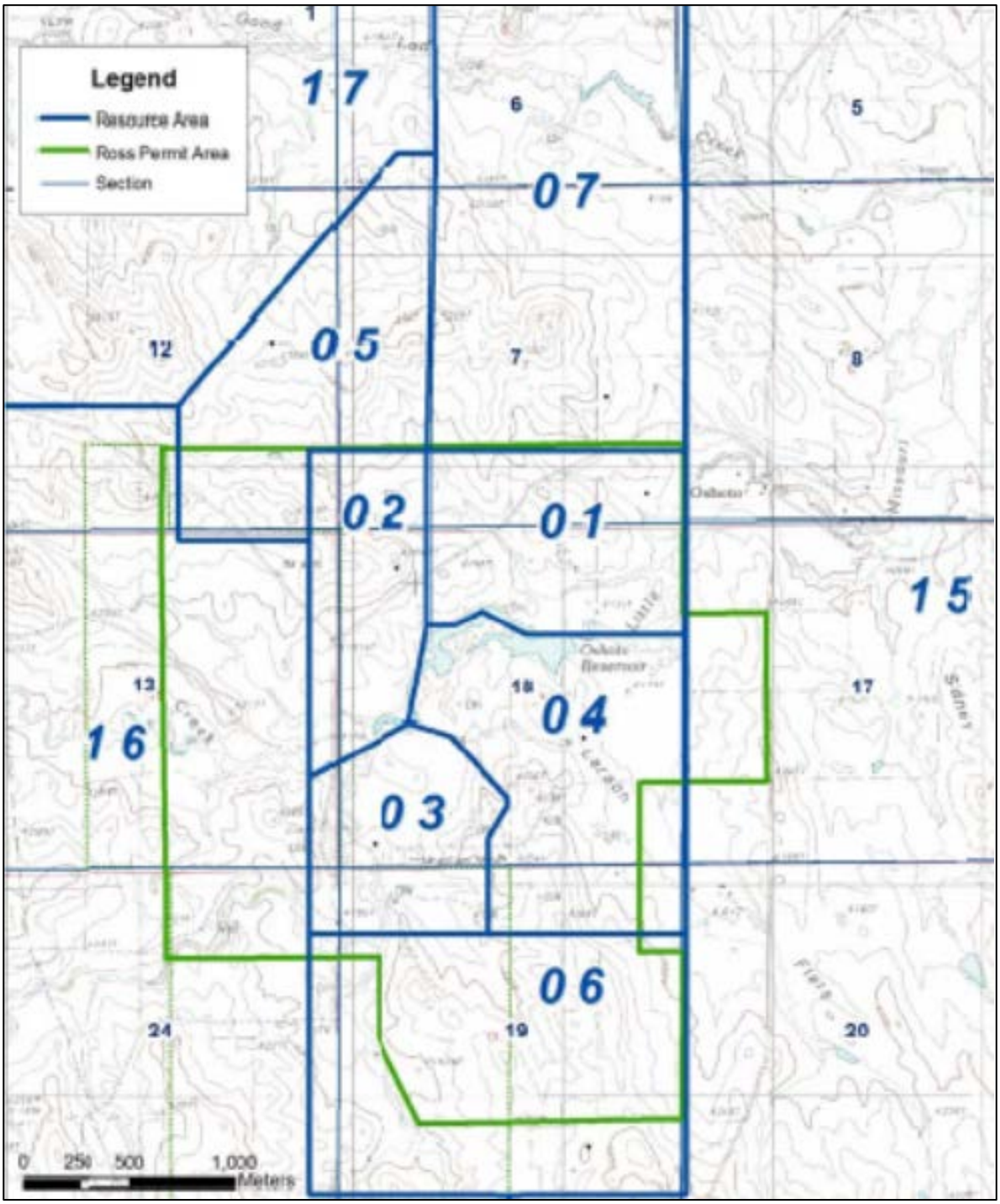


Figure 4-9: Details of Secondary Resource Areas at Ross Permit Area

Source: WIM, 2012

4.6.1 Resource estimation

In March 2012, WIM prepared a resource estimate for the Lance Project. The resources were updated by WIM in December 2012, after completion of 676 additional rotary mud holes and using the same methodology. As part of the present valuation, SRK Australasia reviewed the resource estimation procedure used, which is well documented in the WIM 2012 report.

The Mineral Resources for the Lance Project are shown in Table 4-4.

Table 4-4: Reported Mineral Resources for Lance Project (December 2012, GT >0.2 and G >200 ppm)

Resource classification	Tonnes (Mt)	U_3O_8 (kg) (million)	U_3O_8 (lb) (million)	Grade (ppm U_3O_8)
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**

Source: Peninsula, ASX Announcement 24/01/2013

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 his information in the form and context in which it appears.

Data

The database for the WIM resource estimation contains 4,726 historic drill holes (mostly completed by the NuBeth JV), as well as 1,854 holes drilled by Peninsula between 2008 and March 2012. The majority of the drill holes are rotary mud holes, with very few diamond holes drilled. As a consequence, there are few assays available for the purpose of quality assurance/ quality control (QA/QC) comparison with associated downhole geophysical measurements.

Downhole geophysical survey measurements include gamma, resistivity, self-potential and prompt fission neutron (PFN) logs. Self-potential and resistivity measurements are used to assist in the interpretation of the stratigraphy (together with logging of the cuttings). Gamma measurements are affected by disequilibrium, as they measure decay products from U^{238}. PFN directly measures uranium and is not affected by disequilibrium. Both gamma and PFN downhole probes require regular calibration to ensure the reliability of readings.

Based on its independent review in 2012, Coffey considered there were too few holes for making a meaningful statistical comparison between PFN and chemical data (Coffey, 2012). Nevertheless, the data suggest a potential bias, with the chemical data returning higher values than the corresponding PFN values.

In 2012, as part of an independent review, Optiro compared the geophysical and geochemical assay results for 28 diamond drill holes completed by Peninsula (including the ones assessed by Coffey) and reached the following conclusions, which are likely to impact the resource estimation:

- A depth offset between PFN and gamma data for some holes suggests a misalignment of probes at the collars, with potential errors in the definition of the hanging wall and footwall of the mineralisation.
- Gamma values understate PFN grades by up to 15%, which is consistent with probable disequilibrium of the mineralisation, as is common in Wyoming deposits, but may also be due to other factors including probe calibration.
- PFN data understates chemical uranium grades (measured using inductively coupled plasma – mass spectrometry [ICP-MS]) by about 30%. This bias is unexplained, but X-ray fluorescence (XRF) values are also lower than ICP-MS measurements by approximately 20%, which suggests that there may be a flaw with ICP-MS readings.

SRK concurs with Optiro that preference should be given to the PFN values, but factoring the gamma or PFN data based on ICP-MS values is not considered to be prudent as there is insufficient comparison data and ICP-MS may be flawed.

Another source of uncertainty for the resource estimate is the fact that the historical data (NuBeth JV holes), which represent the largest proportion of the drill hole information informing the resource estimation, do not appear to have any associated QA/QC data.

Furthermore, bulk density is determined from a limited number of samples, with only 32 samples coming from four Peninsula diamond holes. The average bulk density value (2.1 t/m^3) was adopted for the tonnage, but as noted in the SRK UK report, this is considered relatively conservative (by about 5%) for the sandstone units. Moreover, there is likely to be some variability linked to the various sandstone units involved. Although more data is needed, in SRK's opinion, the overall tonnage estimated is unlikely to be materially different from that currently reported.

Estimation methodology

The method used for the estimation process is common for roll-front style uranium deposits, particularly those in Wyoming, and includes the following steps:

- Definition of mineralised composites per drill hole, based on a 200 ppm and 0.2 GT lower cut-off grades.
- Classification of these composites in three dimensions (3D) according to the area to which they belong (17 areas defined based on mineralisation trend and drilling density) and to the relevant mineralised horizon. These are named A, B, C, etc. starting from the deeper horizon. The majority of significant GT intersections belong to the four first horizons.
- The estimation is then essentially performed in 2D by resource area and horizon using a classical polygonal method in Surpac. At the edges of the mineralisation, the polygons were limited by an interpreted outline based on the 0.2 GT contour.

For historical NuBeth JV data (with no PFN grades), eU_3O_8 grades were based on the gamma counts, with the usual corrections linked to the probe characteristics.

An additional correction to the eU_3O_8 grades was applied due to the disequilibrium factor. This was calculated based on Peninsula's drilling, averaged by area and horizon and applied to the historical eU_3O_8 data.

This approach to the resource estimation is considered by SRK to be reasonable, particularly at a global scale. Locally, the estimate suffers from the issues associated with the polygonal estimation method (mostly the risk of overestimation of high-grade zones and underestimation of low-grade areas). SRK has calculated the variograms of grade-tonnage and tonnes in area 05B. While the ranges are rather short (below 100 m) , there is sufficient continuity to ensure correct local estimation of 50 m by 50 m blocks, which is reasonable for an ISL operation (Figure 4-10).

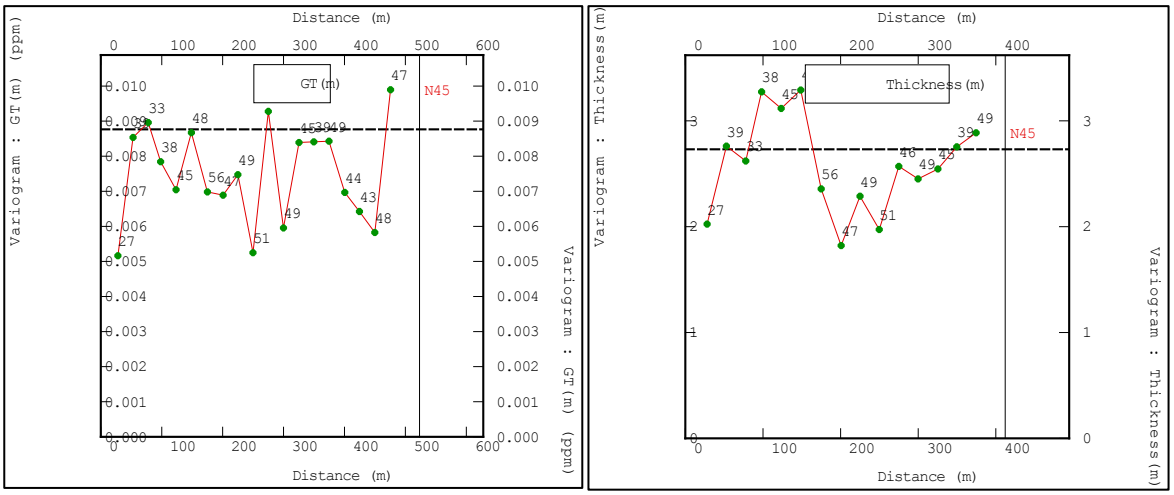


Figure 4-10: Area 05B – Variograms of GT (left) and T (right) [N45 Direction]

The fact that grade tonnage and tonnage are well correlated (Figure 4-11) suggests that a better estimation method would be co-kriging of grade tonnage and tonnage, or a simplified version of co-kriging (residual kriging) which has commonly been used in sedimentary uranium deposits.

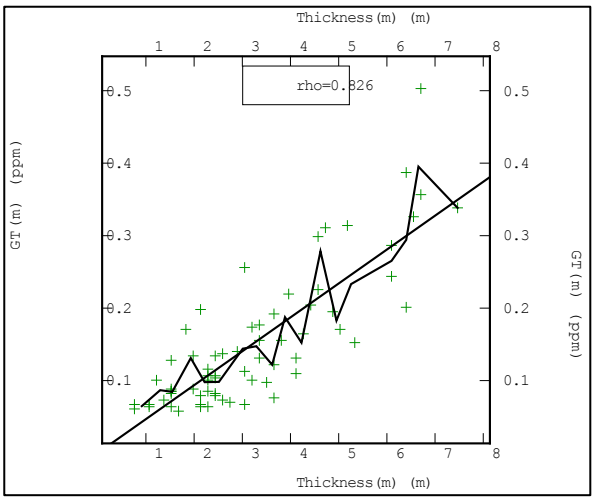


Figure 4-11: Area 05B – Scatter diagram GT vs T

Resource classification

While SRK has some concerns with regard to the limited number of chemical assays and density measurements available, overall, SRK considers the quantum and mean grade of the Measured plus Indicated Resource estimates reported by WIM to be reasonable and reliable.

The classification is based on areas of influence around the drill hole intercepts, within a 0.2 GT contour. The choice of a 15 m radius (respectively 120 m) for the Measured (respectively Indicated) Resources has no real technical support and appears rather arbitrary. SRK considers it would be more appropriate to use the results of a geostatistical estimation (criteria like kriging efficiency and slope of regression). Given the density of data is high within the zones where Measured and Indicated Resources are defined and despite the paucity of chemical assays, SRK considers these classified resources are reasonable and reliable. As far as Inferred Resources are concerned, the individual roll-fronts are intersected by very few drill holes. Consequently, the estimation is affected by a high degree of uncertainty. Analysis of drilling programs between 2011 and 2012 within the Kendrick area demonstrates a high rate of conversion of material from the Inferred to Indicated Resource categories (Peninsula Energy Ltd, 2014).

4.7 Hydrogeology

To support the use of ISR methods, an evaluation of hydrogeological data is required to demonstrate the following:

- Ability to circulate ISR mine solution by a system of injection and recovery wells under transmissivity of the mineralised horizon and available hydraulic head above its top elevation
- Confinement and hydraulic isolation of the mineralised intervals.\
- Ability to return groundwater within the exempted aquifer to its target restoration values and original use.

Strata has completed a significant amount of work to characterise the hydrogeology in the Ross and Kendrick areas (Figure 4-2). Although the primary purpose of this effort was to demonstrate amenable hydrogeological conditions for permitting purposes, the collected data functions to aid ISR mining and restoration planning efforts. Work completed by Strata and its consultants includes coring, monitor and pumping well installation, aquifer testing, water level measurements, groundwater quality sampling, and completion of regional and wellfield area-specific groundwater flow models.

4.7.1 Hydrogeological settings

The Lance ISR uranium project is situated on the Lance Formation outcrop. The Lance Formation is underlain by the Fox Hills Formation and the Pierre Shale. The Pierre Shale is a thick marine shale that yields very little groundwater and is considered regionally as a confined unit.

The Ore Zone (OZ) aquifer comprises the upper Fox Hills (FH) Formation and the overlying basal sands of the Lance Formation (LL 1 & LL 2). The FH Formation is a marginal marine sandstone and shale. The FH sand varies from thick-bedded, blocky sandstones, to thin, interbedded sandstones, siltstones and shales. The Lance Formation is fluvio-deltaic in origin. The LL 1 & LL 2 sands are non-marine sandstones interbedded with floodplain mudstones. The OZ aquifer consists of very fine to fine-grained, well-rounded, and well-sorted sandstone and is confined by overlying and underlying shales. The overlying LC shale varies in thickness from 10 to 60 ft in the MU1 area, while the underlying BHF2 shale is 100 - 165 ft thick. The relative location of the MU1 and other mining units is approximately shown in Figure 4-8 (resource area 01) and in Figure 4-12.

As an example, the complexity of the OZ aquifer and confined units within the MU1 area are shown in geological cross sections in Figure 4-13.

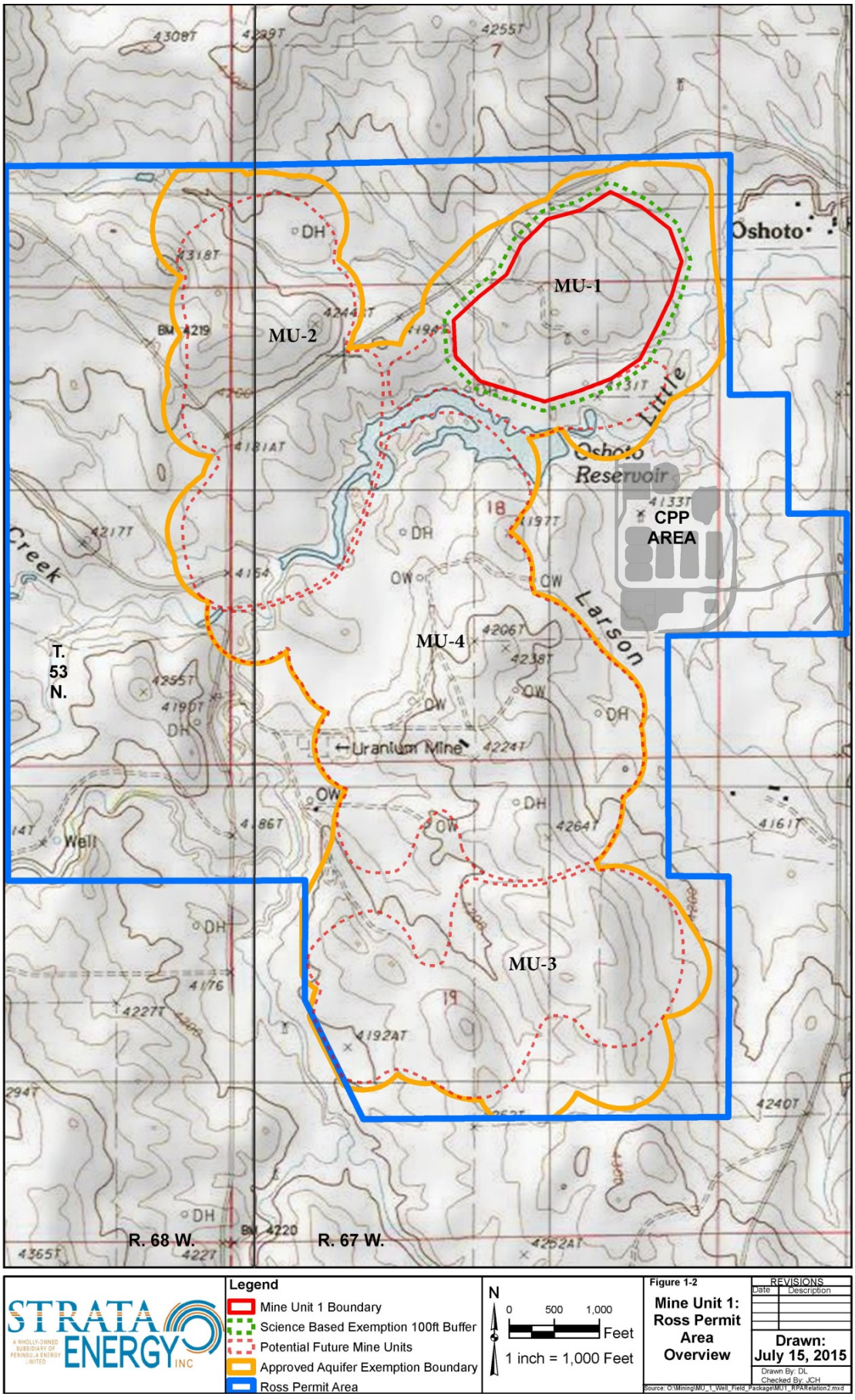


Figure 4-12: Relative location of the Mine Units within the Ross Permit area

Source: Peninsula, 2015

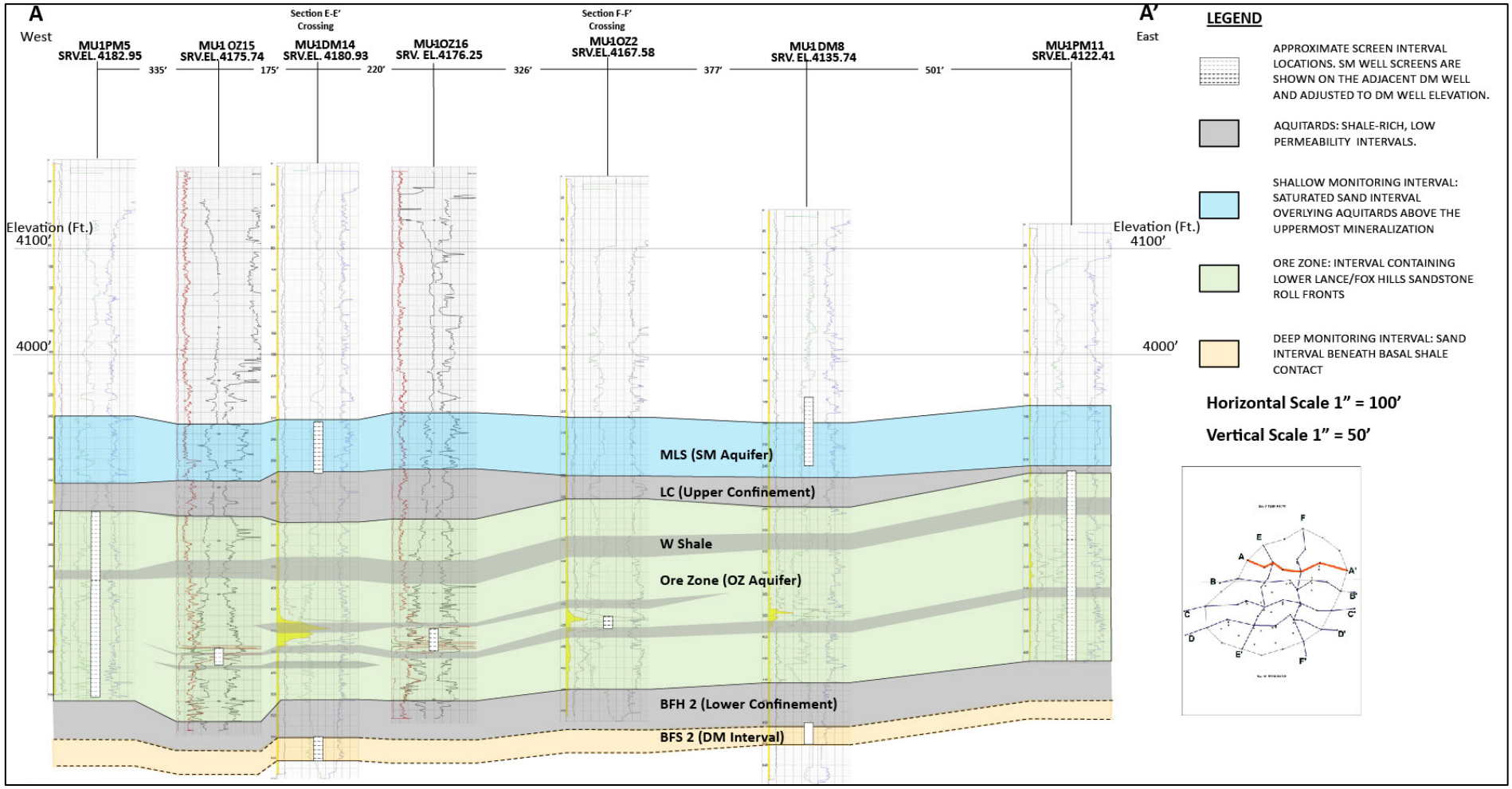


Figure 4-13: Typical geological cross section through MU1 area

4.7.2 Measured water levels and available drawdown

Strata installed more than 130 baseline characterisation wells during the permitting process of the Ross and Kendrick areas, the locations of which are shown in Figure 4-14.

Measured regional water levels and direction of groundwater flow within the OZ aquifer for pre-1980 conditions are shown in Figure 4-15, indicating an east to west groundwater flow gradient.

Figure 4-16 shows the current water levels and direction of groundwater flow within the Ross area, indicating that they are affected by oil field water supply wells; 30 years of operation have depressed the OZ aquifer by about 150 ft (45.7m).

Measured water levels in the OZ aquifer within MU1 are shown in Figure 4-17 and indicate a relatively small horizontal gradient across the unit – only 25 ft (7.6 m) over a distance of 2,000 ft (610 m).

Available drawdown in recovery wells (the difference between the water level and the top of the OZ aquifer elevations) varies from 150 ft (45.7 m) within the eastern part of the Ross area to 500 ft (152 m) and more at the western extent of the Kendrick area as shown in Figure 4-18. The available drawdown within MU1 area is approximately 175 ft (53 m). It should be noted that available drawdown is shown for the current conditions and reduced by oil field water supply wells in the proposed MU3 and MU4 areas. Oil field supply wells will be turned off as per licence requirements before commencing ISR mining operations.

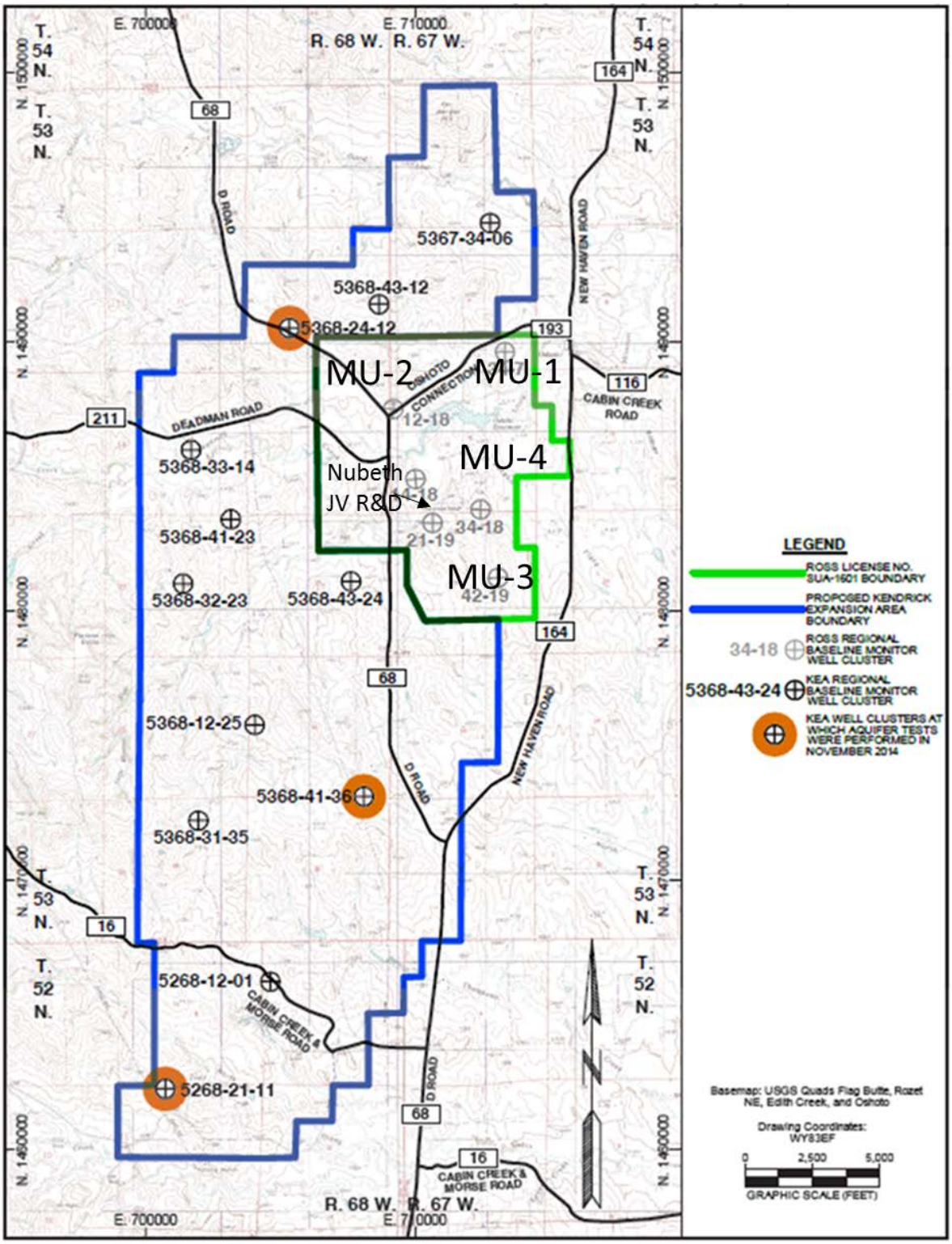


Figure 4-14: Location of hydrogeological wells within Ross and Kendrick areas

Source: Strata Energy, 2015 Ross ISR Project Mine Unit 1 Wellfield Data Package

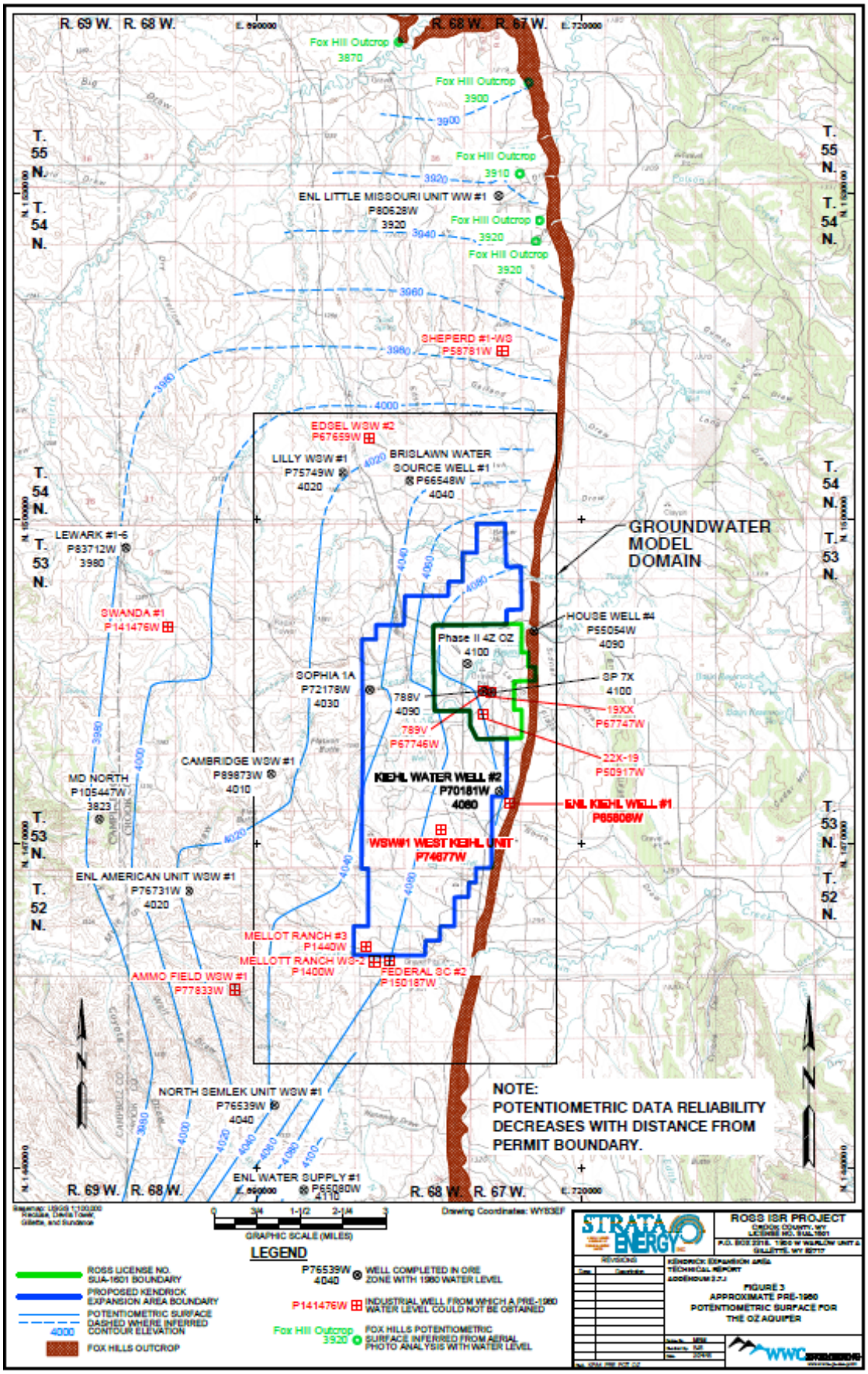


Figure 4-15: Approximate map of regional water levels within OZ aquifer (pre-1980 conditions)

Source: Source: Strata Energy, 2015 Ross ISR Project Mine Unit 1 Wellfield Data Package

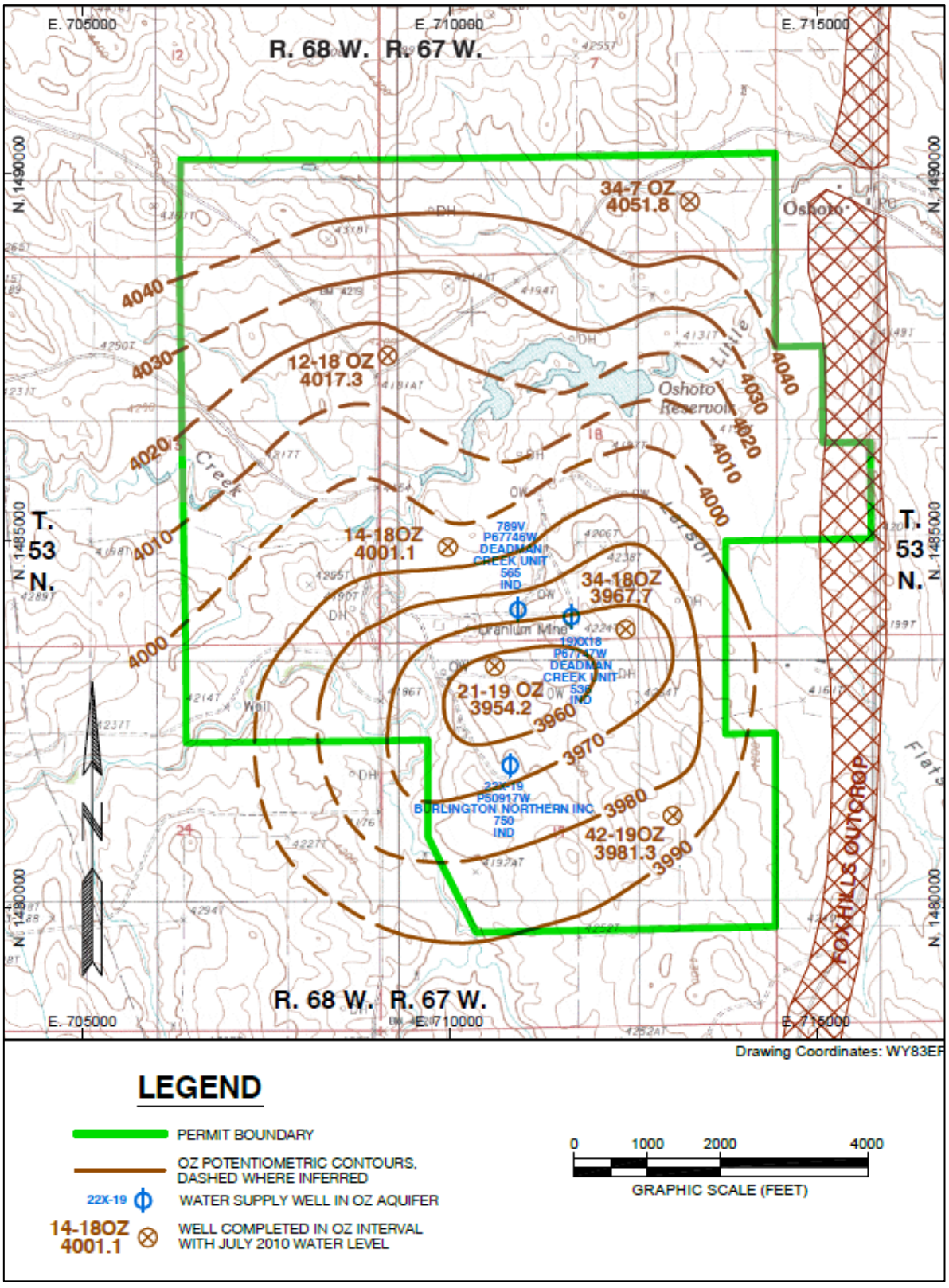


Figure 4-16: Measured water levels in OZ aquifer within Ross area

Source: WWC Engineering, 2010

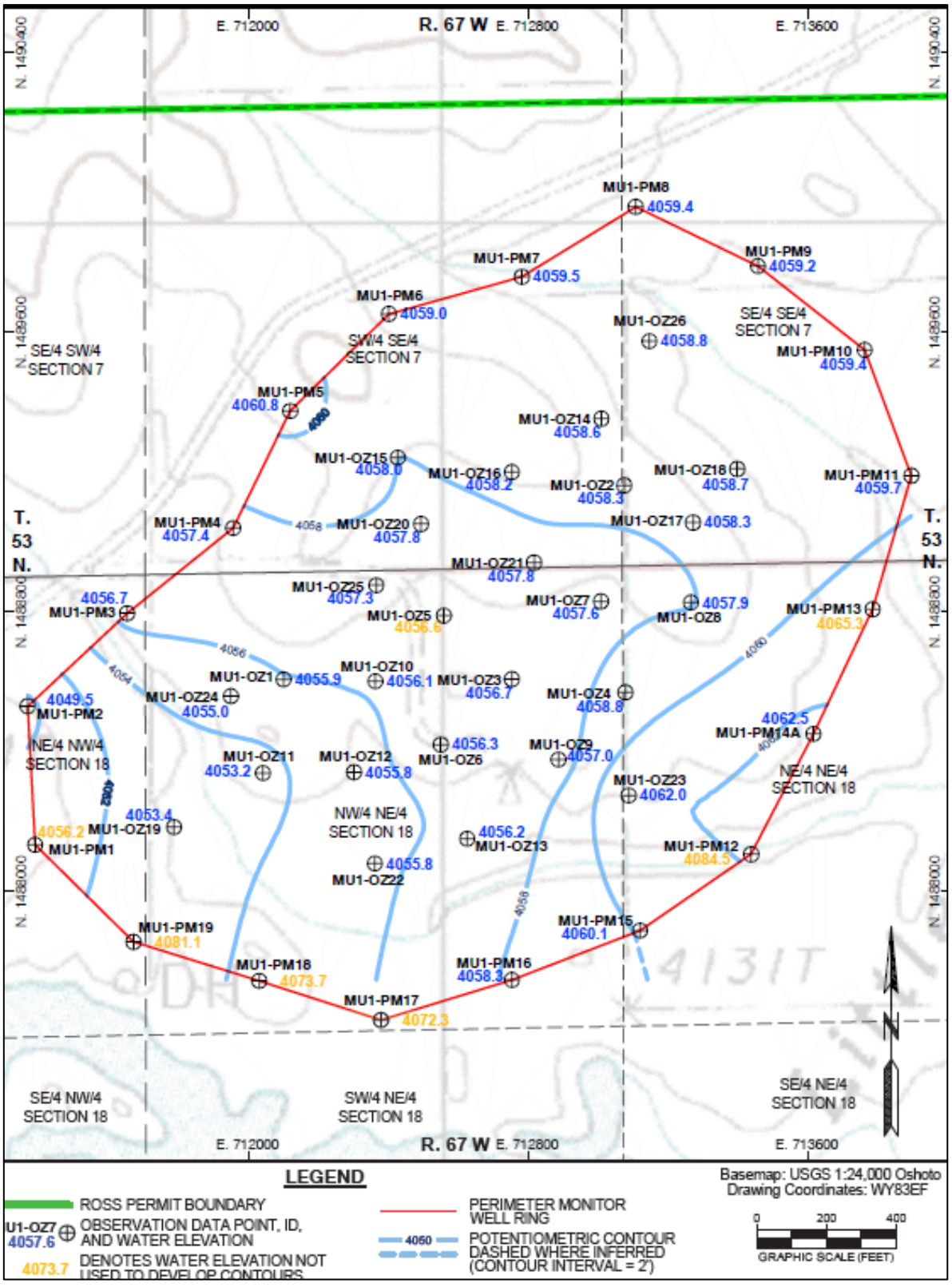


Figure 4-17: Measured water levels within OZ aquifer (MU1)

Source: Strata Energy, 2015 Ross ISR Project Mine Unit 1 Wellfield Data Package

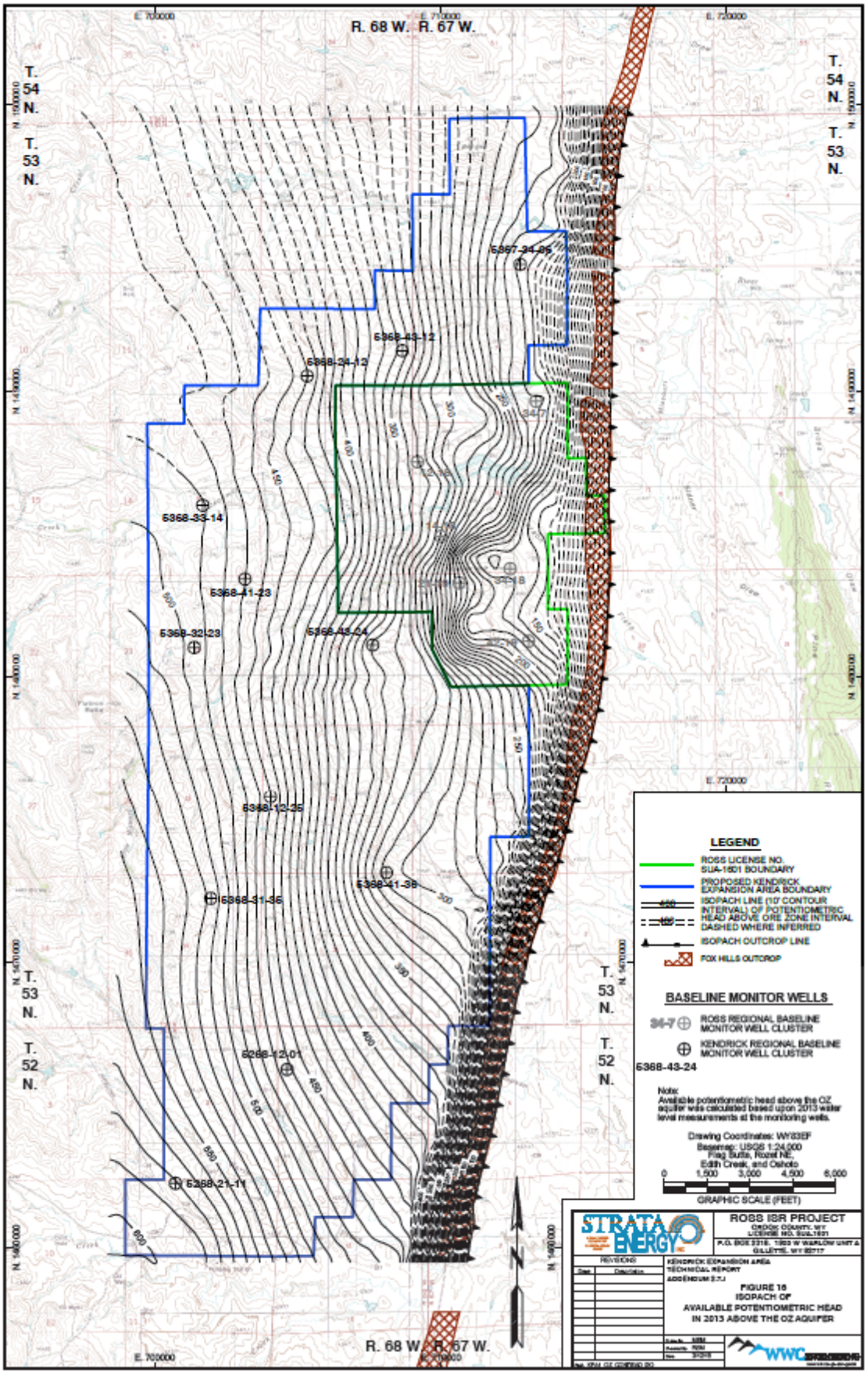


Figure 4-18: Available hydraulic head above top of OZ aquifer (available drawdown)

Source: Strata Energy, 2015 Kendrick Expansion Area SuA-1601 Amendment Application TR Addendum 2.7-1

4.7.3 Measured hydraulic parameters

Hydrogeological testing has been completed to support the permitting effort for the Ross and Kendrick areas and was designed to define hydraulic parameters of the entire the OZ aquifer and its confinement. The testing was conducted in five phases as follows:

- Two pumping tests at the NuBeth JV's research and development (R&D) site conducted in 1977 (Figure 4-14)
- 5-spot tests at the NuBeth JV R&D site conducted in 1978
- Seven pumping tests in the six well clusters within the Ross area conducted in 2010
- Three pumping tests in the three well clusters within the Kendrick area conducted in 2014
- Two pumping tests within MU1 conducted in 2015.

The location of well clusters is shown in Figure 4-14 and the estimated hydraulic parameters are shown in Figure 4-15.

The hydraulic conductivity of the OZ aquifer in all tests (with exception of the 12 - 18 well cluster where one of two pumping tests was completed in a partially penetrating well) was calculated by dividing the transmissivity value by the aquifer thickness. It should be noted that the well screen length at each of the OZ wells may not necessarily represent the exact OZ aquifer thickness due to the presence of interbedded, relatively impermeable shales within the screen interval.

Table 4-5 indicates that estimated hydraulic conductivity values of the OZ aquifer vary from 0.14 ft per day (ft/d) to 6.17 ft/d, with average values between 0.16 and 2.72ft/d.

The completed hydrogeological testing indicates that the OZ aquifer is confined with almost no hydraulic connection to the aquifers above and below. A limited vertical hydraulic connection was observed during three pumping tests – one with the aquifer above the OZ (pumping well MU1-OZ23 at the south eastern extent of MU1) and two with the aquifer below (in well clusters 14 - 18 and 34 - 18). The hydraulic connection of OZ with the aquifer below may be caused by the presence of unplugged exploration boreholes.

Two of the most recent pumping tests were completed in 2015 within MU1 at the Ross area to support the Wellfield Data Package (WWC, 2015). The locations of two pumping wells and numerous monitoring wells are shown in plan-view in Figure 4-19. Pumping tests were conducted in two wells, MU1-OZ02 and MU1-OZ23, which penetrate the mineralised horizons with screen lengths of 15 ft (4.6 m) and 10 ft (3 m), respectively. Locations of screen intervals are shown in cross section in Figure 4-21.

Measured transmissivity (shown in Table 4-5) was attributed to the entire thickness of the OZ aquifer. In SRK's opinion, this is overly conservative because the contributing thickness to these transmissivity values during the 3.3 day (MU1-OZ02) and 5 day (MU1-OZ23) pumping test should be most likely limited to the thickness of no more than 3 to 4.5 screen intervals, due to the presence of low permeable shales as shown in Figure 4-21.

SRK re-analysed results of the pumping tests from MU1-OZ02 and MU1-OZ23 under this assumption of contributing thickness and determined a hydraulic conductivity of 1.5 ft/d and 1.3 ft/d, respectively (calculations are shown in Table 4-6).

The aquifer tests performed at MU1 demonstrated that mining and perimeter wells are in hydraulic communication. During these tests, it was determined that there is a low permeable zone crossing the south east side of the test area (shown in Figure 4-18). This could be the result of a stratigraphic facies change due to a different depositional environment, possibly an estuarine channel. The area of low permeability restricts hydraulic communication between the north western and south eastern

parts of the wellfield. However, outside of the low permeable zone, the aquifer parameters are generally homogenous. This demonstrates that the wellfield is suitable for ISR uranium production, provided the wellfields are designed to avoid moving fluids directly across the low permeability area.

During SRK's site visit (2 June 2016), Strata was conducting a pumping test within the MU2 unit at the Ross area to support the wellfield data package; however, as the test was in progress, pumping test data was not available for review by SRK.

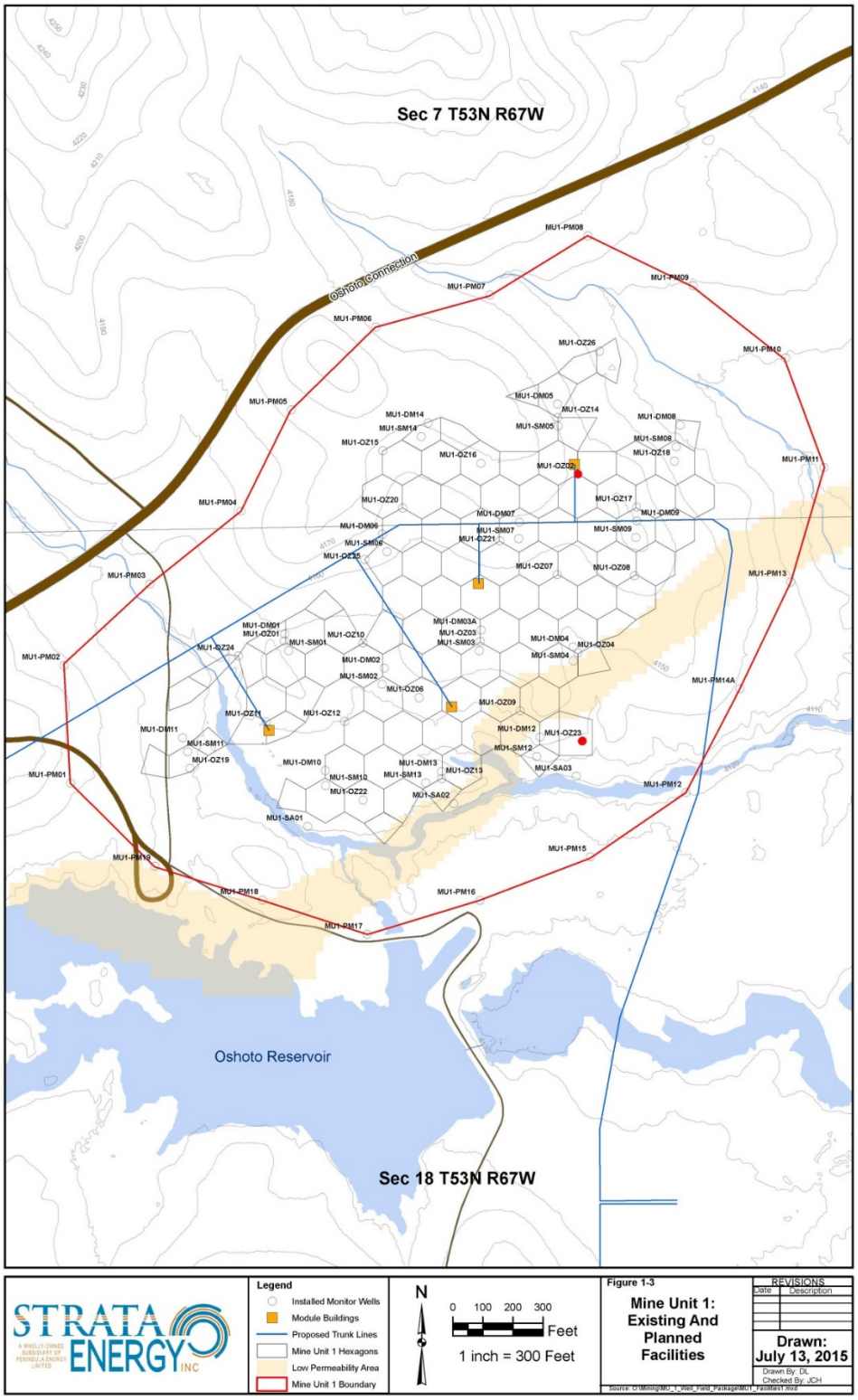


Figure 4-19: Location of two pumping wells within MU1 shown in plan view

Source: Strata Energy, 2015 Ross ISR Project Mine Unit 1 Wellfield Data Package

Table 4-5: Measured hydraulic parameters

Year	Area	Number of pumping tests	Transmissivity (sq. ft/d)			Contributing thickness (ft)			Hydraulic conductivity (ft/d)			Source of data
			Min	Max	Average	Min	Max	Average	Min	Max	Average	
1977	NuBeth	2	16.8	21.2	18.9	114	121	118	0.14	0.19	0.16	Hamilton, 1977
1978	NuBeth	1[1)]	12.9	29.4	18.6	85	85	85	0.15	0.35	0.22	Manera, 1978
2010	Ross	7	13.4	173	74.9	15	105	48	0.15	6.17	2.72	WWC, 2010
2014	Kendrick	3	10.8	25.8	20.2	29	58	39	0.19	0.89	0.62	WWC, 2015
2015	MU1 NW	2	59.1	75.7	65.9	109	130	121	0.48	0.63	0.54	WWC, 2015
	MU1 SE		41.1	80.9	58.9	153	192	174	0.24	0.42	0.34	

Note: 1) – 5-spot pattern

Table 4-6: Results of re-interpretation of pumping tests MU1-OZ-02 and MU1-OZ23

Pumping well	Location of monitoring wells	Number of observation wells	Measured transmissivity (ft^2/d)	Screen interval of pumping well (ft)	Average screen interval of observation well (ft)	Assumed factor of screen intervals to contribute to thickness	Assumed contributed thickness (ft)	Estimated hydraulic conductivity (ft/d)
MU1-OZ02	MU1- North western Interior OZ Wells	25	65.9	15	14	3	45	1.5
	MU1- North western PM Wells	12	102.4	15	153	4.5	67.5	1.5
MU1-OZ23	MU1- South eastern PM Wells	6	58.9	10	174	4.5	45	1.3

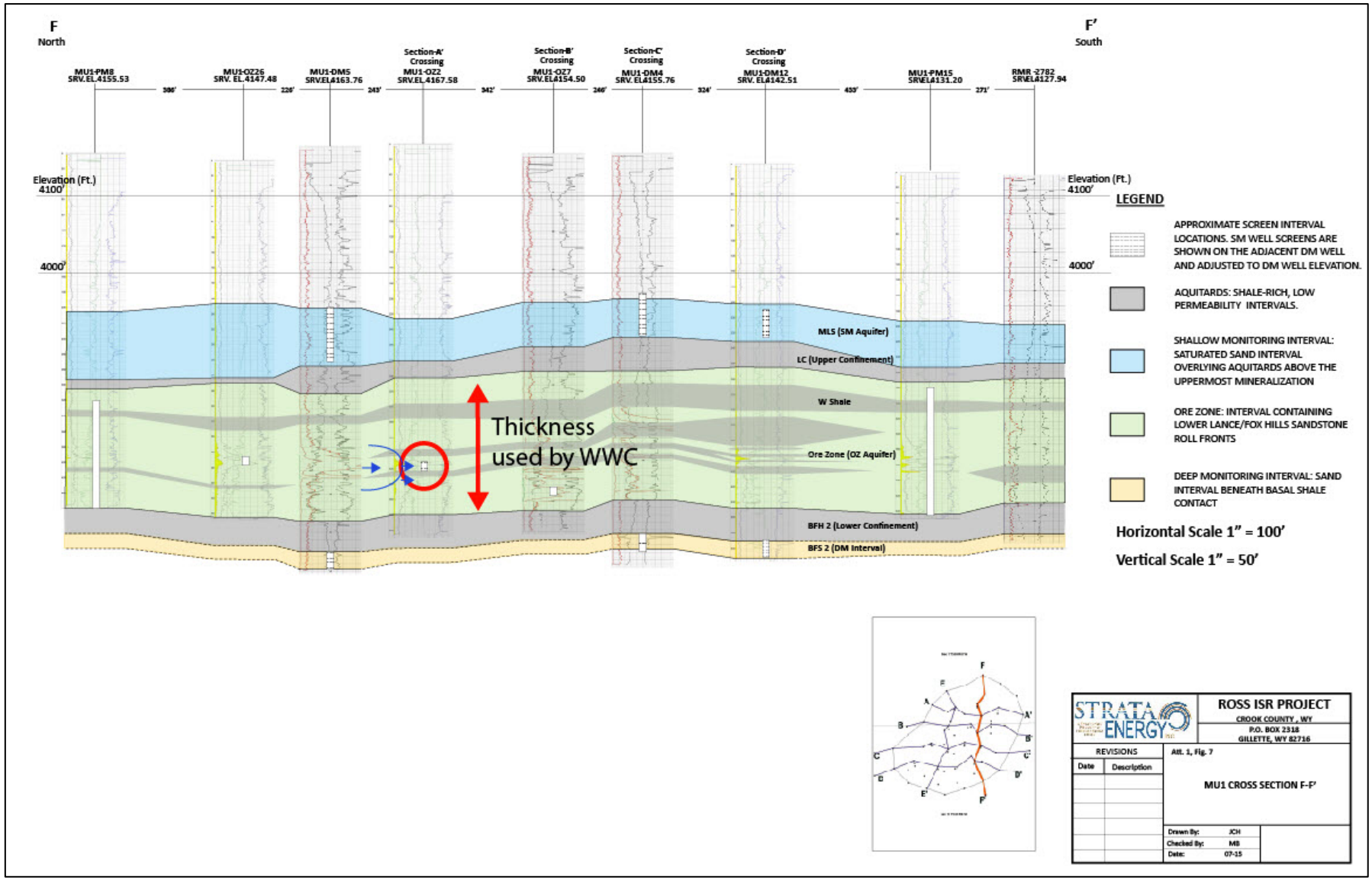


Figure 4-20: Location of MU1-OZ02 and MU1-OZ23 pumping wells within MU1 shown in cross sections

Source: Strata Energy, 2015 Ross ISR Project Mine Unit 1 Wellfield Data Package (with modification made by SRK)

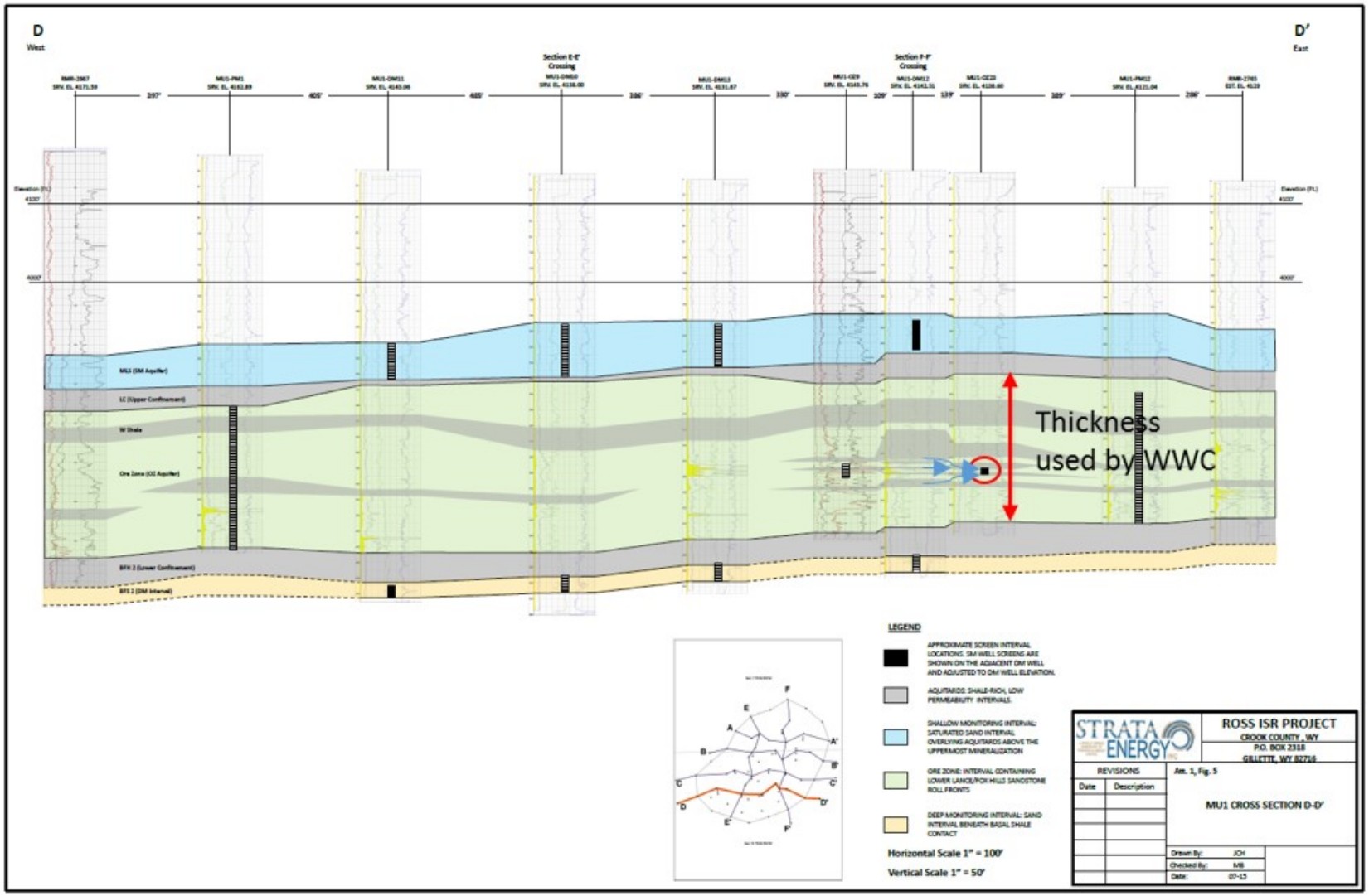


Figure 4-21: Location of MU1-OZ02 and MU1-OZ23 pumping wells within MU1 shown in cross sections

Source: Strata Energy, 2015 Ross ISR Project Mine Unit 1 Wellfield Data Package (with modification made by SRK)

4.7.4 Groundwater chemistry

General groundwater chemistry in the OZ aquifer within MU1 is dominated by sodium, sulfate and bicarbonate species. This is consistent with the regional baseline monitoring results for the Ross ISR project. The total dissolved solids (TDS) value ranges from 1,340 mg/L to 2.520 mg/L, and pH ranges from 8.6 to 9.3 s.u.

The OZ wells measured the highest concentrations of dissolved uranium and radiological constituents of five monitoring intervals. All OZ wells measured concentrations of dissolved uranium above the detection limit of 0.0003 mg/L.

Pre-mining groundwater quality of OZ aquifer and target restoration values for MU1 are shown in Table 4-7.

Table 4-7: MU1 groundwater chemistry and proposed target restoration values

Parameter	Units	95% UTL[1]	Table 5C value[2]	Proposed TRV[3]
Alkalinity, total as $CaCO_3$	mg/L	630	-	630
Ammonia as N	mg/L	0.7	-	0.7
Fluoride	mg/L	0.5	-	0.5
Silica as SiO_2	mg/L	9.6	-	9.6
Conductivity, laboratory	µmhos/cm	3,545	-	3,545
pH, laboratory	s.u.	9.4	-	9.4
Nitrate / Nitrite as N	mg/L	1.1	-	1.0
Total Dissolved Solids, TDS	mg/L	2,485	-	2,485
Calcium	mg/L	11	-	11
Magnesium	mg/L	5	-	5
Potassium	mg/L	16	-	16
Sodium	mg/L	849	-	849
Bicarbonate	mg/L	714	-	714
Carbonate	mg/L	78	-	78
Chloride	mg/L	17	-	17
Sulfate	mg/L	1,343	-	1,343
Aluminium, dissolved	mg/L	0.2	-	0.2
Arsenic, dissolved	mg/L	0.005	0.05	0.05
Barium, dissolved	mg/L	0.5	1.0	1.0
Boron, dissolved	mg/L	0.5	-	0.5
Cadmium, dissolved	mg/L	0.002	0.01	0.01
Chromium, dissolved	mg/L	0.01	0.05	0.05
Copper, dissolved	mg/L	0.01	-	0.01
Iron, dissolved	mg/L	0.08	-	0.08
Mercury, dissolved	mg/L	0.001	0.002	0.002
Manganese, dissolved	mg/L	0.03	-	0.03
Molybdenum, dissolved	mg/L	0.02	-	0.02
Nickel, dissolved	mg/L	0.01	-	0.01
Selenium, dissolved	mg/L	0.005	0.001	0.01
Uranium, dissolved	mg/L	0.23	-	0.23

Parameter	Units	95% UTL[1]	Table 5C value[2]	Proposed TRV[3]
Vanadium, dissolved	mg/L	0.03	-	0.03
Zinc, dissolved	mg/L	0.01	-	0.01
Radium-226, dissolved	pCi/L	260	5[4]	260
Radium-228, dissolved	pCi/L	2.0	-	2.0
Gross Alpha	pCi/L	717	15	717

Source: WWC, 2015

Notes:

[1] Upper tolerance limit (UTL) calculated based on average pre-operational water quality and variability of each parameter at 95% confidence level.

[2] Maximum contamination level.

[3] Target restoration values.

[4] Value is for combined radium-226 and 228.

4.7.5 SRK hydrogeological comments related to proposed ISR mining

In SRK's opinion, the hydrogeological conditions are favourable for ISR mining. Most notable is the site-specific groundwater modelling undertaken at the project scale which demonstrates that ISR operations can be safely conducted and that bleeding rates ranging from 0.5% to 2% will be sufficient to maintain an inward hydraulic gradient in the wellfield.

Although the hydrogeological conditions of the Lance ISR uranium project are similar to the third party owned Irigaray, Christensen Range, Smith Ranch – Highland, and Crow Butte ISR projects, SRK has some concerns and raises the following:

- Hydrogeological testing was conducted primarily for permitting purposes and there are some gaps in understanding the parameters influencing operational conditions – transmissivity/ hydraulic conductivity of ore zone only, well injection, vertical anisotropy and vertical flare.
- Aquifer testing results are somewhat limited due to the primary goal of demonstrating confinement and supporting regional modelling efforts versus orebody mineability.
- A low permeable zone is indicated by on site drilling and has been encountered in the south western extent of the MU1 area. Similar low permeability zones could be present in other mining units which have not yet been hydrogeologically tested. Wellfield patterns need be adjusted to accommodate the low permeability area(s).
- There is some potential for interference between wellfields due to the aggressive mining schedule. However, this is manageable provided appropriate steps are taken during operation of the wellfields. Licence conditions require Strata to maintain a net inward hydraulic gradient during mining and restoration on a wellfield (mine unit) scale, thereby decreasing the potential for detrimental interference between wellfields. In order to adhere to licence conditions, it may be necessary to manage additional bleed water. However, Strata has sufficient water disposal capacity to manage the additional bleed water
- Limited available hydraulic head above top of the OZ aquifer in the central part of the deposit (MU3 and MU4 areas) at the current conditions is reduced by oil field water supply wells (30 years of operation depressed ore zone aquifer by about 150 ft). Although oil field supply wells will be turned off as per licence before operation of mine units, SRK has not found any reported estimates of groundwater recovery in this area.
- Based on the limited test data available, it is unlikely that Strata will be able to maintain a pumping rate of 20 gallons per minute (gpm) (equivalent to 109 ML/day) per recovery well in the area where hydraulic conductivity of the Ore Zone is lower than average or available drawdown is not sufficient. This applies to MU3 and MU4 in the Ross area and future mine units in

Kendrick areas. As the data supporting these estimates is very limited, further testing may allow for positive or negative adjustment prior to wellfield development. SRK's assessment of the maximum pumping rates from recovery wells is provided in Table 4-8.

- Swelling clay in the formation could cause potential problems with well injection and formation transmissivity (as encountered during the NuBeth JV R&D Phase I test in 1977-1978 and during R&D Enterprises' testwork in May 2013). The NuBeth R&D Phase 1 test had problems with chemistry and with filtering of lixiviant. Better filtering and increased control of the injected lixiviant chemistry will help alleviate the problems seen in the NuBeth test pattern. Strata's 7-spot pattern layout will also help reduce potential impacts from decreased injectivity.
- There is potential for local contamination of overlying sandstone (MLS) – one shallow monitoring well responded to the pumping test from MUOZ23 conducted in MU1. However, the risk of contamination is low because the hydraulic heads in the MLS aquifer are higher than the heads in the OZ aquifer.
- A limited amount of groundwater modelling of operational conditions during ISR mining has been done. Existing groundwater models were developed for permitting purposes and do not have sufficient vertical discretisation, which results in simulation of injection and recovery wells with an average 14 ft screen intervals within a single, almost 120 ft thick, model layer. However, the aquifer testing has shown that the sands within the 120 ft thick layer are in hydraulic communication.
- The assumed vertical flare of 1.44 (i.e. the potential of lixiviant to flow from injection well toward the recovery well outside the screened or leach zone interval) used for bond estimation has not been evaluated by the groundwater model due to the lack of grid discretisation.

These issues may result in slower or possibly lower uranium recovery than currently predicted and/or necessitate the drilling of additional wells within the mine units in order to achieve the targeted production goals.

4.8 In situ uranium extraction and recovery

4.8.1 Wellfield design

The general outline of the proposed ISR wellfield for the Lance Project is shown in Figure 4-22.

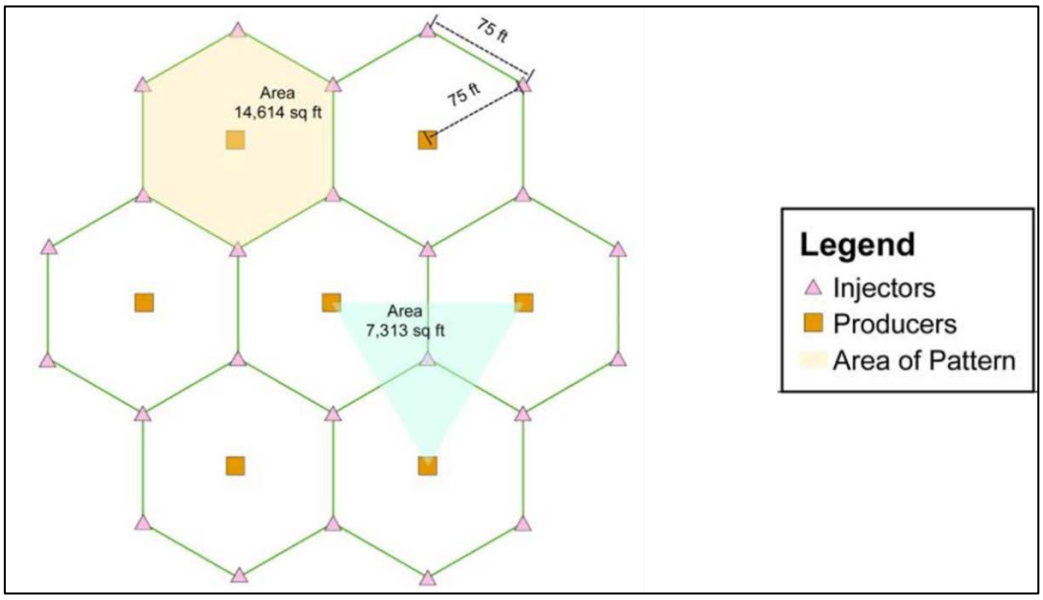


Figure 4-22: General outline of proposed hexagonal pattern

The wellfield uses a hexagonal pattern with a 75 ft (23 m) distance between wells. The hexagonal area is 14,614 sq. ft (1,358 m^2) and the injection area is 7,313 ft (679 m) as shown in Figure 4-22. This pattern was chosen over a 5-spot square pattern to increase injection well/ recovery well ratio (24:7 vs 16:9 ratio) and effectiveness of lixiviant injection. A pumping rate from a recovery rate of 20 gpm was chosen based on the results of hydrogeological testing and available drawdown, while the distance between wells of 75 ft (23 m) is based on successful experience of uranium recovery from the Crow Butte ISR project. It was found that mine solution would be captured under a bleeding rate between 0.5% and 2%. Vertical flare of 1.44 was assumed for groundwater restoration bond estimates.

Wellfield outline for the MU1 area is shown in Figure 4-23 and consists of 112 producer (recovery) wells, 200 injector (injection) wells, and the following baseline/ monitor wells:

- 33 baseline wells
- 14 deep monitor wells
- 14 shallow monitor wells
- 19 perimeter monitor wells
- 3 shallow aquifer monitor wells.

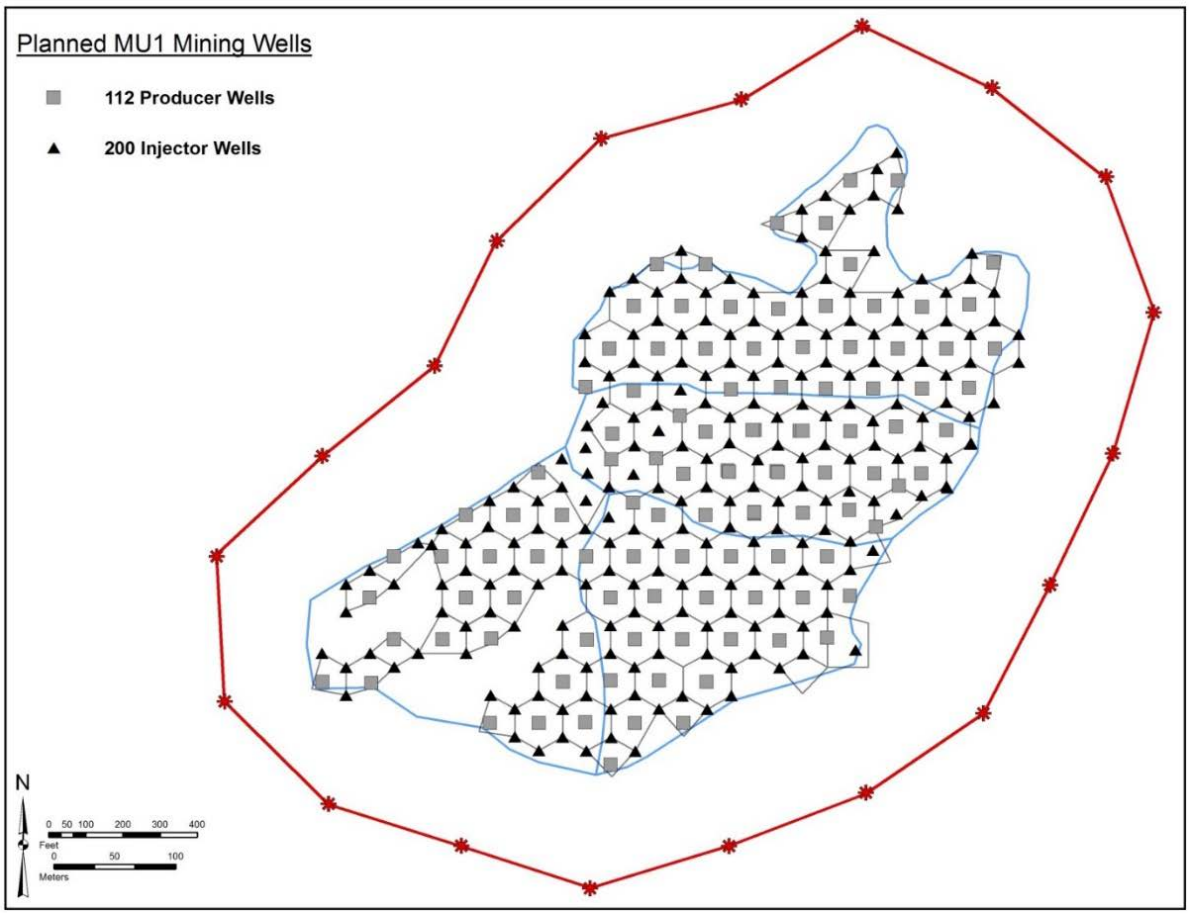


Figure 4-23: Planned wellfield for MU1

Typical well completion for installed ISR mining and monitoring wells is shown in Figure 4-24.

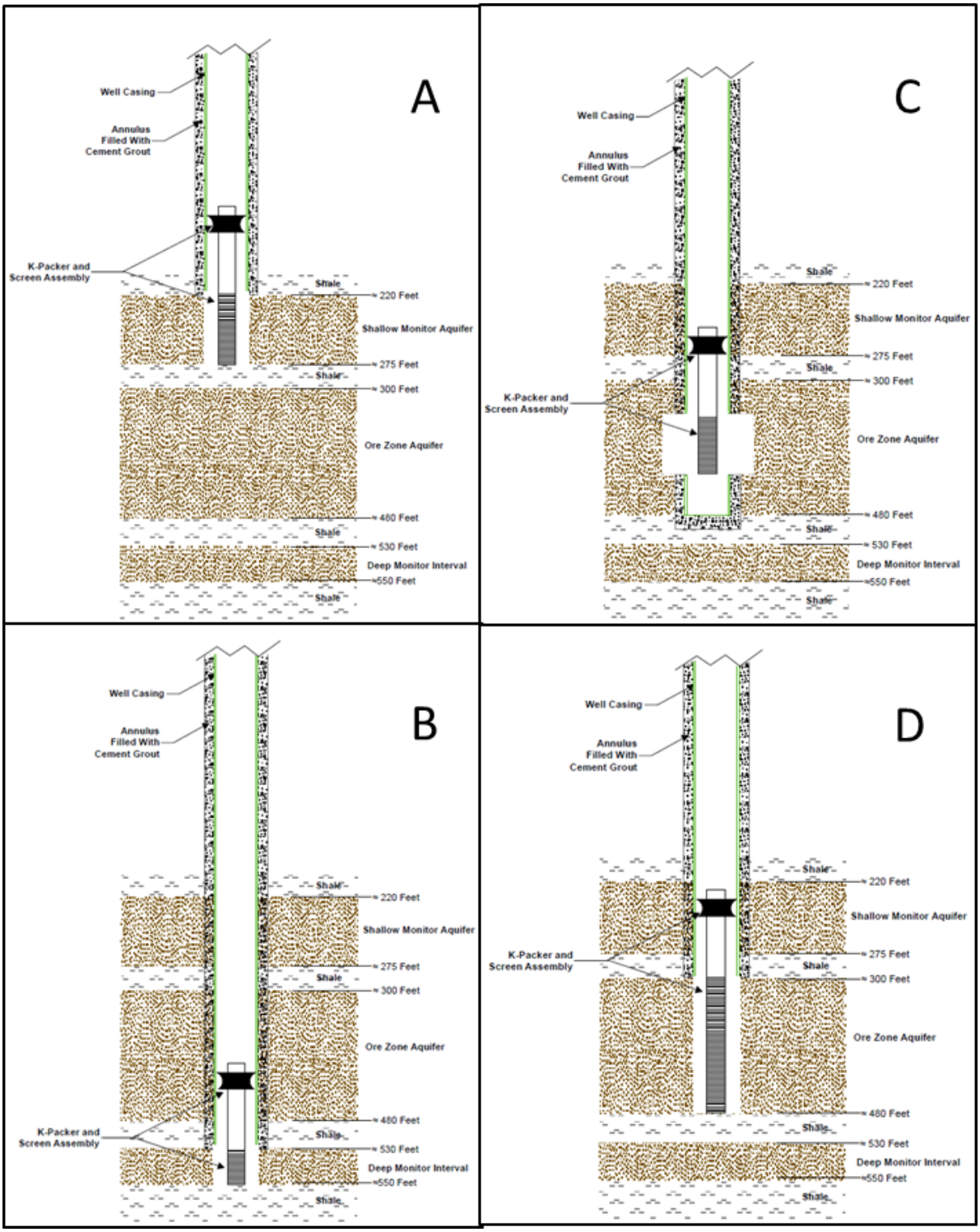


Figure 4-24: Typical well completion for shallow monitor (A), deep monitor (B), mining OZ (C) and perimeter monitor (D) wells

Source: Strata Energy, 2015 Ross ISR Project Mine Unit 1 Wellfield Data Package

In SRK's opinion, the wellfield design and proposed mining and monitor wells are appropriate and conform to best practice for uranium ISR.

A challenge in operating in the MU1 area has been injection due to precipitation of solids fouling the screens. This has been resolved by applying a "swabbing" method of purging the wells that uses build-up of high hydrostatic pressure to physically remove the scale and thus maintain permeability in the wells (Figure 4-25). This is an ongoing method being applied to all wells in production.

Figure 4-25: Swabbing of injection wells involves water blasting under pressure of screen to remove mineral precipitates

Although time consuming, the method has been effective in improving flow rates.

4.8.2 Assessment of pumping rate from recovery well

The pumping rate of a recovery well depends on orebody transmissivity (hydraulic conductivity multiplied by thickness), the distance between recovery and injection wells, the radius of the well, the bleeding rate, and the time of operation. Based on available hydrogeological data and wellfield parameters, SRK independently evaluated the maximum pumping rate per recovery well by using Theis analytical formula and superposition methods. A simulated ISR pattern is shown in Figure 4-26.

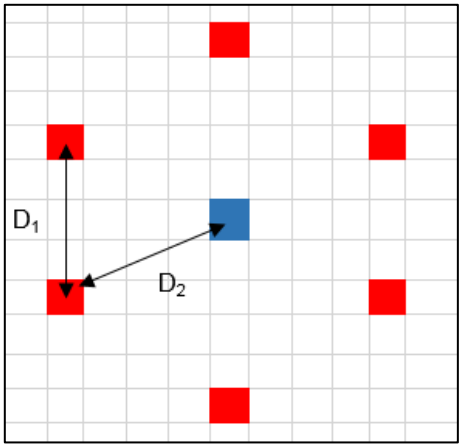


Figure 4-26: Well pattern simulated by SRK using analytical formula

In undertaking this analysis, SRK has assumed as follows:

- Orebody thickness is 14 ft (4.3 m) (an average for the MU1 area).
- Distance between wells in a 7-spot pattern is D1=D2=75 ft (based on wellfield design).
- Bleeding rate is 1.25%.
- Diameter of well is 5 inches.
- Specific storage is $1x10^{-6}$ 1/ft (typical value for confined sandstone aquifer).
- The time of pumping/ injection is three years (estimated LOM of one hexagonal cell).

By varying the hydraulic conductivity of the OZ aquifer and available drawdown, maximum pumping rates for the recovery wells were simulated as shown in Table 4-8.

Table 4-8: Predicted pumping rate of recovery well (in gpm)

Pumping rate from recovery well (gpm)		Available drawdown (ft)					
		150	175	200	300	400	500
Hydraulic conductivity (ft/d)	0.25	2.9	3.4	3.8	5.8	7.7	9.6
	0.5	5.7	6.7	7.7	11.5	15.3	19.2
	0.75	8.6	10.1	11.5	13.4	23.0	28.7
	1	11.5	13.4	15.3	23.0	30.6	38.3
	1.5	17.2	20.1	23.0	34.4	45.9	57.4
	2	23.0	26.8	30.6	45.9	61.2	76.6

Note: Pumping rates 20 gpm and more are shown in grey.

The available drawdown in the MU1 area is about 175 ft (53 m). This means that a recovery well pumping rate of 20 gpm can be achieved only if hydraulic conductivity is 1.5 ft/d or higher. The estimated hydraulic conductivity of the OZ by WWC Engineering (Wyoming Water Consultants) during pumping test MU1-OZ02 was only 0.54 ft/d (by analytical method) and 0.75 ft/d (by groundwater model calibration). In SRK's opinion, however, WWC (2012) has significantly underestimated the hydraulic conductivity by dividing measured transmissivity in 15 ft screen intervals of about 66 sq.ft/d by the entire thickness of the OZ aquifer, 121 ft. Most likely, as discussed in Section 4.7.3 of this report, the interval contributed to measured transmissivity is about 3 to 4.5 screen intervals; this assumption allows estimation of hydraulic conductivity to approximately 1 to 1.5 ft/d. This indicates that pumping rates from recovery wells should be between 13.4 and 20.1 gpm.

The available drawdown within the MU2 area varies from 300 to 400 ft (91 - 122 m) and the hydraulic conductivity estimated by SRK is about 1 ft/d. These parameters indicate that recovery wells should similarly produce a pumping rate of 20 gpm using the proposed 7-spot patterns as shown in Table 4-8.

The currently available drawdown in the MU3 and MU4 areas, however, varies significantly from 150 to 400 ft (46 - 122 m) and is affected by pumping from oil water supply wells. Most likely, the lowest limit will rise to 250 - 275 m, since there is a plan to turn off these wells as per licence conditions, before mining of these two units. The measured hydraulic conductivity values in the baseline monitoring wells, 42 - 19 OZ, 34 - 18 OZ, 14 - 18 OZ and 21 - 19 OZ, are relatively low and vary from 0.14 to 0.99 ft/d, with an average value of 0.42 ft/d. These site-specific estimates were obtained during pumping tests from single wells. The relatively low hydraulic conductivity indicates to SRK a possibility that pumping rates within the MU3 and MU4 areas will be lower than 20 gpm and are likely to range between 5 and 15 gpm as shown in Table 4-9.

In addition, SRK considers that a pumping rate of less than 20 gpm is possible from recovery wells in the Kendrick area, where the average hydraulic conductivity was estimated to be about 0.6 ft/d, with available drawdown between 300 and 500 ft (92 - 152 m).

Mining of the MU1 area started on 1 December 2015 when 29 recovery (producer) wells of HH1 (Header House 1) were turned on. Thirty recovery wells of HH2 and HH3 have been in operation since 16 February 2016 and 16 May 2016, respectively.

The location of recovery wells within the MU1 area and their distribution between header houses are shown on Figure 4-27.

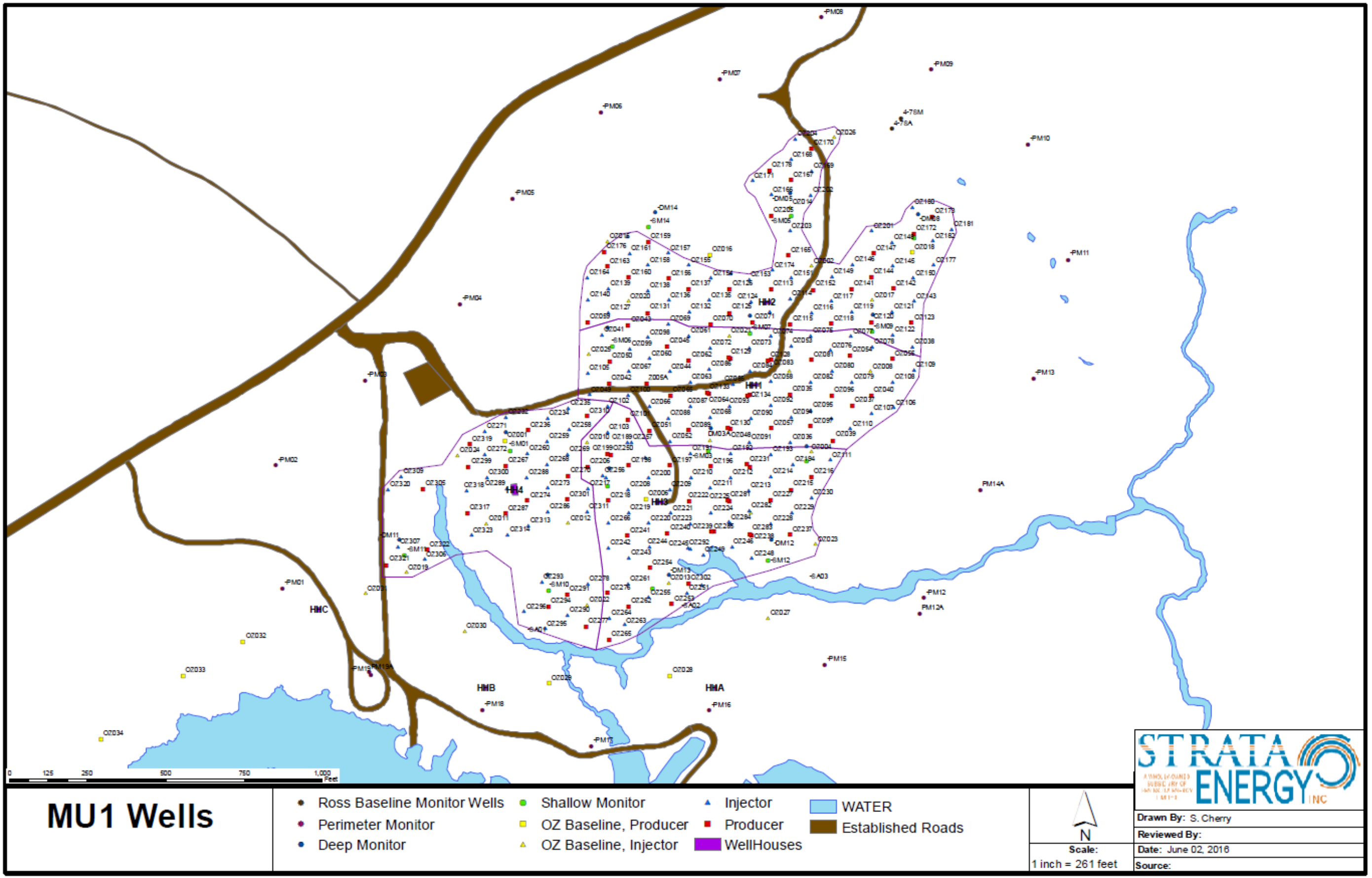


Figure 4-27: Location of wells and header houses within the MU1 area

Source: Strata Energy, 2016 (file provided during site visit)

Recovery wells within HH4 have not been in operation yet.

Achieved pumping rates from producer wells (averaged pumping rates through end of May) are shown in Table 4-9.

Table 4-9: Achieved pumping rates from recovery well

Location	Number of recovery wells	In operation since	Flow (gpm)[1]		
			Average	Max.	Min.
HH1	29	12/1/2015	14.0	22.4	4.8
HH2	30	2/16/2016	17.8	23.6	1.0
HH3	30	5/16/2016	11.5	22.0	0.0
All	89	-	14.5	23.6	0.0

Note: 1 - average flow rates per well from beginning of operation to 30 June 2016.

The average pumping rate from the recovery wells within all three header houses from the beginning of operation to 30 June 2016 is 14.5 gpm. The highest average pumping rate of 17.8 gpm was observed within HH2, while the lowest pumping rate of 11.5 gpm was recorded within HH3 where a low permeable zone crosses the south east side of the MU1 area (shown in Figure 4-28). Of the recovery wells within HH3 of the MU1 area, 47% produce pumping rate less than 10 gpm.

It should be noted that the average achieved pumping rates shown in Table 4-9 are affected by the processes of ramp-up and power failure which occurred at the site. The most recent pumping rates from recovery wells observed during steady production from 8 June to 30 June 2016 are shown in Table 4-10.

Table 4-10: Pumping rates from recovery well achieved during steady production (8 - 30 June 2016)

Location	Number of recovery wells	Flow (gpm)[1]	
		Average	Max.
HH1	29	16.6	22.4
HH2	30	22.3	28.1
HH3	30	14.2	25.9
All	89	17.7	28.1

Note: 1 - average flow rates per well during the period 8 - 30 June 2016.

The average pumping rate from the recovery wells within all three header houses for last three weeks of June 2016 is 17.7 gpm. The highest average pumping rate of 22.3 gpm was observed within HH2, while the lowest pumping rate of 14.2 gpm was recorded within HH3.

Total observed pumping rate from the MU1 area is shown in Figure 4-28.

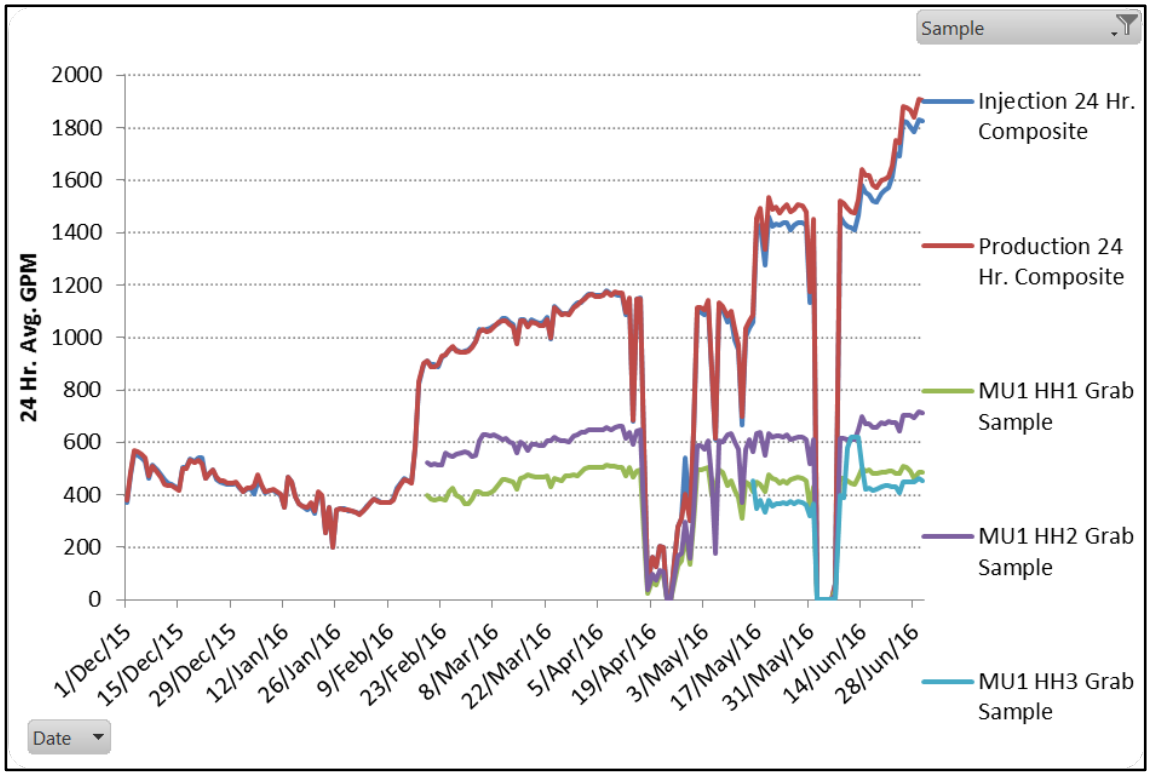


Figure 4-28: Total observed pumping rate from MU1

Figure 4-28 indicates that the total pumping rate from HH1 was 567 gpm at the beginning of December 2015 and gradually decreased to 325 gpm at the beginning of February 2016. After this decrease, swabbing of injector wells was initiated to allow an increase in pumping rates from producer wells – the flow increased to 30%. Figure 4-28 shows that the pumping rate from both HH1 and HH2 was increased by 280 gpm using swabbing of injector wells (from 890 gpm at the end of February to 1,170 gpm in mid-April).

Based on review of pumping rate records at the MU1 area from 1 December 2016 through 30 June 2016 (seven months of initial production), SRK is of the opinion that the average achievable pumping rate at the MU1 area during steady production is about 17.7 gpm. This average pumping rate is recommended for use in planning and the financial evaluation of the entire Lance Project.

4.8.3 Material characterisation

Limited mineralogical work has been completed on the ores from the Ross area of the Lance Project. One reported analysis indicated high clay content in the ore material (60%, Table 4-11).

Table 4-11: Reported XRD mineralogy, Ross area sandstone hosted U-V ore

Clay (undifferentiated)	60%
Quartz/Feldspar	38%
Mica	1%
Organics	1%
V mineralogy	<1%
U mineralogy	<1%
Pyrite	<1%
Magnetite	<1%

Source: Lyntek 2011 Table 7.3-11: Summary of observed mineralogy for sample RMRD 0015 442.2 2100 CPS

This sample has high clay content and the scanning electron microscope (SEM) analysis indicates that the clay may be a mix of smectite and illite, with some pockets of kaolin present. Uranium and vanadium mineralogy is reported associated with the clay; however, the majority is present with aggregates and bands of the quartz/ feldspar (DCM Science Laboratory, January 2011). Although no discrete uranium grains could be differentiated, they were identified as being fine grains (less than 10 µm) and comprised of various calcium uranyl phosphates or silicates such as autinite or uranophane. These will have slower leaching kinetics than uranyl oxides such as pitchblende.

This sample may not be representative and further work is warranted particularly in determining clay distribution in the uranium-bearing horizons.

Trace elements with the bulk ore material includes vanadium, molybdenum and selenium. Of these, vanadium is present in similar concentrations to uranium.

4.8.4 Extraction

The proposed Ross Area Central Processing Plant (CPP) presented in the Feasibility Study was designed using site-specific information of the ore leaching properties and predicted wellfield performance and hydrogeology. This site-specific information appears to have been obtained mainly from a review of historical testing reports and current metallurgical testwork results.

Several studies have been completed on the potential for uranium to be extracted from sandstone-hosted ores on the Lance Project using alkaline based reagents under passive leaching conditions, consistent with standard operating practices in Wyoming.

In addition to this, the monitoring data for the first six months of operation was reviewed by SRK.

4.8.5 Extraction testwork

The historical and current testwork shows that uranium is extractable. An average uranium recovery of 72.5% (termed 'pattern recovery' in the Strata financial model) was proposed in the Feasibility Study, reflecting a head grade of 25 mg/L (Lyntek, 2011). However, it has been raised in discussions with Strata that this information may be flawed due to errors in sampling, analysis and calculations. Consequently, for the purposes of this evaluation, SRK has instead relied on the data provided by Energy Labs and R&D.

Similar head grades of vanadium were also observed in some leaching tests, which indicate the mineralogical distribution of both elements is heterogeneous and not well characterised. While the solution head grade of the recoverable V_2O_5 was close to the head grade of U_3O_8 at around 25 ppm, the recovery of V_2O_5 was relatively low at an average of 32%. The tests demonstrate that for several samples, vanadium extraction was negligible and that the particle size of the samples did not affect vanadium recovery (R&D, 2013).

The Energy Labs agitation leach test results indicate that the Ross area uranium leaches with relatively low concentrations of bicarbonate and oxidant in the lixiviant. However, these tests are not necessarily representative of field conditions and are only used to determine leaching amenability and to optimise lixiviant concentrations.

SRK understands that while the NuBeth JV pilot plant operation failed due to a number of reasons, one of the key issues was swelling clays reducing fluid flow. The operators did not know if the swelling clay was simply in the well completion material or if it was also in the formation, and recommended further work to evaluate this. However, SRK understands that this further work was not completed.

During the R&D testwork, the first phase of bottle roll tests failed due to swelling clay in the test material (i.e. they could not get beyond 30 pore volumes before the bottles plugged up). Strata

management has indicated that the NuBeth JV pilot plant failure was due to improper pH control (too high pH) on the mining solution. However, reviewing the R&D work, the pH of the failed tests is indicated as being neutral to mildly alkaline and this would not cause the failure observed. SRK considers there is insufficient information to quantify the extent of the impact on the Lance Project or determine whether it can be managed; however, this is a risk factor that needs to be acknowledged. If pH does transpire to be an issue, it could cause lower wellfield recovery due to a loss of hydraulic conductivity, as well as a restoration matter due to the inability to rinse residual lixiviant during wellfield restoration.

Based on the testwork undertaken at Energy Labs in 2011, Strata proposed a leaching efficiency (or 'pattern recovery') of 72.5%, with an average head grade of 25 mg/L uranium based on an average extraction in agitated testwork of 74% in the Feasibility Study (Table 4-12). However, these tests use higher reagent grades than proposed in the field application and are the result of agitation tests, which typically report higher (typically in the order of 10% - 20%) extraction than passive leaching in the field.

Based on pore volume leaching, it is reasonable to assume that it will take in the order of 30 or more pore volume tests to attain such a high recovery rate. A limitation to this is that, given the comments in Section 4.8.3 on permeability, it might well be that while the MU1 and MU2 areas have sufficient permeability to obtain this, the other fields, particularly Kendrick, are unlikely to reach this rate of extraction.

Table 4-12: Summary of 2009-2011 agitation leach testing by Energy Labs

Date of test	Energy lab sample number	Hole number	Area	Bicarb conc. (mg/l)	Oxidant conc. (mg/l)	Core grade (mg/kg)	Peak solution grd (mg/l)	Avg. solution grd (mg/l)	Recovery (%)
						U	U_3O_3	U_3O_3	U_3O_3
Aug 2009	C09070889-001	RMRD 3	Ross Permit	2000	500	1020.0	112.3	43.8	80.9
Aug 2009	C09070889-003	RMRD 4	Ross Permit	2000	500	208.0	14.9	9.2	73.1
Mar 2010	C10020448	RMRD 7C	Ross Permit	1000	500	496.0	54.6	23.1	80.3
Mar 2010	C10020450	RMRD 7C	Ross Permit	1000	1000	515.0	54.5	23.4	81.9
Mar 2010	C10020452	RMRD 7C	Ross Permit	2000	500	518.0	58.2	23.8	79.9
Mar 2010	C10020453	RMRD 7C	Ross Permit	2000	1000	504.0	58.4	23.6	83.2
Mar 2010	C10020454	RMRD 7C	Ross Permit	3000	500	490.0	61.1	23.2	81.2
Mar 2010	C10020455	RMRD 7C	Ross Permit	3000	1000	487.0	60.6	21.2	79.2
May 2011	C11040867-002	RMRD 15	Ross Permit	2000	1000	638.0	73.9	26.6	79.6
May 2011	C11040867-003	RMRD 16	Ross Permit	2000	1000	1340.0	136.7	57.2	83.3
May 2011	C11040867-004	RMRD 17	Ross Permit	2000	1000	243.0	27.1	10.2	77.1
May 2011	C11040867-005	RMRD 14,1	Ross Permit	2000	1000	487.0	56.3	20.8	80.7
Average Ross Permit						**578.8**	**64.1**	**25.5**	**80.0**
Dec 2011	C11100950-004	RMRD 22	Ross Amend	1000	1000	1395.0	142.0	64.2	76.4
Dec 2011	C1110090-005	RMRD 22		2000	1000	1316.1	157.0	68.6	83.0
Dec 2011	C11100950-006	RMRD 22	Ross Amend	1000	1000	208.6	19.0	6.7	49.5
Dec 2011	C11100950-007	RMRD 22	Ross Amend	2000	1000	203.5	20.0	6.8	50.0
Dec 2011	C11100950-008	RMRD 22	Ross Amend	1000	1000	682.7	92.0	36.5	76.4
Dec 2011	C11100950-009	RMRD 22	Ross Amend	2000	1000	680.1	81.0	33.7	77.1
Dec 2011	C11100950-054	RMRD 22	Ross Amend	1000	1000	552.9	48.3	18.4	72.1
Dec 2011	C11100950-054	RMRD 22	Ross Amend	2000	1000	552.1	51.7	19.5	74.1

Date of test	Energy lab sample number	Hole number	Area	Bicarb conc. (mg/l)	Oxidant conc. (mg/l)	Core grade (mg/kg)	Peak solution grd (mg/l)	Avg. solution grd (mg/l)	Recovery (%)
						U	U_3O_3	U_3O_3	U_3O_3
Average Ross Amend						**698.9**	**76.4**	**31.8**	**69.8**
Apr 2012	C12030047-007	RMRD 25	Kendrick	2000	1000	438.4	38.4	15.8	68.1
Apr 2012	C12030047-008	RMRD 28	Kendrick	2000	1000	345.1	13.4	8.5	50.2
Apr 2012	C12030047-009	RMRD 28	Kendrick	2000	1000	690.3	84.7	34.8	83.0
Apr 2012	C12030047-010	RMRD 28	Kendrick	2000	1000	483.4	41.0	17.9	65.2
Average Kendrick						**489.3**	**44.4**	**19.3**	**66.6**
Total Average						**603.9**	**64.9**	**26.6**	**74.4**

Source: Lyntek (2011) DFS Study section 7.3.10

Due to concerns regarding the Feasibility Study findings, an additional review of the testwork results was completed by R&D Engineering in 2013. Two reports were completed that included comments on additional agitation leach studies at Inter-Mountain Laboratories (IML).

These studies were conducted to evaluate uranium and vanadium extraction rates and efficiencies for the Lance Project using in situ alkaline leach chemistry. Four separate core samples were tested using different combinations of bicarbonate-carbonate based lixiviates.

The results for natural groundwater indicate that uranium recoveries of up to 37% can be achieved, without additional carbonate, in 75 or less pore volumes in the column testwork and with a higher average solution grade at 37.5 mg/L (R&D, 2013; Table 4-13).

The addition of sodium bicarbonate significantly improved uranium recovery to 55% - 60% in less than 60 pore volumes, with overall recovery increasing as more pore volumes are passed through the sample, but resulting in a lower average head grade (typically 20 - 25 mg/L for recoveries up to 80%). However, vanadium recovery also increases with increasing pore volumes, averaging 29% in a similar number of pore volumes. Given the limited vanadium extraction, it is unlikely to make a viable by-product and can be excluded from the uranium product by use of chemically selective precipitation.

Table 4-13: Recovery of uranium in R&D agitation testwork

Test sample	Uranium recovery (%)	Pore volume recovery	Uranium recovery per pore volume (%)	Average solution uranium (mg/L)
RMRD 0030A	53.8	75	0.72	22.5
RMRD 0030B	62.6	60	1.04	32.8
RMRD 0033A	42.6	75	0.57	24.3
RMRD 0033B	63.0	60	1.05	45.0
RMRD 0034A	30.7	30	1.02	61.7
RMRD 0034B	25.3	30	0.84	50.8
RMRD 0034C	39.7	30	1.32	79.2
RMRD 0034D	55.5	30	1.85	111.5
RMRD 0035A	34.2	75	0.45	28.0
RMRD 0035B	44.4	60	0.74	45.4

Source: R&D, 2013

In a second batch of tests, naturally occurring bicarbonate present in the ore zone groundwater was fortified with sodium bicarbonate to generate the standard 2 g/L bicarbonate solutions with 250 mg/L O_2 addition as 0.5 g/L hydrogen peroxide. This enhanced leaching produced a recovery of 65% uranium, with an average solution grade of 67.8 mg/L; the majority (50% - 55%) within 30 pore volumes and the balance in 60 - 75 pore volumes. Based on the results of this testwork, Strata increased its pattern recovery expectations to 80% after the Feasibility Study and increased its head grade expectations to an average of 38 mg/L uranium. This *might* be reasonable for the MU1 area, where the Ore Zone has been demonstrated to have sufficient sand that clay choking is unlikely to be an issue, so 70 pore volumes could be passed through the wells. However, in the other fields, there remains uncertainty over clay content, and as such, SRK considers it inappropriate to increase the overall Ross pattern recovery above 65%.

The R&D testwork is considered by SRK to be more representative of uranium recovery from the Lance ISR than previous testwork. However, based on initial production observations, even this may have a measure of over-estimation of efficiency and average solution uranium.

Initial operations in the MU1 area have shown a slightly lower uranium grade in leach solutions (average mass balanced is 18.5 mg/L as opposed to a prediction of 25 mg/L). This indicates that the rate of dissolution is lower than predicted or that there is a lag time between addition of reagents and response to the chemicals in the recovery wells (Figure 4-29).

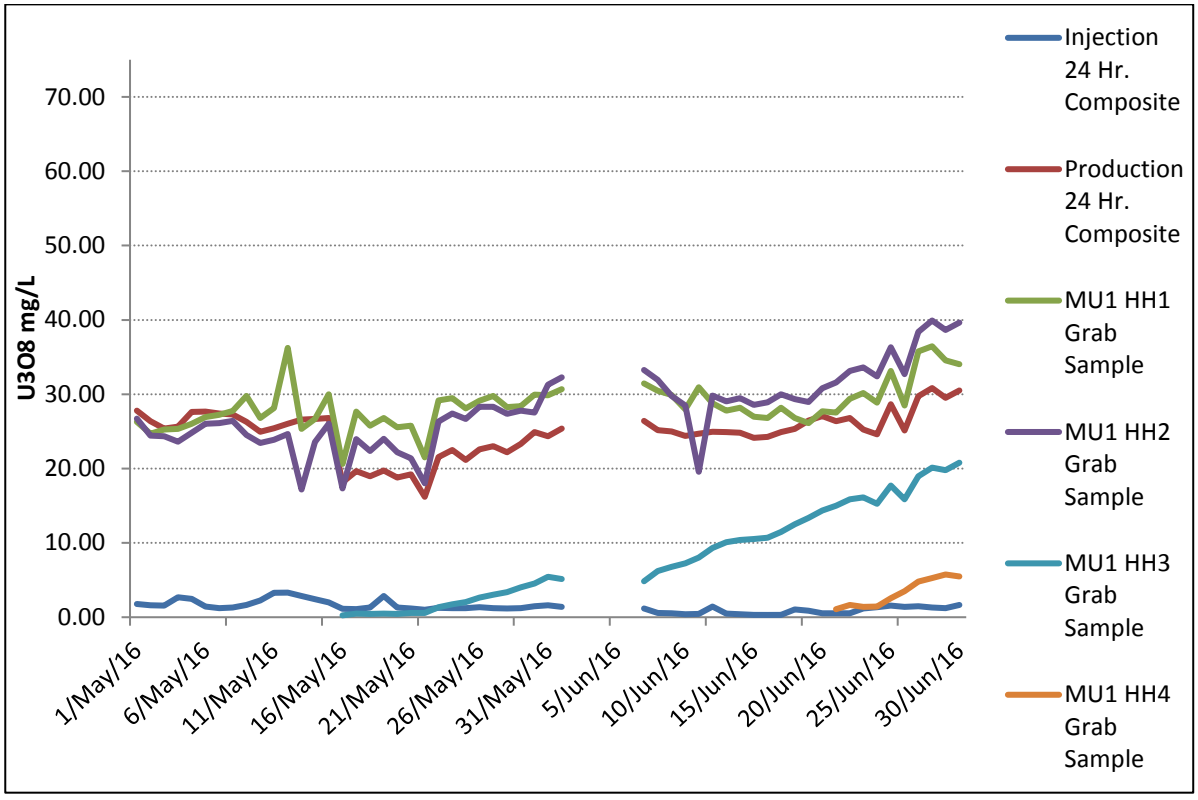


Figure 4-29: Summary of uranium concentration in solution (in mg/L) December 2015 – June 2016

The PLS grade in HH1 and HH2 wells show a stable leaching rate during May 2016 and it is anticipated that this represents a more likely longer term concentration in the range of 20 - 25 mg/L. Overall, based on the mass balanced results, HH1 shows an average grade of 23.39 mg/L and HH2 an average grade of 23.56 mg/L. It is reasonable to assume that this is likely to reflect future production grade, and for financial purposes, a grade of 25 mg/L U (equivalent to 29.5 mg/L U_3O_8) is proposed.

Variation in uranium concentration has varied widely across the different header houses (Table 4-14).

Table 4-14: Average and range of uranium grade in pregnant leach solution (PLS), December 2015 - June 2016

	HH1	HH2	HH3
Uranium, mg/L (range, average)	<0.03-96.3, 15.2	<0.03-93.8, 16	<0.03-67.2, 5.8
pH (range, average)	6.7-8.42, 6.87	6.6-8.5, 7.32	6.92-8.36, 7.92
Bicarbonate, mg/L (range, average)	550-3392, 2582	549-3489, 1990	612-1281, 882
Flow, gpm (range, average)	0-33.5, 14.0	0-30, 17.8	0-28, 11.5

Due to higher average flow and lower average bicarbonate, total production from HH2 has been higher than from the other two sets of wells. The amount of bicarbonate and flow appear to be the critical factors in influencing uranium production. Over time, although pH and bicarbonate vary strongly, it is bicarbonate and flow that show the strongest correlation to uranium concentration in solution (Figure 4-30 and Figure 4-31).

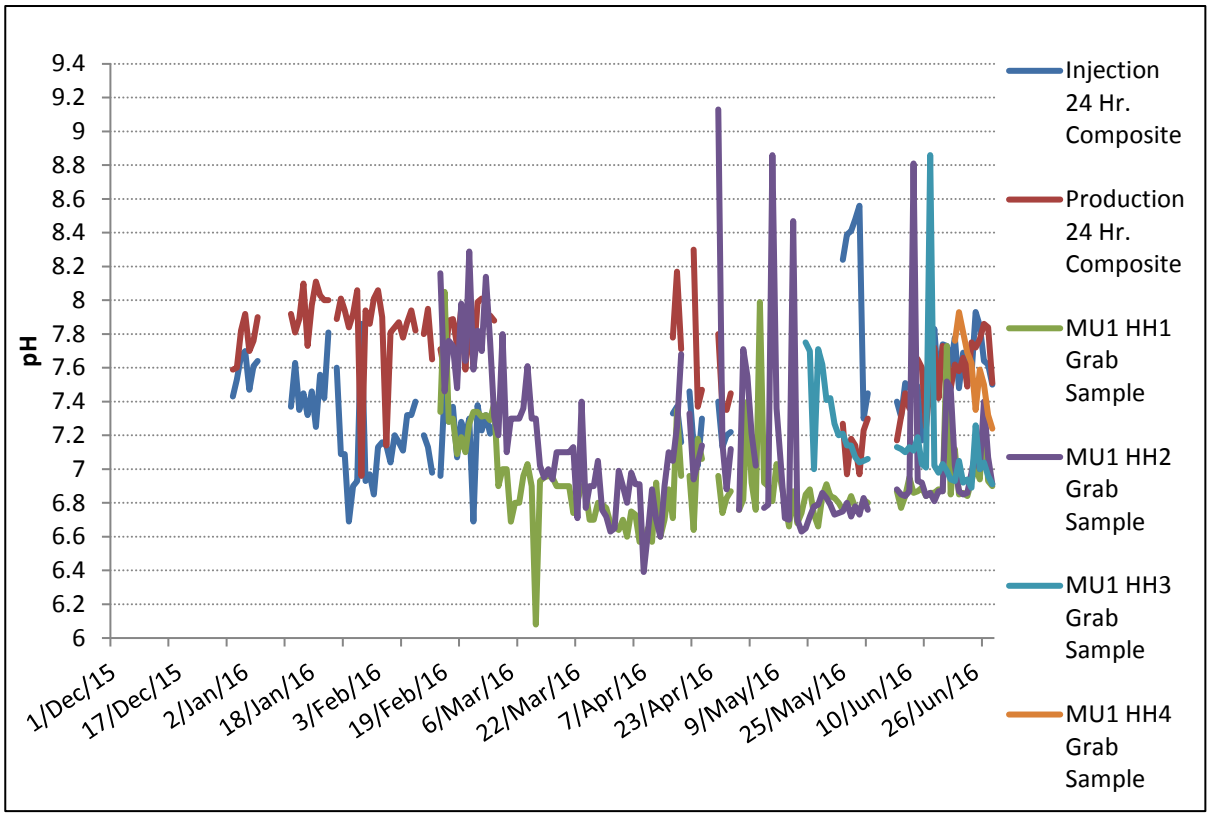


Figure 4-30: Summary of pH variation in solution, December 2015 - June 2016

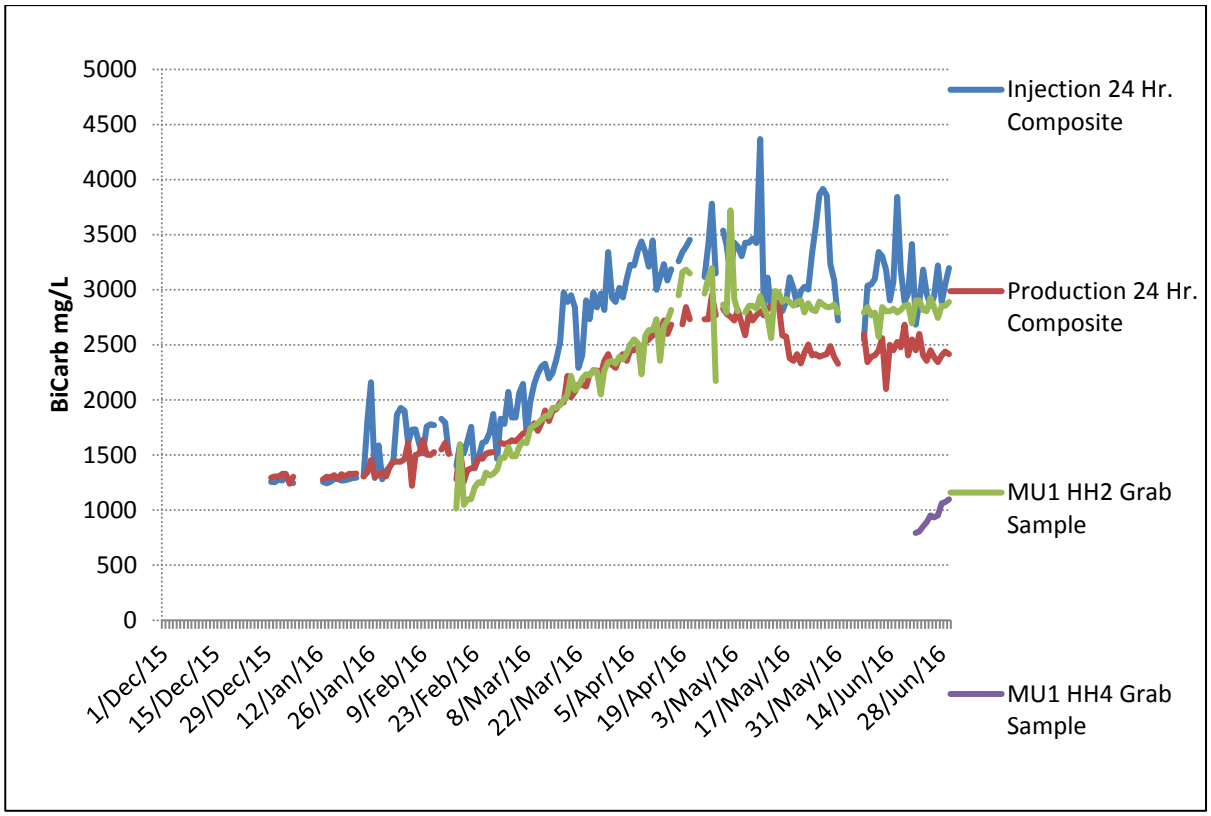


Figure 4-31: Summary of bicarbonate variation in solution, December 2015 - June 2016

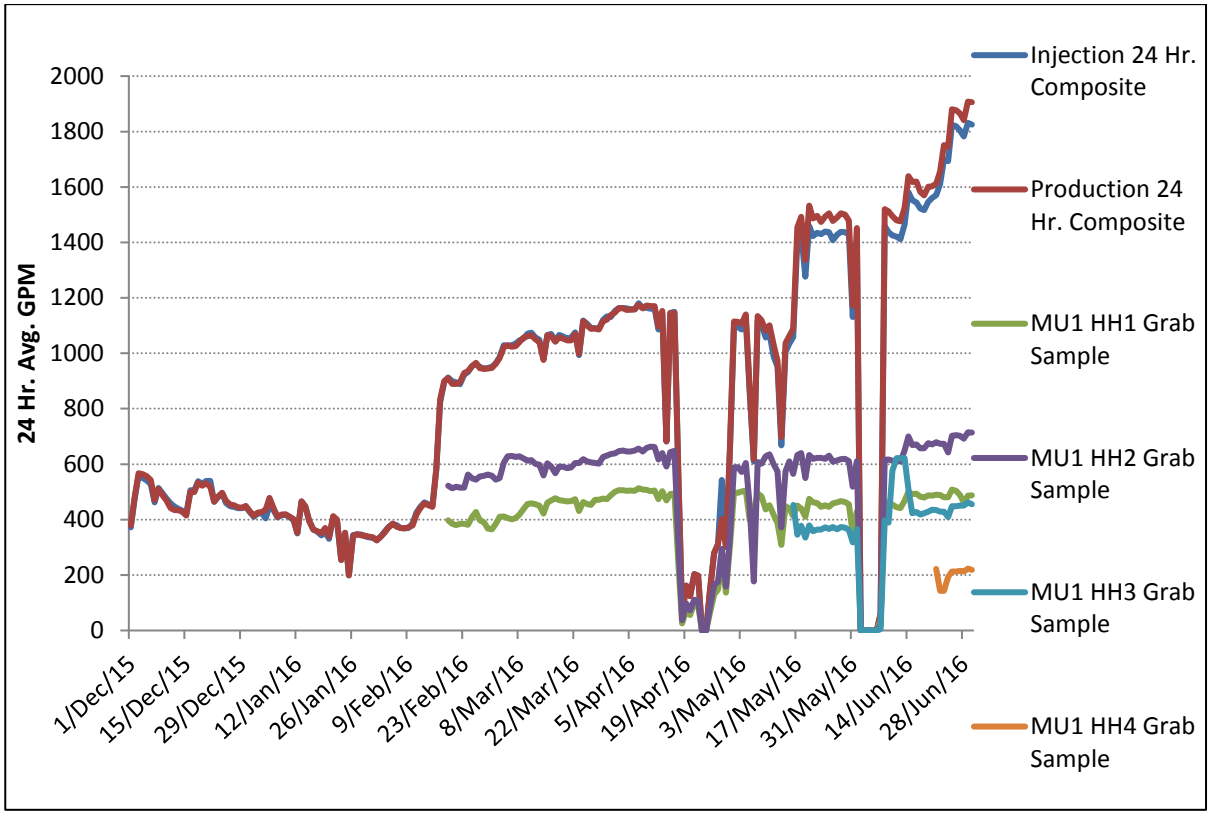


Figure 4-32: Summary of variation in flow of process solutions from wells in MU1, December 2015 - June 2016

Consequently, the production of uranium is also lower with monthly production less than predicted (Figure 4-33).

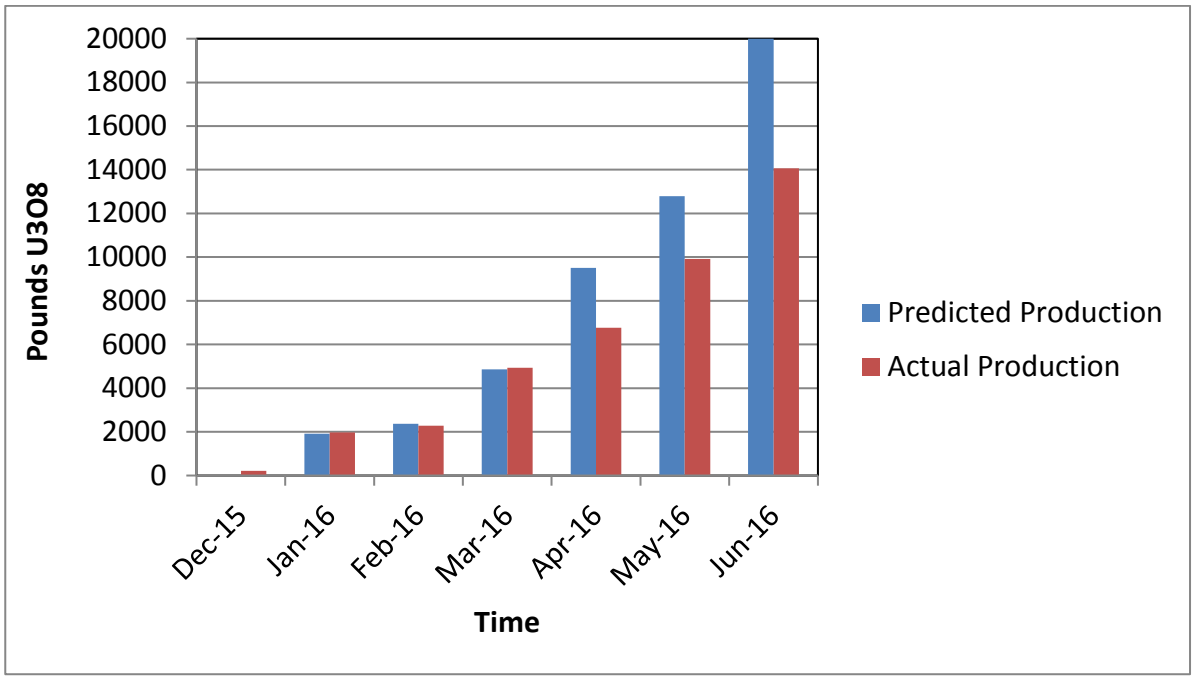


Figure 4-33: Comparison of Strata-predicted vs actual production, MU1 January – June 2016

Several reasons exist for this situation. The main reason is the control on flow rate and the lower flow than predicted. This reflects fouling of the screens. Initially from December 2015 to February 2016, actual production was higher than predicted. However, due to fouling of screens in the wells by aragonite mineral precipitation, the flow rate fell. As such, less uranium was leached (both in concentration and mass load) and consequently the total pounds reporting to the ion exchange reduces over time.

This problem has, at least in part, been addressed by swabbing of the wells in the MU1 area. Improvement in recovery of process waters is likely to be seen over time.

The control of pH in the wells will also be a critical factor in maintaining consistent uranium production, as pH above 8 will likely promote precipitation of aragonite and other salts, thus fouling of the screens by mineral precipitates. Controlling pH to less than 8, but above 6.5, should allow for optimum uranium dissolution by bicarbonate.

The uranium production should increase over time; however, given limitations on flow and the longer leach schedules (as swabbing will be needed regularly), SRK recommends a reduction of approximately 15% from initial predictions in financial models, thus reflecting the drop in grade and flow rate.

4.8.6 Recovery from solution

In the Feasibility Study, the design of the uranium recovery system for the Ross area comprises interlocking systems of varying capacities. The Ross area wellfield is designed to provide solution containing 750,000 lb U_3O_8 annually to a suitably sized ion exchange (IX) circuit in the CPP. The rest of the CPP has a capacity of 1,500,000 lb U_3O_8 annual production, assuming that resin will come from satellite locations (i.e. other than the Ross area) to provide the remaining uranium pounds. The use of a modular approach would allow further expansion with only minimal equipment requirements.

Very little work was completed prior to operations. Two phases of IX testing have been conducted by J.K. Litz & Associates (Litz). The first phase was to test uranium loading from solutions generated by the leach testing described above. The second phase studied the effect of significant levels of vanadium on the loading of uranium and vanadium from similar solutions. While IX recovery of uranium from ISR leach solutions is a well-developed and proven process, there are variations in performance, usually caused by interference or competition for the active sites in the resin. For example, very high sulfate levels are known to limit the uranium loading capacity of common resins, including the Dowex 21K resin.

The testwork undertaken is considered by Strata to be flawed, although Strata offers no alternative testing at present. The results of Litz testwork showed a low resin loading of 3.5 lbU/ft^3 resin. After some research, SRK concurs with Strata that 6 - 8 lbU/ft^3 resin is more common in Wyoming operations and as such support Strata's proposed estimate of 6 lbU/ft^3 resin for resin loading.

In the second phase of testing by Litz, the IX feed solution was made up to match that used in the latter stages of the first test, then three variants were made, with different amounts of vanadium being added to the solution. The vanadium concentrations used were 15, 25 and 35 mg/L of vanadium added to the solution already containing 25 mg/L uranium. The results indicated that should the vanadium concentration increase above a ratio to uranium of 1:1, then the higher concentrations of vanadium will reduce the efficiency of the resin to recover uranium.

In response to the draft report, Strata objected to this concern stating that it is not an issue and on 25 September 2015, Mr Ralph Knode provided an excerpt from an email reportedly from Roger Garling, a principal at R&D Enterprises, relative to comments in the draft. It gives his view on leaching efficiency as follows:

> *"There is no question that there is plenty of vanadium in the ore, but as the leach tests demonstrated, recovery of the metal by alkaline leach was highly inefficient. The presence of vanadium or other dissolved solids, which will increase as chemicals are added to the leach circuit and pyritic species are converted (oxidised) to sulfate in the ore zone, should not affect the ion exchange efficiency. What will be affected is the loading capacity of the resin. For 21K XLT or comparable Lanxess products, starting the project in the ~10 lbU/ft^3 with subsequent decreases as TDS rises to ~6-7 lbU/ft^3 should be expected. Uranium loading should remain constant at ~99+%.*
>
> *Vanadium has reportedly been known to refuse to elute using standard chemistry which can result in diminished loading of uranium due to a reduced number of active exchange sites. It was the Irigaray operation that observed this and they developed a post elution acid regeneration step to remove the vanadium. I would imagine they would follow this procedure with your resin, however you may wish to confirm this."*

Based on experience elsewhere in Wyoming, Colorado and Texas, SRK proposes a typical recovery of 97% from carbonate solution by ion exchange with a maximum loading efficiency in the order of 6 - 8 lbU/ft^3. Based on the initial loading work at the operations, this still seems consistent. In order to improve efficiency of loading, screens have been put in place to remove particulates that would otherwise foul the IX circuit (Figure 4-34).

Figure 4-34: Screens installed to clean up PLS prior to ion exchange removal of uranium

Currently, seven batches of uranium have been produced with uranium adsorbed onto a resin and shipped as a loaded resin to Highland Ranch uranium project for stripping and yellowcake production.

The initial trial batch (001) shows poor efficiency and was probably sent prematurely; similar rationale applies to batches 006 and 007. Batches 002 to 005 are probably the most representative of production and as can be observed, the assumption of loading efficiency at 6 lbU/ft^3 resin is reasonable (Table 4-15). It is reasonable to assume as the operators gain familiarity with the operation, the loading efficiency will be towards the top of this range and may well increase to 8 lbU/ft^3.

Table 4-15: Summary of uranium elution and loading

Batch	Total elution (lbs U_3O_8)	Resin bed volume (ft^3)	Loading efficiency (lbs U_3O_8 ft^3)
001-1	1292	360	3.6
002-3	2565	491	5.2
003-2	3651	500	7.3
004-5	3057	500	6.1
005-4	3007	510	6
006-1	2143	500	4.3
007-6	2147	517	4.2

It should be noted that currently only one of the three resin beds on site is being used. As a result, there is considerable spare capacity within the current bed volume used; hence potential to scale up to increase production as more wells come on line is reasonable and within the circuit's predicted production capacity.

Figure 4-35: Ion exchange resin beds at Lance Project as of 1 June 2016

5 Karoo Project

Peninsula's Karoo Project lies in the Beaufort West region of the Western Cape Province of South Africa. Peninsula holds a 74% interest in 42 Prospecting Rights (PRs) covering an area of 7,800 km² over the main uranium–molybdenum bearing sandstone channels in the Karoo Basin (Figure 5-1).

During SRK's site visit, only two of these PRs could be visited due to the large area, namely Ryst Kuil and Riet Kuil. The core yard at Ryst Kuil, where all available core is kept, was also visited and several mineralised intersections inspected.

5.1 Topography

Central Karoo region is characterised by wide open plains with hills and ridges formed by dolerite dykes. The project area straddles the Great Escarpment which crosses the length of South Africa and which forms the boundary between the two physiographic provinces of the Great Karoo and the High Interior Plateau.

The Western and Eastern Cape prospects lie below the escarpment and the Northern Cape prospects above the escarpment. Most of the prospecting areas are generally flat lying, with the exception of those that are located along the escarpment itself.

5.2 Climate and operating season

The Karoo has an arid climate with an annual rainfall of 200 - 400 mm in the Great Karoo and up to 700 mm on the High Interior Plateau. Rain occurs mainly as thunderstorms in summer. Summer daytime temperatures average between 25°C and 35°C and occasionally up to 40°C. The winter (June and July) is generally cold and dry, with daytime temperatures between 10°C and 20°C. Overnight temperatures regularly fall below freezing.

Operations are conducted year-round, with only occasional work-stoppages in times of bad weather.

5.3 Access

The Karoo is generally well serviced with good tarred and secondary roads between major towns. The main national highway (N1) between Cape Town and Johannesburg passes through Beaufort West. Another national highway (N12) between Kimberley and the coastal city of George also passes through Beaufort West (Figure 5-1). Beaufort West has a small airport, but there are no regular commercial flights.

The electricity grid is well established and several high capacity transmission power lines traverse the area. There is mobile phone coverage and mains electricity in most small communities. Local towns are relatively small and will only provide basic provisions; therefore, most provisions and equipment will need to be sourced from Beaufort West or Cape Town.

5.4 Tenure

Peninsula is the sole shareholder of Tasman Pacific Minerals Limited, which through its wholly owned subsidiary, Tasman RSA Holdings, holds 74% of the issued share capital in Tasman-Mmakau JV Company (Pty) Ltd ("TM JVCo") and Lukisa JV Company (Pty) Ltd (the name of which will change to Tasman-Lukisa JV Company (Pty) Ltd in due course). The remaining 26% of each company's issued share capital is independently held Black Economic Empowerment (BEE) entities. TM JVCo is the holder of the five original prospecting rights granted to Tasman by the Department of Minerals and Resources (DMR), while Lukisa JVCo holds title to an additional 35 PRs (Optiro, 2014).

SRK has been advised that a number of the PRs have expired; however, the company has valid Mining Permit Applications over this tenure which are yet to be granted (Figure 5-1; Appendix A). The PRs and renewal status are provided in Table 5-1 and Table 5-2. The Mining Licence Applications (MLAs) for the Karoo Project, comprising 16 individual mining rights applications in the Western, Eastern and Northern Cape provinces, was submitted to the Department of Mineral Resources (DMR) in mid-2014.

Surface rights in the Karoo region are almost exclusively held under private ownership for commercial sheep farming. Access to such farming areas for prospecting is in the ordinary course agreed upon with the surface owner. Lukisa has purchased a number of properties over which the PRs referred to above have been granted. These properties are in the process of being transferred and registered in the name of Lukisa. In addition, access to some properties has been secured through long term user (Usufruct) agreements that have a limited duration.

5.4.1 Other permits and approvals

Peninsula holds Certificates of Registration from the National Nuclear Regulator (NNR) of South Africa, which regulates the handling and storage of nuclear material in terms of the National Nuclear Regulatory Act, 1999 (Act No. 47 of 1999). Monitoring is administered by the national office of the NNR and regular inspections and reporting are required.

Tasman also holds an authorisation (Number: E2/5/9/3/DEPARTMENT OF ENERGY/TASMAN PACIFIC MINERALS LIMITED/001/2013) from the Department of Energy of South Africa to acquire, possess, use or transport radioactive source material (uranium oxide).

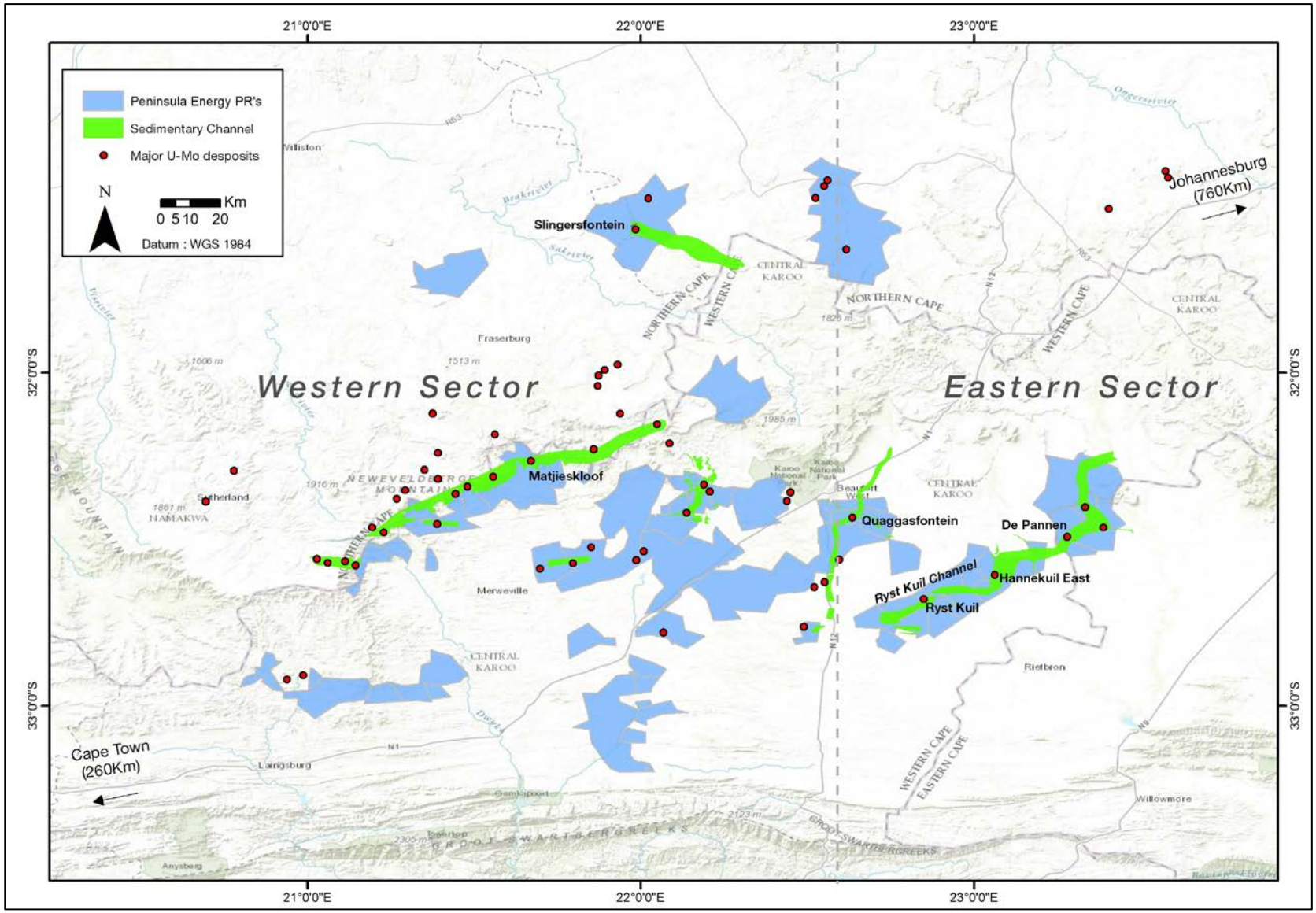


Figure 5-1: Locality plan indicating Peninsula's Prospecting Rights in the Beaufort West region

Source: Glacken et al., 2014

Table 5-1: Schedule of Prospecting Rights and renewals (tenements)

Lukisa JV Co				Original Status			Prospecting Rights					Renewal		
DMR Ref No	Applicant	Property Description	Extent (ha)	Granted	To	Date	Registration Date	Registration No	Duration	Expiry	Comments	Registration No.	Duration	Renewal Expiry
EC07PR	Mago Resources (Pty) Ltd	Remainder of Portion 1 and Portion 2 (a portion of Portion 1) of Bokvlei 78	4761.4471	Granted	Uramin-Lukisa JV Co	14/11/2006	14/11/2008	MPT No. 554/2006 (PR)	4 years	13/11/2010	Renewal submitted on 18/08/10 and granted on 17/11/2011	MPT No. 41/2012	3 years	10/06/2015
EC08PR	Mago Resources (Pty) Ltd	Remainder of Oorlogspoort 85	4720.4984	Granted	Uramin-Lukisa JV Co	14/11/2006	14/11/2008	MPT No. 555/2006 (PR)	4 years	13/11/2010	Renewal submitted on 18/08/10 and granted on 17/11/2011	MPT No. 68/2012	3 years	10/06/2015
EC09PR	Mago Resources (Pty) Ltd	Kareepoort 80	9425.1982	Granted	Uramin-Lukisa JV Co	14/11/2006	14/11/2008	MPT No. 556/2006 (PR)	4 years	13/11/2010	Renewal submitted on 18/08/10 and granted on 17/11/2011	MPT No. 42/2012	3 years	10/06/2015
EC12PR	JP Smit Testamentary Trust	Remainder of Klein Tavel Kop 163	3622.7163	Granted	Uramin-Lukisa JV Co	14/11/2006	14/11/2008	MPT No. 557/2006 (PR)	4 years	13/11/2010	Renewal submitted on 18/08/10 and granted on 17/11/2011	MPT No. 49/2012	3 years	10/06/2015
EC13PR	Dawie Swart Familie Trust	Remainder and Portion 1 of De Pannen 79	6853.3553	Granted	Uramin-Lukisa JV Co	14/11/2006	14/11/2008	MPT No. 558/2006 (PR)	4 years	13/11/2010	Renewal submitted on 18/08/10 and granted on 17/11/2011	MPT No. 43/2012	3 years	10/06/2015
WC25PR	Beaufort West Minerals	Portion 2 of Ryst Kuil 351	698.2151	Granted	Cession to Uramin-Lukisa JV Co still pending	17/10/2007	01/11/2005	MPT No. 93/2005 (PR)	3 years	10/10/2008	Renewal granted on 09/06/2010	tbc	2 years	12/11/2014
WC33PR	Mago Resources (Pty) Ltd	Plaas 394 (Neverset)	6846.5109	Granted	Uramin-Lukisa JV Co	01/12/2006	20/08/2007	MPT No. 234/2007 (PR)	4 years	30/11/2010	Renewal granted on 04/07/2011 or 09/09/2011, awaiting execution	tbc	3 years	04/07/2016
WC34PR	Mago Resources (Pty) Ltd	Portion 1 of Vlakplaats 350	3426.128	Granted	Uramin-Lukisa JV Co	01/12/2006	20/02/2007	MPT No. 240/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/11/2010 and granted on 04/07/2011	MPT No. 62/2012	3 years	01/08/2015
WC35PR	Mago Resources (Pty) Ltd	Kantkraal 360	6905.8035	Granted	Uramin-Lukisa JV Co	01/12/2006	20/02/2007	MPT No. 233/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/11/2010 and granted on 06/07/2011	MPT No. 61/2012	3 years	01/08/2015
WC47PR WC10031PR	Leon Eybers Trust	Portion 1 of Nieuw Jaars Fontein 340	3642.6451	Granted	Cession to Uramin-Lukisa JV Co still pending	04/09/2008	07/01/2009	MPT No. 03/2009 (PR)	3 years	30/09/2011	Renewal approved on 25/04/2012, awaiting execution	tbc	2 years	04/07/2015
WC59PR	Blydskap Trust	Remaining Extent of Portion 1 and Portion 4 of Haane Kuil 335	4004.1671	Granted	Uramin-Lukisa JV Co	01/12/2006	21/02/2007	MPT No. 244/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/2010 and granted on 06/07/2011	MPT No. 59/2012	3 years	01/08/2015
WC60PR	DJ Pickard-Cambridge	Remainder and Portion 7 of Haanekuil 335	5572.09	Granted	Uramin-Lukisa JV Co	01/12/2006	20/02/2007	MPT No. 238/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/2010 and granted on 04/07/2011	MPT No. 60/2012	3 years	01/08/2015
WC61PR	Ngondo Mono Seuns Boerdery Trust	Kat Doorn Kuil 359	6905.8035	Granted	Uramin-Lukisa JV Co	01/12/2006	03/04/2007	MPT No. 441/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/2010 and granted on 04/07/2011	MPT No. 58/2012	3 years	01/08/2015
WC80PR	MJ Koorts	Remaining Extent of Portion 0, Portion 2, Portion 3 and Portion 4 of Rondom 247	5774.3262	Granted	Uramin-Lukisa JV Co	01/12/2006	18/10/2007	MPT No. 930/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/2010 and granted on 04/07/2011	MPT No. 56/2012	3 years	17/07/2015
WC81PR	Mago Resources (Pty) Ltd	Remainder of Overse Fontein 249	4697.4356	Granted	Uramin-Lukisa JV Co	25/04/2008	14/10/2009	MPT No. 341/2009 (PR)	2 years	24/04/2010	Renewal granted on 09/09/2011; awaiting execution	tbc	3 years	04/07/2016
WC127PR	Beaufort West Minerals	Klipgat 362	5889.2628	Granted	Cession to Uramin-Lukisa JV Co still pending	30/11/2006	19/02/2007	MPT No. 228/2007 (PR)	3 years	29/11/2009	Renewal submitted on 30/10/2009	tbc	3 years	10/01/2017
WC137PR	Beaufort West Minerals	Remaining Extent of Ryst Kuil 351	7251.9003	Granted	Cession to Uramin-Lukisa JV Co still pending	30/11/2006	19/02/2007	MPT No. 230/2007 (PR)	3 years	29/11/2009	Renewal submitted on 30/10/2009. Renewal rejected, an appeal was lodged and is in process. Appeal upheld and grant letter issued on 24/05/2013; awaiting execution	tbc	3 years	04/07/2016

Lukisa JV Co				Original Status			Prospecting Rights					Renewal		
DMR Ref No	**Applicant**	**Property Description**	**Extent (ha)**	**Granted**	**To**	**Date**	**Registration Date**	**Registration No**	**Duration**	**Expiry**	**Comments**	**Registration No.**	**Duration**	**Renewal Expiry**
WC151PR	Mago Resources (Pty) Ltd	Remainder of Portion 1, Portions 2, 3 and 4 of Palmietfontein 370; Remainder of Veldmans Rivier 9; Portion 1 (Combrink's Kraal) and Portion 2 (Virginia) of Klipfontein 93	27910.963	Granted	Uramin-Lukisa JV Co	01/12/2006	15/12/2010	MPT No. 327/2010 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/201 and granted on 04/07/2011	MPT No. 55/2012	3 years	01/08/2015
WC152PR	Mago Resources (Pty) Ltd	Remainder of Portions 1, 2 and 5, Remainder and Portions 6, 7, 9 and 10 of Rietkuil 307; Portions 1 and 3 of Lang Leegte 304; Farm 403	18906.638	Granted	Uramin-Lukisa JV Co	01/12/2006	31/01/2011	MPT No. 32/2011 (PR)	4 years	30/11/2010	Renewal granted on 06/12/2012; awaiting execution	tbc	3 years	04/07/2016
WC153PR	Mago Resources (Pty) Ltd	Portion 1 of Schiethokies 140. Portions 1, 2 and Remainder of Jury Fontein 141. Portions 1, 2, 3, 4 and Remainder of Drie Bosch Kuil 142. Farm 144. Portions 3, 10 and 12 of Vogelfontein 149. Alexanderkraal 150. Farm 157	29785.475	Granted	Cession to Uramin-Lukisa JV Co still pending	01/12/2006	18/09/2007	MPT No. 443/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/2011 and granted on 04/07/2011; awaiting execution	tbc	3 years	17/07/2015
WC154PR	Mago Resources (Pty) Ltd	Portions 1, 2 and 3 of Kweekraal 92. Portion 0 of Wolwekraal 211. Portion 0 of Swartbult 212. Portions 2, 3, 4, 5, 10, 11 and 15 of Abrahamskraal 29.	40966.251	Granted	Uramin-Lukisa JV Co	01/12/2006	18/09/2007	MPT No. 414/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/2011 and granted on 04/07/2011	MPT No. 66/2012	2 years	01/08/2014
WC156PR	Willem Barnard	Remaining Extent of Portion 3 and Portion 4 (a portion of Portion 3) of Eerste Water 349	6880.6879	Granted	Cession from Beaufort West Minerals to Uramin-Lukisa JV Co still pending	30/11/2006	19/02/2007	MPT No. 229/2007 (PR)	3 years	29/11/2009	Renewal granted on 08/02/2012	tbc	1 year	04/07/2014
WC158PR	Klipstawel Trust	Remaining Extent of Klipstavels 361	5708.2585	Granted	Cession from Beaufort West Minerals to Uramin-Lukisa JV Co pending	23/01/2007	12/03/2007	MPT No. 333/2007 (PR)	3 years	22/01/2010	Renewal granted on 19/09/2011	tbc	2 years	12/11/2014
WC162PR	Mago Resources (Pty) Ltd	Portion 4 of Rietkuil 307. Portion 1 of Banks Gaten 250. Portion 1 of Rondom 247. Portions 0, 1, 2, 3 and 4 of Bullekraal 251. Portions 0, 1, 2, 3 and 4 of Vindragersfontein 280	24585.459	Granted	Uramin-Lukisa JV Co	01/12/2006	24/04/2007	MPT No. 491/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/2011 and granted on 04/07/2011	MPT No. 63/2012	3 years	01/08/2015
WC167PR	Scheun Family Trust	Remaining Extent of Portion 1 of Eerste Water 349	2050.4184	Granted	Cession from Beaufort West Minerals to Uramin-Lukisa JV Co pending	30/11/2006	19/02/2007	MPT No. 231/2007 (PR)	3 years	29/11/2009	Renewal submitted on 30/10/2009; renewal granted on 03/06/2010 and executed on 13/11/2012	tbc	3 years	12/11/2015
WC177PR	Mago Resources (Pty) Ltd	Portion 7 of Bushmans Kop 302; Portions 0, 1, 2, 3, 4, 5, 6, 7 & 8 of Flagfontein 308; Portions 0, 1, 8, 9, 11, 14, 15 & 16 of Leeuwkraal 309; Portions 0 (Remainder of Portion 5), 2 & 5 of Klein Koedoes Kop 310; Portions 0 & 2 of Bushmans Rivier 312; Portions 0, 1, 2, 4, 5, 7, 8 & 9 of Putfontein 320; Portions 0, 1, 2, 3 & 5 of Honing Kops Fontein 321; Portions 0, 1, 2, 3, 4, 5, 6, 7 & 8 of Dale Ajalon 322; Portions 0, 2, 5, 6, 7, 8 & 11 of Lombards Kraal 330; Portions 0 & 1 of Groot Pan 331; Portion 0 of Farm 397; Portion 0 of Farm 427 (Bushmans Kop); Portion 0 of Farm 429; Portions 0, 1 & 2 of Wilgerfontein 59.	114937.24	Granted	Uramin-Lukisa JV Co	01/12/2006	03/04/2007	MPT No. 442/2007 (PR)	4 years	30/11/2010	Renewal granted on 04/07/2011 and 09/09/201; renewal executed on 13/11/2011	tbc	3 years	12/11/2015

Lukisa JV Co				Original Status			Prospecting Rights					Renewal		
DMR Ref No	**Applicant**	**Property Description**	**Extent (ha)**	**Granted**	**To**	**Date**	**Registration Date**	**Registration No**	**Duration**	**Expiry**	**Comments**	**Registration No.**	**Duration**	**Renewal Expiry**
WC178PR	Mago Resources (Pty) Ltd	Remainder of Bastardspoort 94. Portion 2 and Remainder of La-De-Da 178. Remainder of Portion 1 and Portion 2 of Grootfontein 180. Remainder of Portion 1 of Tierhoek 228. Rietvalley 259. Portion 2 and Remainder of Saucy's Kuil 353. Matjesfontein 412.	69686.78	Granted	Cession to Uramin-Lukisa JV Co still pending [TO BE CONFIRMED BY AREVA]	01/12/2006	PR not yet registered		4 years	30/11/2010	Renewal granted on 09/09/2011, awaiting execution	tbc	3 years	01/08/2015
WC179PR	Mago Resources (Pty) Ltd	Zeekoevalley 282 Portions 0(R/E),1, 2 & 3; Kranskraal 283 Portions 0(R/E) & 1; Die Bad 286 Portions 0(R/E), 1 & 2; Vlak Kraal 292 Portions 0(R/E), 4, 5 & 6; Bushmans Leegte 294 Portions 0(R/E) & 1; De Cypher 295 Portions 0(R/E), 2 & 3; Hottentots Rivier 296 Portions 0(R/E), 1, 2, 3(R/E), 4(R/E), 6, 7, 8 & 9 and Hendriks Kraal 298 Portions 1(R/E), 2, 3, 6, 7 & 9	58262.063	Granted	Cession to Uramin-Lukisa JV Co still pending	01/12/2006	01/08/2007	MPT No. 785/2007 (PR)	4 years	30/11/2010	Renewal granted on 09/09/2011 and 28/06/2013; awaiting execution	tbc	3 years	04/07/2016
WC180PR	Mago Resources (Pty) Ltd	Portions 0(R/E) and 2 of Oude Volks Kraal 164; Portion 4(R/E) of Hans Rivier 169; Portion 0(R/E) of Farm 423; Portion 3 of Steenrotsfountain 168; Portion 5 of Hans Rivier 169	11733.191	Granted	Cession to Uramin-Lukisa JV Co still pending	01/12/2006	PR not yet registered		4 years	30/11/2010	Renewal granted on 09/09/2011; awaiting execution	tbc	3 years	17/07/2015
WC187PR	Mago Resources (Pty) Ltd	Remaining Extent of Abrahams Kraal 29	2425.6787	Granted	Uramin-Lukisa JV Co	01/12/2006	21/02/2007	MPT No. 243/2007 (PR)	4 years	30/11/2010	Renewal submitted on 30/08/2011 and granted on 04/07/2011	MPT No. 57/2012	2 years	01/08/2014
WC188PR	Mago Resources (Pty) Ltd	Portions 1, 2 and 3 of Allemans Hoek 1; Portion 1 of Wilgebosch Kloof 2; Remaining Extent of Farm 279; Farm 280	6484.0802	Granted	Uramin-Lukisa JV Co	01/12/2006	21/02/2007	MPT No. 242/2007 (PR)	4 years	30/11/2010	Renewal granted on 09/09/2011 and executed on [INSERT DATE]	Renewal lodged, but not yet registered	2 years	01/08/2014
WC207PR	Uramin-Lukisa JV Co	Gats Berg 26 Portion 0(R/E); Cambro Hoek 37 Portion 0(R/E); Spitze Kop 42 Portion 3; Farm 45 Portion 1; Farm 48 Portions 0(R/E) and 1; Leeuwenvalley 50 Portions 1(R/E) & 5; Deesweezfontein 51 Portion 0(R/E) & 6; Dikboome 53 Portion 0; Schoppelmaay Kraal 54 Portion1 & 2 and Koegelfontein 59 Portion 0	42739.8	Granted	Uramin-Lukisa JV Co	01/12/2006	PR not yet registered		4 years	06/02/2011	Renewal granted on 04/07/2011; awaiting execution	tbc	3 years	04/07/2016
WC208PR	Mago Resources (Pty) Ltd	Portion 3 of Ongelukfontein 261; Remaining Extent and Portion 1 of Schimmel Kop 303	10196.2	Granted	Uramin-Lukisa JV Co	07/02/2007	03/04/2007	MPT No. 445/2007 (PR)	4 years	06/02/2011	Renewal submitted on 08/11/2010	tbc	3 years	04/07/2016
WC228PR	Mago Resources (Pty) Ltd	Droogeheuvel 55; Remaining Extent of Springfontein 60	6933.1814	Granted	Uramin-Lukisa JV Co	07/02/2007	03/04/2007	MPT No. 444/2007 (PR)	4 years	06/02/2011	Renewal submitted on 08/11/2010	tbc	3 years	10/01/2017
WC257PR WC10112PR	Uramin-Lukisa JV Co	Remainder of Vaal Kuil 368	3751.8286	Granted	Uramin-Lukisa JV Co	18/11/2008	09/08/2009	MPT No. 293/2009 (PR)	4 years	17/11/2012	Renewal granted on 26/04/2013; awaiting execution	tbc	3 years	04/07/2016

Tasman Pacific Minerals Limited				Original Status			Prospecting Rights					Renewal		
DMR Ref No	Applicant	Property Description	Extent (ha)	Granted	To	Date	Registration Date	Registration No	Duration	Expiry	Comments	Registration No.	Duration	Renewal Expiry
WC168PR	Tasman Pacific Minerals Limited	Remainder of Kalkfontein 230; Portions 1, 2, 4, 6 and 7 of Slingersfontein 232; Remainder of Matjeskloof 235; Portion 1 and Remainder of Farm 236; Portion 3 and Remainder of Groot Tafel Bergsfontein 237; Portion 2 of Mechaus Request 242; Portion 1 and Remainder of Rietfontein 241; Remainder of Prins Hoek 244; Portion 2 of Botmas Bad 288; Remainder of Farm 398; Portion 1 and Remainder of Farm 404	33156.8	Granted	Tasman Pacific Minerals Limited	13/12/2006	21/02/2007	MPT No. 258/2007 (PR)	3 years	12/12/2009	Renewal submitted 04/09/2009 and granted on 06/05/2011	MPT No. 82/2012	3 years	05/05/2014
WC170PR	Tasman Pacific Minerals Limited	Portion 3 of Steenrotsfountain 168; Remainder of Quaggasfontein 166; Remainder and Portion 3 of Oude Volks Kraal 164; Remainder of Blaauw Bosch Kuil 165	10826.36	Granted	Tasman Pacific Minerals Limited	13/12/2006	21/02/2007	MPT No. 259/2007 (PR)	3 years	12/12/2009	Renewal submitted 04/09/2009 and granted on 06/05/2011	MPT No. 33/2011	3 years	05/05/2014
NC330PR / NC10405PR	Tasman Pacific Minerals Limited	Remainder and Portion 1 of Vischgat 223; Remainder and Portion 1 of Slingersfontein 491; Kooker's Grafs Vlakte 221; Vertoonvlakte 222; Remainder and Portion 1 of Omkeer Kolk 235; Remainder and Portions 1 and 2 of Rietpoort 238	48073.9	Granted	Tasman Pacific Minerals Limited	8/6/2007	11/07/2007	MPT No. 647/2007 (PR)	5 years	7/6/2012	Renewal submitted on 08/03/2012	n/a	n/a	Granted, awaiting execution
NC331PR / NC10403PR	Tasman Pacific Minerals Limited	Remainder and Portion 1 of Blydevooruitzicht 299; Remainder and Portion1 of Hongerkloof 258	20496.074	Granted	Tasman Pacific Minerals Limited	8/6/2007	05/09/2007	MPT No. 818/2007 (PR)	5 years	7/6/2012	Renewal submitted on 08/03/2012	MPT No. 04/2016	3 years	17/11/2018
NC347PR / NC10404PR	Tasman Pacific Minerals Limited	Portions 1 and 3 of Schimmelfontein 134; Remainder and Portion 2 of Slypfontein 199; Koot's Request 148; Farm 201; Remaining Extent of Portion 3 and Portion 4 (a portion of Portion 3) of Melton Wold 158; Remaining Extent of Portion 1, and Portions 2 and 3 of Piet Louw's Cyfer 200, Portion 1 of Quaggasfontein 250; Portion 2 of Taaiboschfontein 204; Remainder and Portions 2 and 3 of Grootfontein 205; Farm 261; Farm 262; Portion 11 (Rietfontein) of Farm 572	63386.613	Granted	Tasman Pacific Minerals Limited	8/6/2007	11/07/2007	MPT No. 648/2007 (PR)	5 years	7/6/2012	Renewal submitted on 08/03/2012	MPT No. 03/2016	3 years	17/11/2018

Table 5-2: Mining Permit applications (supplied by Peninsula, May 2016)

Schedule of Mining Rights				Application status		
DMR Ref No	Block NAME	Applicant	Extent (ha)	Date submitted	Date accepted	Date approved
EC30/5/1/2/2/10029MR	Kareepoort Block	Lukisa JVCo	34,448.04	18/05/2015	26/05/2015	N/A
WC30/5/1/2/2/10071MR	Eastern Block	Lukisa JVCo	152,353.67	18/05/2015	1/06/2015	N/A
WC30/5/1/2/2/10072MR	Quaggasfontein Block	Tasman Pacific	10,623.98	18/05/2015	28/05/2015	N/A
WC30/5/1/2/2/10073MR	Matjieskloof Block	Tasman Pacific	33,475.10	18/05/2015	28/05/2015	N/A
WC30/5/1/2/2/10074MR	Western Block	Lukisa JVCo	196,544.13	18/05/2015	1/06/2015	N/A
WC30/5/1/2/2/10075MR	Southern Block	Lukisa JVCo	175,113.72	19/05/2015	1/06/2015	N/A
NC30/5/1/2/2/10070MR*	Davidskolk Block	Tasman Pacific	48,945.43	17/06/2014	7/07/2014	N/A
NC30/5/1/2/2/10071MR*	Fraserburg Block	Tasman Pacific	20,574.67	13/06/2014	7/07/2014	N/A
NC30/5/1/2/2/10072MR*	Loxton Block	Tasman Pacific	63,687.52	17/06/2014	7/07/2014	N/A
Total Extent			**75,766.26**			

*To be combined into one new application

5.1 Exploration history

Uranium–molybdenum mineralisation was initially discovered in the Karoo by Union Carbide in 1969 on the farm, Grootfontein, 20 km west of Beaufort West. This was followed by a phase of intense exploration by 13 or more exploration companies over the following decade (Table 5-3). The majority of exploration was completed by means of vehicle-borne and airborne radiometric geophysical surveys followed by diamond drilling which lead to the discovery of about 130 uranium occurrences (Cole, 1998). It is estimated that a total of about 1.6 million metres were drilled between 1969 and 1985. The largest of the deposits was discovered on the farm, Ryt Kuil, where Esso in the later part of the 1970s sank an adit to collect bulk samples. With new legislation, namely the *Mineral and Petroleum Resources Development Act 28* of 2002, all privately owned mineral rights were converted to new order mineral rights or reverted to the State.

Table 5-3: Discovery of major uranium deposits in the Southern Karoo

Year	Deposit Name
1972	Rietkuil
1974	Vindragersfontein
1975	Damsfontein, Kaffersfontein
1976	Ryst Kuil
1977	Tierhok, Suurkop, Eselfontein, Sandgat, Quaggasfontein
1978	Banksgaten, Bok Se Plaas, Swartkop, Blaauwhoogte, Klipbankskraal
1979	Kareepoort, De Pannen, Rondom, Plathoek, Dassieskloof, DR-3, GT-7, Agtersteland, Driefontein, De Goedehoop, Kraaifontein, Pauls Sypher
1980	Nieuwveldsfontein, Combrinckskraal
1981	Haanekuil, Davidskolk

Source: after van der Merwe, 1986

Uramin Inc. was granted the mineral rights over the majority of the Ryst Kuil Channel on 1 December 2006. The company subsequently conducted an intensive drilling program to investigate the historic reported mineralisation figures. In July 2007, ARSA acquired Uramin and, by default, its properties. Between 2006 and 2010, a total of 2,624 holes (235,000 m) were drilled and about 550,000 m subject to downhole geophysical probe analysis or re-analysis along with geochemical analyses to confirm and investigate the historic uranium mineralisation at the main brownfield targets. Exploration work at other greenfields targets was mainly restricted to desktop studies and limited field work, with probing of open historic holes in some instances.

Tasman commenced exploration at its six prospecting areas west of the Uramin tenements. This work included desktop and field investigations in 2006. An airborne radiometric and magnetic geophysical survey was conducted in September 2008 over all six properties. Drilling and downhole geophysical probe analysis was completed at four of the properties between 2011 and 2012. In December 2012, Peninsula made a bid to take over the assets of ARSA in South Africa and limited drilling at the De Pannen uranium deposit was carried out. The transfer of ARSA's assets was finalised in December 2013.

To date, no uranium has been produced from any of the deposits within the Karoo Project area. It is considered that most of the deposits with a surface outcrop have been discovered and that further discoveries are likely following careful basin analyses and the identification of channels not exposed at surface or not mineralised where exposed.

5.2 Geological setting

Peninsula's Karoo uranium assets are hosted within a succession of sedimentary rocks belonging to the Karoo Supergroup (Figure 5-2). These sediments were deposited in a continental basin prior to the break-up of the Gondwana supercontinent and similar sedimentary deposits are also found in South America, the Falkland Islands, Madagascar, India, Antarctica and Australia. The Karoo Supergroup contains extensive coal deposits near its base and relatively small uranium deposits towards the centre of the succession, within the Beaufort Group.

The Karoo uranium deposits occur within the Late Permian Adelaide Subgroup (Teekloof Formation), which is characterised by a succession of generally upwardly fining cycles of sandstone and mudstone units. In the Beaufort West area, the paleo-current directions are generally from the south west (Johnson et al., 2006, Figure 5-2 and Figure 5-3).

The disseminated uranium mineralisation is sandstone hosted and occurs as tabular mineralised zones which are confined to palaeo-river channels. An illustration of such a channel and the distribution of the uranium mineralisation within it are shown in Figure 5-4.

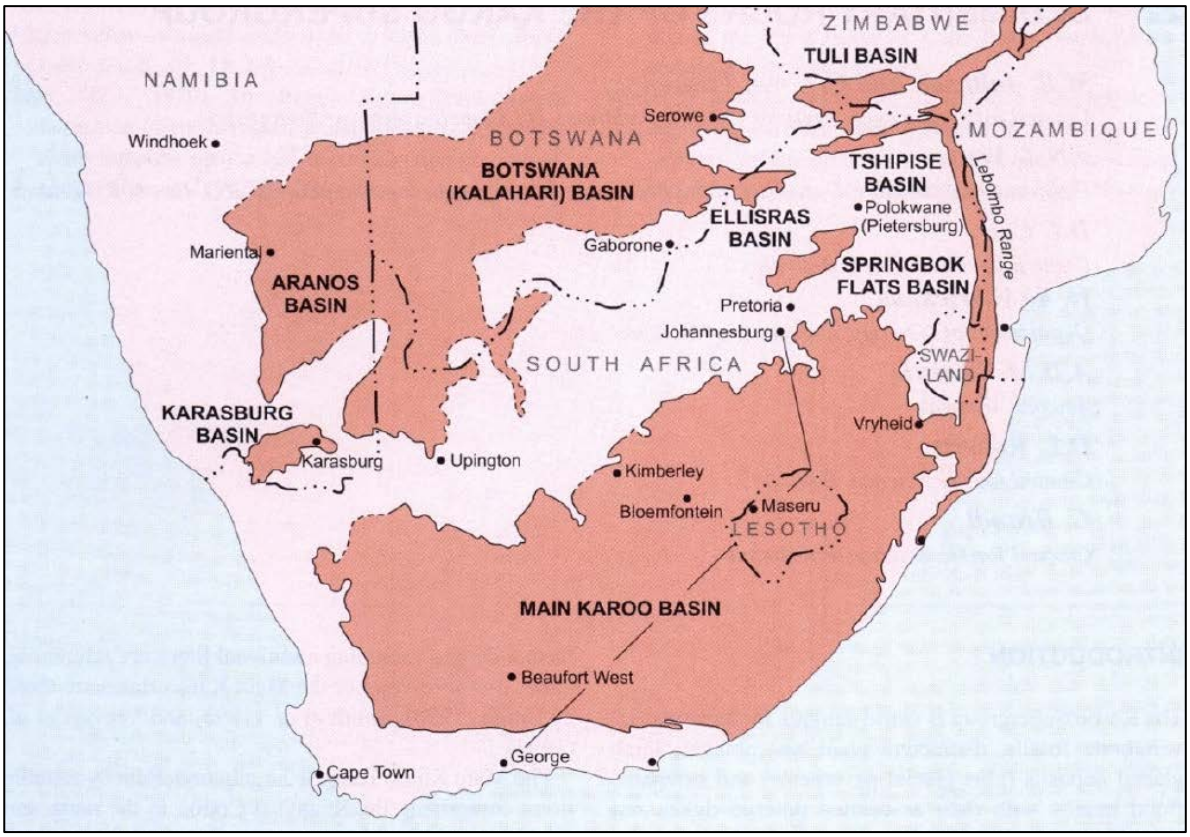


Figure 5-2: Karoo Province

Source: Johnson et al., 2006

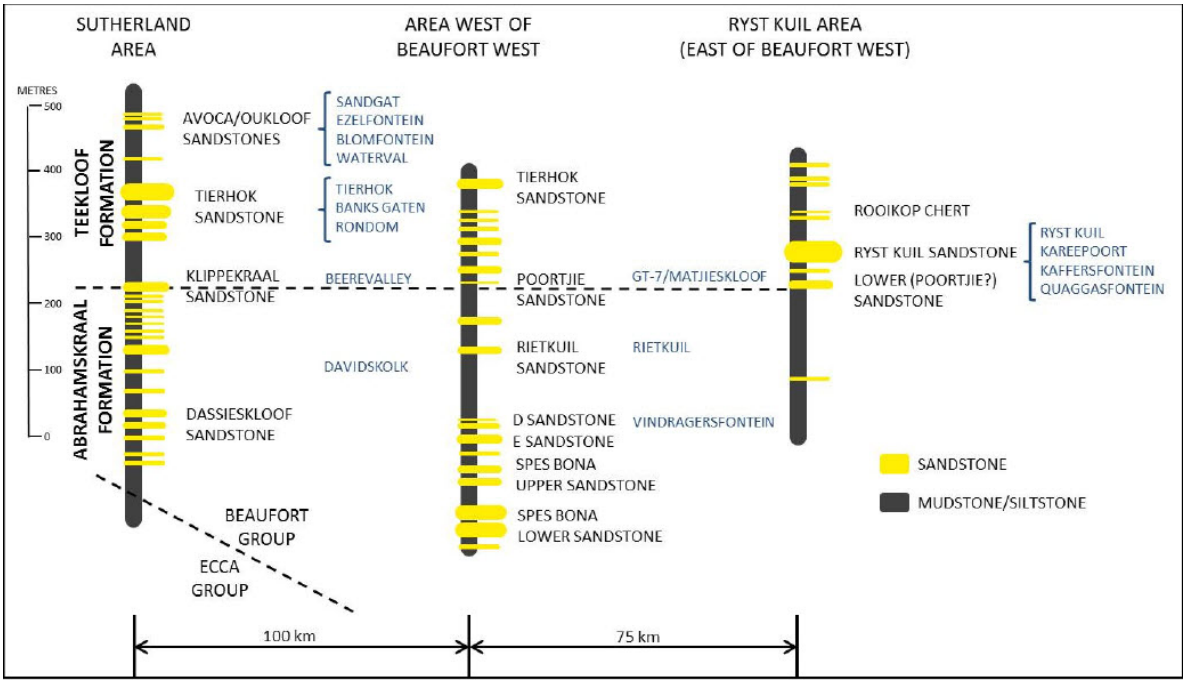


Figure 5-3: Regional stratigraphy of the south western Karoo Basin showing the relative levels of various uranium deposits

Source: Glacken, et al., 2014

5.3 Beaufort West uranium–molybdenum deposits

Peninsula has a significant ground holding of approximately 7,800 km² within the Beaufort West area, where there are a number of identified uranium–molybdenum deposits and prospective Karoo stratigraphy. The project area is divided into the Eastern Sector (Ryst Kuil Trend and Quaggasfontein deposit) and western Sector (including Matjieskloof and Davidskolk deposits) (Figure 5-1).

5.3.1 Eastern Sector

Ryst Kuil Trend

The Ryst Kuil Trend is located 60 km south east of Beaufort West and extends over a known length in excess of 70 km (Figure 5-1 and Figure 5-4). The Ryst Kuil Trend includes a number of identified deposits, namely the Ryst Kuil South, Ryst Kuil Extension, Ryst Kuil Central, Ryst Kuil Main, Ryst Kuil Abante, Haanekuil West, Haanekuil East, Niew Jaars Fontein, Klein Tavel Kop, De Pannen, Kareepoort and Bokvlei deposits.

The Ryst Kuil sandstone units contain two main members, namely the Ryst Kuil sandstone, which hosts the main uranium mineralisation and the lower unmineralised green sandstone. The Ryst Kuil sandstone averages 18 m in thickness, but may be up to 60 m thick and is approximately 3 km wide. Sedimentary structures such as point-bars, abandoned channels, channel lag conglomerates (comprised of rip-up clasts from the underlying mudstone) suggest deposition in a fluvial environment flowing towards the north east. Deposition of the uranium mineralisation is interpreted to have occurred during sedimentation or as a result of the migration of oxidised groundwater and interaction with a reduction–oxidation (redox) boundary.

Uranium is concentrated the older (lowermost) of the two depositional cycles, with the depth to the mineralised stratigraphy for the greater trend ranging from <20 m to >150 m and the average depth to mineralisation in the Ryst Kuil Main and Abante areas being 82 m and in the Ryst Kuil Extension and South areas is 62 m (Optiro, 2014).

The main Ryst Kuil deposit has a strike length of over 16 km and the uranium–molybdenum mineralisation is hosted within a thick sandstone unit of the Poortjie Member, near the base of the Teekloof Formation. Mineralised stratigraphy terminates against a normal fault, which is has a displacement of about 30 m, with the majority of the uranium mineralisation located on its downthrown side.

Although uranium mineralisation is not generally visible to the naked eye, it can readily be confirmed with a Geiger meter (Figure 5-5). Uranium-bearing minerals identified within these deposits include coffinite (76%), arapovite (0.3%), renardite (22.4%), cleusonite (2.2%), Ce-davidite (0.3%) and hallimondite (0.1%). The gangue minerals include plagioclase (27.1%), quartz (25.3%), calcite (18.7%), Fe-oxides (13.2%), pyroxene (9.9%), microcline (3.6%), biotite (0.4%), pyrite (0.3%), chlorite (0.21%), and talc (0.01%) (Optiro, 2014).

The mineralisation is exposed on the side of an anticlinal structure at the so-called Discovery Hill on Ryst Kuil, where the mineralised sandstone has a distinct black (iron manganese oxides) weathered surface. Although the individual unit is only to 3 m thick, it can be followed for more than 60 m in a strike direction perpendicular to the dip, where the lens pinches out and another similar size lens is encountered above a barren sandstone of approximately 3 m in thickness.

The host rock is light to dark grey, fine-grained sandstone composed of quartz, feldspar and rock fragments in equal proportions. As observed at the trial pit on Riet Kuil, the darker coloured mineralised sandstone is exposed in the floor of the pit and a sulfide-rich sandstone unit is exposed in the side of the pit with native sulfur. Low level uranium mineralisation occurs continuously over a

wide area; however, high-grade mineralisation is localised and of varying thickness, lateral extent and grade. The highest grade mineralisation is found in organic-rich tabular zones in the thickest parts of the channel. It can be seen that grade thickness products of above 500 ppm per metre are largely concentrated in the thickest channel portions (>20 m).

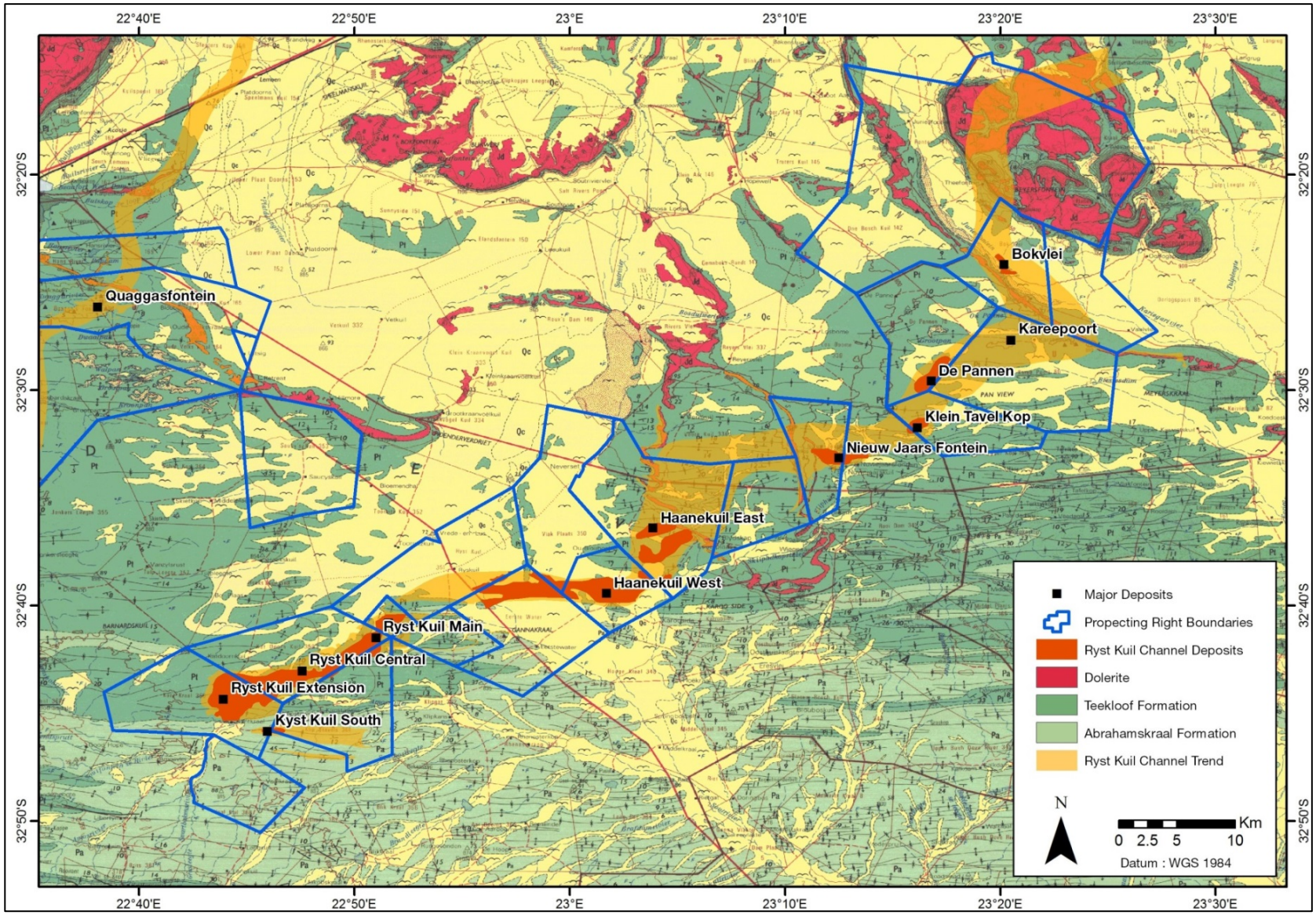


Figure 5-4: Ryst Kuil palaeo-channel, Beaufort West district

Ryst Kuil South

The Ryst Kuil South deposit is located 1.5 km south of the Ryst Kuil Extension and outcrops in an area with very tight folds bounded by a fault is developed on the west end of the southern limb of the northern syncline.

Direct stratigraphic correlation is somewhat uncertain, but it is likely that Ryst Kuil South stratigraphy is a lateral equivalent to main Ryst Kuil Trend. Drilling by Esso indicated the Ryst Kuil South uranium–molybdenum mineralisation is hosted by the same sandstone units of the main Ryst Kuil Trend, but it is also underlain (50 m) by another sandstone unit which is weakly mineralised.

More than 8,000 boreholes have been drilled in the greater Ryst Kuil Trend area during the various campaigns.

Figure 5-5: Outcropping ore zone at Ryst Kuil

Location of drill hole collars noted in the field from the PVC casing visible above the surface (Figure 5-6).

Figure 5-6: Surface indication of a drill hole at Ryst Kuil

Quaggasfontein

The Quaggasfontein area is located about 10 km south east of Beaufort West and was originally explored by UCEX (Union Carbide). The deposits on Quaggasfontein and Lombaardskraal to the south west occur in the topmost of a group of four sandstones with interbedded mudstone, siltstone and shale. Of the four sandstones units, only the upper sandstone is fluviatile with the other sandstone units being deposited in a lagoonal or lacustrine environment. This stratigraphy differs to the Ryst Kuil or Tanqua deposits as uranium mineralisation occurs within the fluvial sandstones only.

Uranium–molybdenum mineralisation occurs close to surface (less than 25 m depth) in an area that is weakly deformed, having gentle east–west oriented folds axes and bedding dipping less than 20°.

Union Carbide drilled over 300 boreholes at Quaggasfontein. Tasman has re-logged or re-drilled all of these holes for a total of 7,250 m (re-logging and re-drilling). Tasman has also drilled and additional 181 boreholes to investigate extensions to the deposit and another potential target area identified through field work, which proved to be unsuccessful.

During SRK's site visit, diamond drill core from Quaggasfontein and Ryst Kuil were inspected. An example of the mineralised zone intersected at Quaggasfontein is shown in Figure 5-7. During the site inspection, SRK noted the presence of the mineralised zone near the base of a relatively clean sandstone unit with mudstone below it. The presence of uranium mineralisation was confirmed using a handheld Geiger meter.

Figure 5-7: Intersection of the mineralised zone (half core) at the Quaggasfontein deposit

Haanekuil

The Haanekuil block is located at a prominent bend in the main Ryst Kuil Channel Trend to the north east of the Ryst Kuil area. In this area, the mineralised sandstone is complexly folded with dolerite intrusion deformed by a series of west-plunging folds. Uranium–molybdenum mineralisation is up to 19 m thick and extends over 3 km along strike. The uranium–molybdenum mineralisation is similar to that of Ryst Kuil where mineralisation is localised near the basal sandstone units and the basal mud-chip conglomerate (Optiro, 2014).

Kareepoort

In this same area, the Kareepoort deposits were discovered while evaluating extensions to the mineralised channels, which proved to be a highly successful strategy. Prior to Esso's activities in the area, exploration included Phelps Dodge of Africa Ltd. In this area, the channel is up to 4 km in width and the sandstone has an average thickness of 17 m. The mineralisation ranges from near-surface (outcrop) to depths in excess of 350 m in the far north eastern (Bokvlei) area. Esso defined the Kareepoort Prospect at the far north eastern extension of the main channel system defining the Nieuw Jaars Fontein, Karee Poort, De Pannen and Klein Tavel Kop Bokvlei deposits. At this stage, only the De Pannen and Bokvlei areas have been evaluated and further work is required to enable the other historic resources to be reported in compliance with the JORC Code (2012) (Optiro, 2014).

5.3.2 Western Sector

Matjieskloof

The Matjieskloof deposit is located approximately 40 km south of Fraserburg. Matjieskloof forms part of the greater Tanqua Channel Trend and is located adjacent to the Poortjie Member of the Teekloof Formation.

The depositional environment is interpreted to be that of a braided river flowing in a present day north easterly direction, with sediments deposited on a flood plain deposits in a semi-arid environment. The mineralised sandstone occurs at the base of a succession of fluvial tabular sandstone units interbedded with red, purple and green mudstone and siltstone units.

Mineralisation occurs in tabular sandstone layers within abandoned loops of the meandering channel system. A regional dip of 3° to the north is typical, but varies due to low amplitude, long wavelength, open folding, which generate dips from 0° to 6°. Dolerite dykes are few in number and the larger sills form prominent peaks of the Nuweveld Escarpment above the deposit area.

Molybdenum follows a similar distribution to the uranium mineralisation with both clearly controlled by the sedimentological sub-environments. Johannesburg Consolidated Investments (JCI) drilled more than 700 boreholes along the slopes of the escarpment during its campaign the late 1970s. Tasman has to date re-logged or re-drilled 326 borehole positions in the Matjieskloof deposit area for a total of 18,460 m (logging and probing). A vertical section of a borehole from Matjieskloof channel showing the relative position of uranium mineralisation in the sequence is presented

Davidskolk

The Davidskolk deposit is located 40 km west of Loxton in the Northern Cape Province on the Plateau region (Figure 5-1).

Davidskolk is hosted within the Abrahamskraal Formation which is stratigraphically below the Teekloof Formation. The sandstone units are interbedded with a mud and siltstone units with an average thickness of 30 - 35 m, which have shallow dips (1° - 5° to the east-south east). Palaeo-current directions suggest sediment was sourced from the north west of the current project area.

The lowermost sandstone unit varies in thickness from 10 m to 30 m and extends across the entire drilled area from surface to approximately 75 m depth in the south east corner (open at depth). Mineralisation is contained within tabular sandstone lenses and occurs at a similar stratigraphic level within the grey fine-grained sandstones. Uranium–molybdenum mineralisation is orientated in a south easterly direction following the palaeo-current direction.

The upper sandstone is 10 - 20 m in thickness and is exposed at surface across the approximate centre of the drilled area, reaching a depth of around 40 m in the south east corner (also open at depth).

5.4 Resource estimation

The present review of the geological model and resource estimate for the Karoo project is based on Optiro's report, *Karoo Mineral Resource Estimation Report, February 2014.* In addition, comprehensive datasets for the six deposits (Bokvlei, Davidskolk, De Pannen, Haanekuil East, Quaggasfontein and Ryst Kuil) including exploration data, geological wireframes and block models were supplied by Peninsula. SRK made spot checks for Bokvlei and Ryst Kuil.

Table 5-4: Reported Mineral Resources for the Karoo Project (February 2014, at a 600 ppm eU_3O_8 cut-off)

Category	Deposit	Tonnes (million)	e U_3O_8 (ppm)	e U_3O_8 (million pounds)
Indicated	De Pannen	0.1	767	0.1
	Matjieskloof	0.9	1657	3.2
	Quaggasfontein	0.2	1158	0.5
	Ryst Kuil	6.8	1214	18.1
	Total Indicated	**8.0**	**1242**	**21.9**
Inferred	Bokvlei	5.4	1020	12.1
	De Pannen	1.6	1159	4.3
	Hanne Kuil	1.4	1130	3.4
	Matjieskloof	0.8	1220	2.1
	Quaggasfontein	0.2	1158	0.5
	Ryst Kuil	3.2	990	6.9
	Davidskolk/ Slingersfontein	2.7	960	5.7
	Total Inferred	**15.3**	**1038**	**35.0**
Total Indicated and Inferred		**23.3**	**1108**	**56.9**

Source: Peninsula, ASX Announcement 11/03/2014

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr George van der Walt. Mr van der Walt is a Fellow of the Australian Institute of Mining and Metallurgy (CP Geology). Mr van der Walt is the Technical Director of Peninsula Energy Ltd and is a Competent Person under the definition of the 2012 JORC Code. 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the report which relates to Mineral Resources is based upon information compiled by Ian Glacken, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Ian Glacken is an employee of Optiro Pty Ltd and 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 to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Glacken consents to the inclusion in the report of a summary based upon his information in the form and context in which it appears.

5.4.1 Data, sampling and QA/QC

Drilling included reverse circulation (RC) and a limited number of percussion (PC) and diamond cores (DD). In assessing historic information, it should be noted that most estimates of grade are based on radiometric total count in downhole scans. The results were recorded in analogue format and then calculated for 5 cm sections. The eU_3O_8 grades were calculated based on a probe-specific

calibration factor, and sometimes expressed as percentage or else in parts per million. The chemically analysed samples were also expressed in percentage (%) or parts per million (ppm), but sometimes as U_3O_8 or as U. The actual depth measurement between the probe and the sample interval is also sometimes problematical (calibration issues).

Optiro's report compares chemical assay results and eU_3O_8 grades for Ryst Kuil; the results for GT and T (mineralised intersections) are rather good, with a slight bias towards chemical assays.

Existing studies conclude that there is no or very little disequilibrium in the Karoo deposits, which facilitates the use of eU_3O_8. Sampling and assaying procedures for chemical grades are acceptable.

Bulk density is determined by several hundreds of measurements using weight in air/ weight in water approach. A constant value of 2.67 t/m^3, representing the average of values for the sandstones of the Beaufort Group is used in the estimation, and this appears reasonable.

Historical QA/QC results for chemical grades (Blanks, certified reference material (CRM), repeat assays) are analysed in Optiro (2014) and are generally acceptable.

It is recommended that the database be carefully inspected to remove all inconsistencies. The datasets supplied to SRK contained a number of issues, mainly due to a mix-up of the downhole gamma values. Furthermore, twin holes should be drilled at pre-selected localities to verify the historic information. The twin holes should be probed with a recently calibrated digital gamma probe and samples should be collected for chemical analyses. Care should be taken with depth measurements to ensure that the sampling interval and composite probe measurement intervals correspond. The samples should be analysed at an ISO 17025 accredited laboratory and be subjected to verification by way of an independent QA/QC exercise.

5.4.2 Estimation methodology:

The method used for the estimation included the following steps for each deposit:

- Definition of high-grade domains based on Leapfrog 3D contours at a nominal 200 ppm e U_3O_8 cut-off. For Davidskolk, an indicator approach is used to define these high-grade zones.
- Definition of a low-grade envelope through a closed polygon in plan view and an upper and lower bounding surface.
- Creation of 0.20 m composites.
- Top cutting, which affects a very small number of composites, and has a negligible impact on the resources.
- Geostatistical analysis: variography, followed by Ordinary Kriging of 20 m by 20 m by 1 m blocks (sub-celling down to 5 m by 5 m by 0.5 m was allowed to better reproduce the geometry of the domains). For the estimation of the high-grade domains, the domain boundary is considered as hard, whereas for the estimation of the low-grade domains, all data from both high-grade and low-grade domains are used. A very detailed analysis of the kriging neighbourhood is conducted prior to kriging.
- The kriging results are validated visually, statistically and by swath plots.
- Classification of the resources: this is essentially based on the drill spacing. No Measured Resource is defined, and Resources are classified as Indicated when the drill spacing is below 50 m.
- Post-processing: for the deposits where Indicated Resources exist in order to allow for engineering studies at selective mining unit (SMU) scale; the method used is localised uniform conditioning (LUC) and SMUs of 5 m by 5 m by 0.5 m are estimated within the original kriged blocks.

This approach to the resource estimation is reasonable, but the separation high-grade/ low-grade domains is somewhat problematic, particularly where the drilling density is low, as for example, in the case of Bokvlei (Figure 5-8).

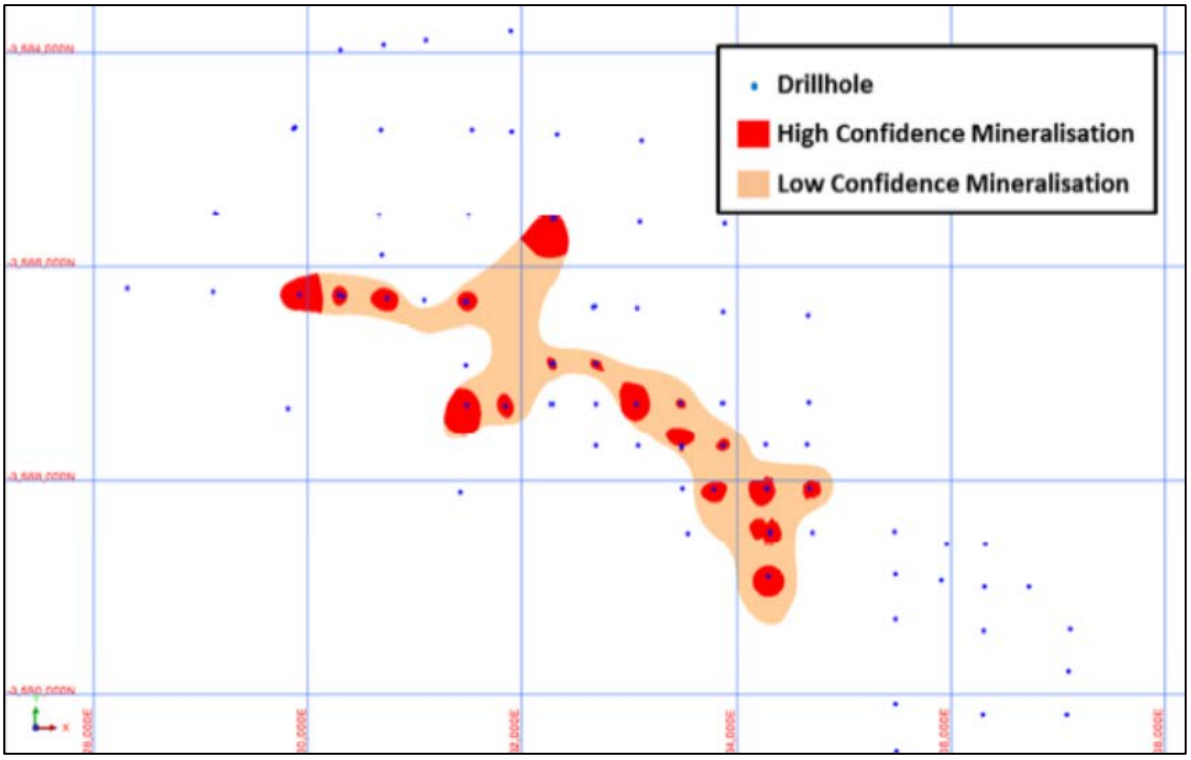


Figure 5-8: Bokvlei high-grade and low-grade domains

The deterministic contours obtained by Leapfrog give a “spotted dog” image of the high-grade domains, which is not meaningful. SRK recommends using a more probabilistic approach where the drilling density is low, for instance indicator kriging. The Leapfrog approach is more valid in densely drilled zones, but even then, the indicator method is more flexible and takes better account of the grade variability through the indicator variography.

SRK performed global checks in Bokvlei and Ryst Kuil, and found resources which agree reasonably well with those established by Optiro.

6 Valuation of Lance and Karoo Projects

6.1 Introduction

All exploration projects can be classified according to the Development Stage Categories as defined in the VALMIN Code (2005):

- **Exploration Areas –** properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.
- **Advanced Exploration Areas –** properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the resource category.
- **Pre-Development Projects –** properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral or Petroleum Resources have been identified, even if no further Valuation, Technical Assessment, delineation or advanced exploration is being undertaken.
- **Development Property–** properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.
- **Operating Mines –** mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Peninsula's Lance Project is an operating ISL mine and includes the adjacent Barber development area, whereas the Karoo Project relates to exploration areas, advanced exploration areas and pre-development projects according to the VALMIN Code definitions above.

While the VALMIN Code (2015) states that decisions as to which valuation methodology is used are the responsibility of the Expert or Specialist, where possible, SRK considers a number of methods from the various valuation approaches of Market, Income and Cost.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation. An overview of a number of methods traditionally used to value exploration properties includes:

- Comparable Market Value Method (real estate-based)
- Joint Venture Terms Method (expenditure-based)
- Multiples of Exploration Expenditure (MEE)
- Geoscience Ratings Methods (e.g. Kilburn – area-based and Geological Risk Method)
- Metal Transaction Ratio (MTR) Analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage - real estate-based)
- Yardstick/ Rule of Thumb Method (e.g. A$/Resource or production unit, % of an in situ value).

6.2 Valuation approaches

The three generally accepted Valuation approaches, as listed and defined in the VALMIN Code (2015) are:

- Income Approach
- Market Approach
- Cost Approach.

The **Market Approach** is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market (VALMIN Code, 2015). Methods include comparable transactions, MTR and option or farm-in agreement terms analysis.

The **Income Approach** is based on the principle of anticipation of benefits and includes all methods that are based on the income or cashflow generation potential of the Mineral Property (VALMIN Code, 2015). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods. The Geological Risk Method also falls within this category.

The **Cost Approach** is based on the principle of contribution to value (VALMIN Code, 2015). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the Mineral Property. Geoscience ratings methods are also considered to fall within this category, as the state of knowledge of an area is often a factor of the effort expended on exploration.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property. Table 6-1 presents the VALMIN Code (2015) guide on the applicability of the various valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 6-1: Suggested valuation approaches for different types of Mineral Properties

Valuation approach	Exploration properties	Mineral Resource properties	Development properties	Production properties
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code, 2015

The Market approach to valuation is an accepted as the most suitable approach for valuation of an Exploration Property, a Mineral Resource Property or a Pre-Development Project.

The use of income-based methods, such as DCF modelling, is not generally accepted in situations where Ore Reserves, supported by suitably detailed mining studies, have not been declared. Although Ore Reserves have not currently been declared for any of the projects subject to this valuation, the Lance Project is an operating mine and income-based methods of valuation are considered suitable in this instance.

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, before Mineral Resources are reliably estimated. These methods are considered suitable for some of the mineral assets under consideration.

SRK favours the use of the Comparable Transaction method of valuation, a market-based approach, for the assessment of value of Peninsula's Lance and Karoo assets.

In general, these methods are accepted valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market derived data.

The **"Market Value"** is defined in the VALMIN Code (2015) as the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion

The **"Technical Value"** is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Based Approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

6.3 Market approach

6.3.1 Uranium price history

The variation in the uranium price in US$/lb is provided in Figure 6-1 for the period January 2010 to May 2016. The uranium price dropped from US$44/lb in January 2010 to US$40/lb by March 2010, and remained steady until around July 2010, when the price increased rapidly, peaking sharply above US$70/lb in January 2011. The price then falls off almost as steeply, dropping below US$50/lb in August 2011, before stabilising just above US$50/lb until August 2012. It then drops sharply to just above US$40/lb by November 2012, recovers briefly to US$44/lb in December 2012, and then falls slowly back to US$40/lb by June 2013. It drops sharply to around US$35/lb in August 2013, and remains at this level until May 2014, when it drops below US$29/lb. It recovered in August 2014, climbing sharply to a peak of around US$40/lb in November 2014 and as traded between US$35/lb to US$40/lb range during 2015 with a decline in that price since March 2016,and in May 2016 was trading at US$28/lb.

Noting the variability in uranium price over the past five years highlights the importance of normalising implied purchase prices in order to make reasonable comparison between transactions conducted at different times.

Figure 6-1: Uranium price history, January 2010 to April 2016

Source: IMF Nuexco exchange spot, US$ per pound

6.3.2 Comparable transactions

SRK initially considered a total of 30 transactions occurring between January 2010 and April 2016 and involving projects at the exploration stage or with late stage uranium resource, and in operation on a global basis. Of these transactions, 13 involved properties with declared uranium Resources at the time of the transaction and six transactions of properties with operating uranium mines (including three ISL projects and a conventional mining project) that had taken place since February 2013.

Initially, all projects worldwide involving all uranium transactions were considered, including 13 transactions involving African projects and 12 transactions involving sandstone-hosted uranium projects. The 2012 acquisition of the Ryst Kuil property by Peninsula from AREVA is included in the projects considered.

The transactions considered are described in Table 6-9; a brief description of the assets at the time of the transaction is provided in Table 6-10.

6.3.3 Analysis of transactions

The transactions were analysed in terms of the implied purchase price in US dollars and the reported uranium Resource pounds at the time of the transaction. All values are in US dollars, converted from the reported currency where necessary at the exchange rate prevailing at the time of the transaction. Share prices at the time of the announcement of the transactions were considered where shares formed a part of the consideration, and the timing of payments, as set out in the initial agreements, was also taken into account.

The uranium price at the time of the transaction was considered, and the implied US$/lb transaction price was normalised to the average May 2016 uranium price of US$27.79/lb (Figure 6-3 and Figure 6-4).

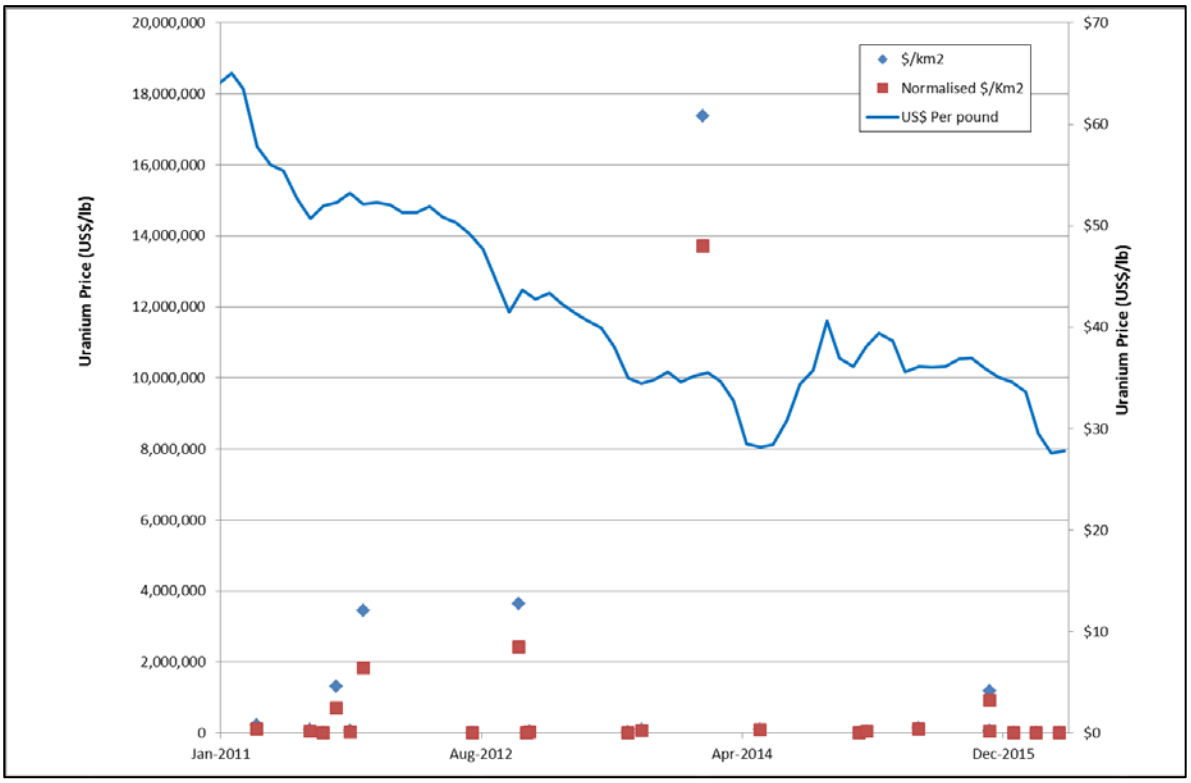


Figure 6-2: All transactions assessed on the basis of US$/km^2

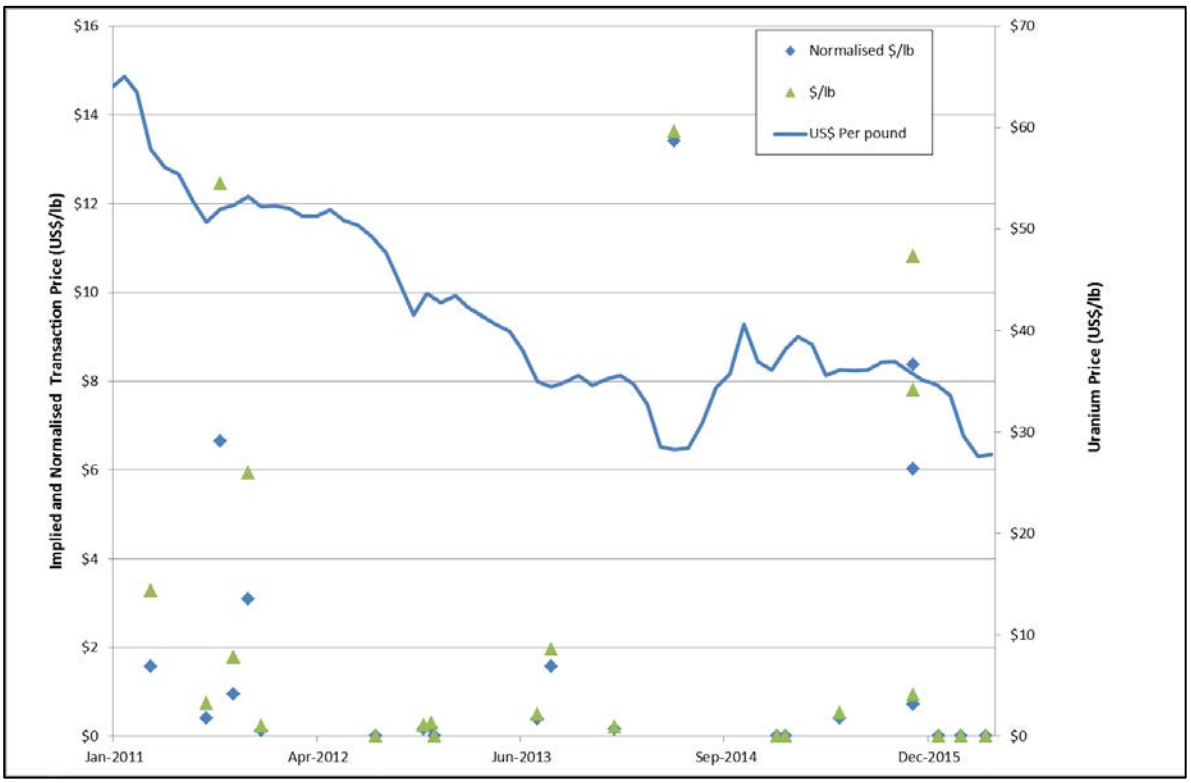


Figure 6-3: Transactions assessed on the basis of contained Resources US$/lb U_3O_8

Analysis of uranium exploration properties

Analysis was carried out on six exploration properties. Two outlier transactions, which had relatively small project areas and high implied values on a square kilometre basis (greater than US$35,000/km^2), were excluded. These were not considered comparable to the Karoo Project

which spans more than 7,800 km^2. The analysis for four remaining exploration properties are summarised in Table 6-2.

The exploration tenure for the Karoo Project covers a large area and is exclusively targeting sandstone-hosted uranium–molybdenum mineralisation in South Africa. In SRK's opinion, the Songea/ Lindi and Pinewood Portfolio transactions shown in Table 6-2 are the most comparable in terms of geology, jurisdiction and total area (km^2) to that of the Peninsula's Karoo property. These transactions are at the lower end of US$/km^2 when compared to the more recent transactions shown in Table 6-2.

From its analysis, SRK has selected Low, High and Preferred valuation factors in terms of valuing by tenement areas as indicated in Table 6-13. The factors are US$16/km^2 for the Low factor, US$292/km^2 for the High factor and US$52/km^2 for the Preferred factor.

Table 6-2: Uranium exploration property transactions

Project	Songea / Lindi	Pinewood portfolio	Claim S-107558	27 mineral claims	EL09/1618
Announcement date	Aug 2012	Jan 2015	Jan 2016	Feb 2016	April 2016
Country	Tanzania	Tanzania	Canada	Canada	Australia
Seller	Tanzania Minerals Corp	Kibo Mining Public Limited Company	CanAlaska Uranium Limited	ALX Uranium Corp.	Zeus Resources Limited
Buyer	Karoo Exploration Corp	Metal Tiger plc	Denison Mines Corp.	Cameco Corporation	Segue Resources Limited
Geology	Sandstone hosted	Sandstone hosted	Unconformity	Unconformity	Alaskite
Total licence area (km^2)	2,606	9,033	27.80	70.60	19.32
US$/km^2	306.98	21.29	281.86	24.32	289.90
Normalised US$/km^2	173.22	16.37	226.24	20.11	292.05

Table 6-3: Analysis of exploration properties

Analysis		Area (km^2)	US$/km^2	Normalised US$/km^2
All Exploration Projects	Number	6	6	6
	Minimum	19	21	16
	Maximum	9,033	57,171	40,678
	Median	184	290	292
	Mean	1,734	12,724	8,708
	Weighted Average	19	1,845.80	1,249.98
Outliers removed	Number	4	4	4
	Minimum	19	21	16
	Maximum	9,033	307	292
	Median	49	282	173
	Mean	1,959	154	121
	Weighted Average	7,371.47	107.35	51.94

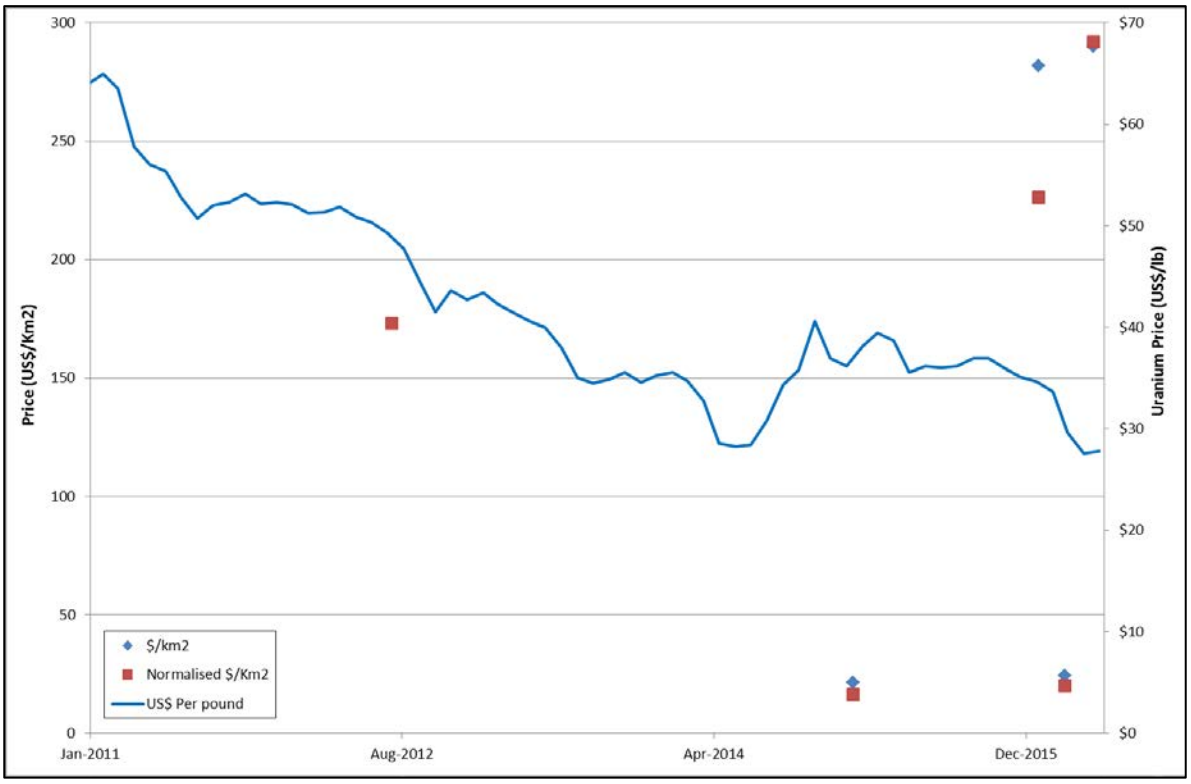


Figure 6-4: Uranium exploration property transactions (US$/km^2)

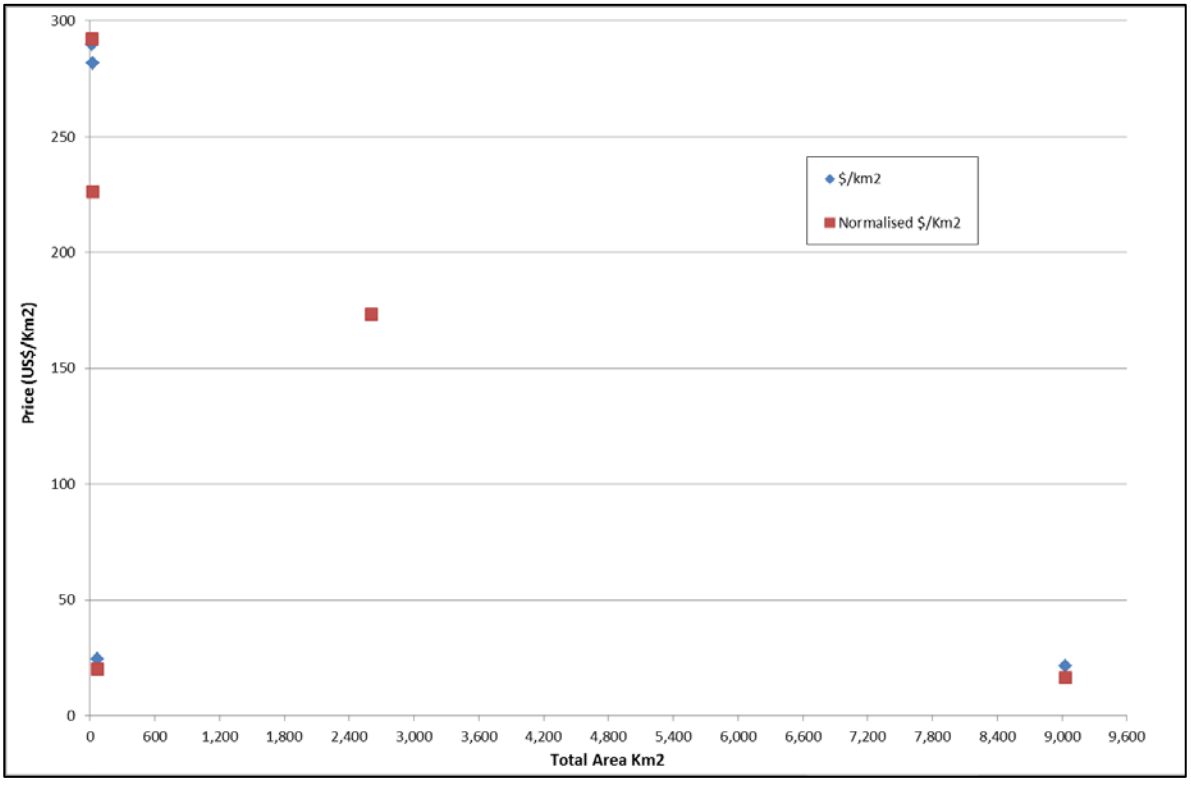


Figure 6-5: Uranium exploration property transactions (US$/km^2) shown by total area of project

Analysis of uranium resource transactions

Analysis of 13 transactions of properties with declared resources that had occurred since January 2011 are summarised in Table 6-5.

Of these 13 transactions, three had implied values of greater than US$6/lb U_3O_8 in resource and were considered to be outliers. Two of the outliers are related to the Etango Project which has a large resource base (270.7 Mlb U_3O_8) and with only a relatively small portion of the resource was classified in Inferred. The third transaction involved the Kuriskova Project which has very high-grade (2141 ppm U_3O_8) stock work mineralisation. The outliers are not considered comparable to Peninsula's Karoo project due to the size and grade of the deposit and the premium this has attracted during transactions, in addition to having a smaller portion of the total resource that is classified as Inferred.

The analysis of the 10 remaining transactions, six in Africa and include mineral resources with similar grades to the Karoo deposits. Two transactions involved sandstone-hosted deposits (including Peninsula's purchase of the Ryst Kuil Project in 2013) are considered by SRK to represent the most comparable to the current Karoo Project (Table 6-2).

From its analysis, SRK has adopted Low, High and Preferred valuation factors in terms of contained U_3O_8 (equivalent) as indicated in Table 6-13. The factors are US$0.19/lb for the Low factor, US$2.20/lb for the High factor and US$0.41/lb for the Preferred factor.

Table 6-4: Sandstone-hosted uranium resource property transactions

Project	Temrezli, Anatolia
Announcement Date	June 2015
Country	Turkey
Seller	Anatolia Energy Limited
Buyer	Uranium Resources Inc.
Geology	Sandstone hosted
Contained /lb U_3O_8	13,300,00
Grade U_3O_8 (ppm)	1,157
US$/lb	0.30
Normalised US$/lb	0.41

Table 6-5: Analysis of properties with declared resources

Analysis		Area (km^2)	US$/km^2	Normalised US$/km^2	US$/lb U_3O_8	Normalised US$/lb U_3O_8
Declared resources (All)	Number	13	13	13	13	13
	Minimum	8	12,066	7,679	0.30	0.19
	Maximum	5,600	1,315,655	914,185	13.62	13.41
	Median	224	84,572	55,160	1.96	1.58
	Mean	781	257,512	168,180	4.67	3.37
	Weighted Average	495.95	55,103	40,807	6.08	4.82
Declared resources (outliers removed)	Number	9	9	9	9	9
	Minimum	17	12,066	7,679	0.21	0.12
	Maximum	5,600	17,371,429	13,708,708	3.28	1.58
	Median	224	218,714	106,562	0.53	0.41
	Mean	1,059	2,642,116	1,936,930	0.95	0.55
	Weighted Average	4,037	13,322,348	11,050,185	1.89	0.91

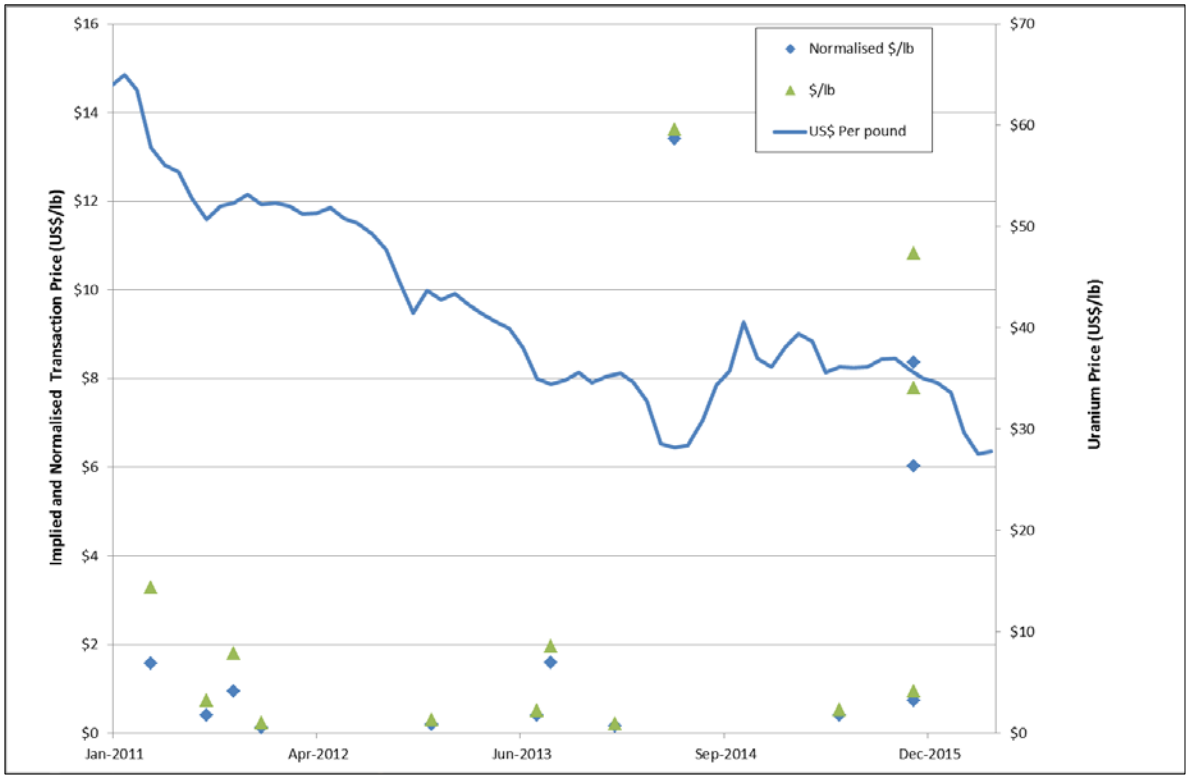


Figure 6-6: Transaction price (US$/lb U_3O_8) of properties with declared resources

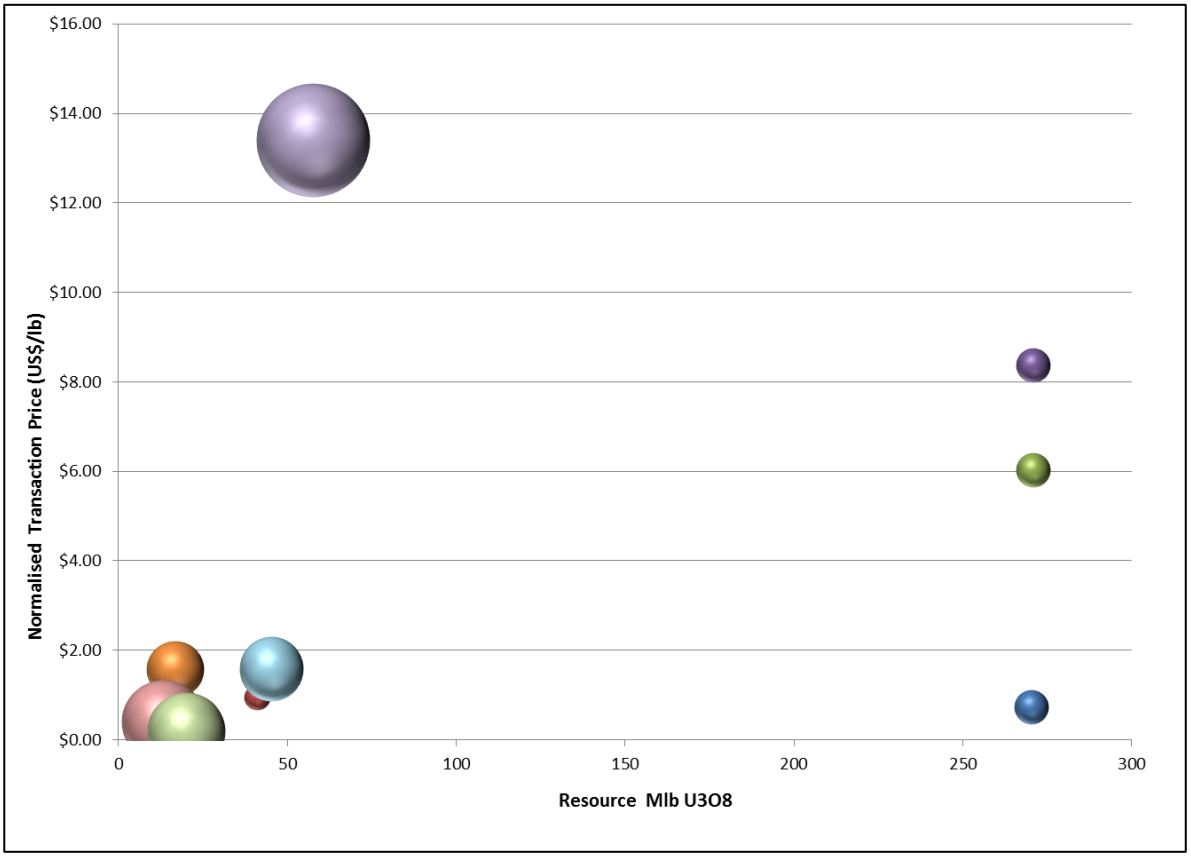


Figure 6-7: Transaction price (US$/lb U_3O_8) of projects with declared resources vs Mlb U_3O_8, bubble size indicating relative U_3O_8 grade

6.3.4 Analysis of transactions for ISL Uranium operations

SRK's analysis of 7 transactions occurring since February 2013 and involving projects with declared resources are summarised in Table 6-6.

The analysis of these transactions in United States, Namibia, Australia, Kazakhstan and Turkey including resources which have similar grades to the Lance deposits. Five transactions involved sandstone-hosted ISR projects considered by SRK to represent the most comparable to the current operations to the Lance Project (Figure 6-8). In terms of deposit style deposit grade and size (contained lb U_3O_8).

In September 2015, Alliance finalised the transfer of the Four Mile Project, located in Wyoming USA, to Quasar Resources Pty Ltd for which it received A$73.975 (US$58.87M, based on a July 2015 exchange rate of A$1 to US$0.7294). The notice of meeting relating to this transaction notes that Alliance's subsidiary is the registered holder of a 25% interest in the project and that Quasar is the registered holder of a 75% interest. Furthermore, at the time of the transaction, Alliance was not contributing to the current development program/ budget and as such was diluting its interest in the Project. As at 30 June 2015, PPB Advisory estimated its interest in the Project at 19.52% reducing to 15% by 31 December 2015 (PPB Advisory, 2015). Assuming Alliance's interest in the project is 19.52% implies a value of US$2.50/lb, while assuming Alliance's interest is 15% the implied value is US$3.26/lb. Normalisation of this transaction value to account for changes in the price of uranium over the intervening period implies values of US$1.93/lb and US$2.51/lb respectively, as at the valuation date. This factor does not take into account any premium paid to consolidate 100% ownership of the Four Mile Project by Quasar Resources Pty Ltd; in SRK's opinion it is likely to constitute a 20% premium which has been considered in the preferred valuation factors.

From this analysis, SRK has adopted Low, High and Preferred valuation factors in terms of contained U_3O_8 (equivalent) as indicated in Table 6-13. The factors are US$0.96/lb for the Low factor, US$4.09/lb for the High factor and US$1.93/lb for the Preferred factor (<50% inferred resources). The factors are US$0.96/lb for the Low factor, US$2.20/lb for the High factor and US$1.35/lb for the Preferred factor (>50% inferred resources).

In SRK's opinion, the Four Mile ISL project, which contains similar U_3O_8 grade and a large (73%) portion of Inferred Resource, is the most comparable to the Lance Project and hence was used as the basis for our preferred valuation factor for the Lance Inferred Resource.

Table 6-6: Transactions involving uranium operations

Project	Nicole Ranch, Eagle & Cyclone Rim	Four Mile Project	Multiple project	Temrezli	Langer Heinrich Mine	Langer Heinrich Mine
Announcement date	Apr-15	Jul-15	Sep-13	Feb-13	Jun-14	Jul-16
Country	USA	Australia	Kazakhstan, the United States, Australia and Tanzania	Turkey	Namibia	Namibia
Seller	Uranerz Energy Corporation	Quasar Resources Pty Ltd	Uranium One	Anatolia Energy	Paladin Energy Ltd	Paladin Energy Ltd
Buyer	Energy Fuels Inc.	Alliance Resource Ltd	Uranium One	Uranium Resources Inc.	China Uranium Corporation Limited	China Uranium Corporation Limited
Geology	Sandstone hosted	Sandstone hosted	Sandstone hosted	Sandstone hosted	Sandstone hosted	Sandstone hosted
Status	ISL operation	ISL operation	ISL operation	ISL operation	Mining operation	Mining operation
U_3O_8 Grade ppm	820	370	890	1160	550	550
Contained lb U_3O_8	28,682,906	120,400,000	1,355,172,090	13,282,000	437,534,937	437,534,937
% of Inferred Resources	46%	73%	45%	8%	28%	28%
US$/lb U_3O_8	5.69	1.96 -3.26	1.20	1.88	1.74	1.81
Normalised US$/lb U_3O_8	4.09	1.93 - 2.51	0.96	1.20	1.71	1.82

Table 6-7: Transaction analysis of properties with operations and <50% Inferred resources

Analysis		US$/lb U_3O_8	Normalised US$/lb U_3O_8
Operations	Number	6	6
	Minimum	1.20	0.96
	Maximum	5.69	4.09
	Median	1.92	1.77
	Mean	2.50	1.97
	Weighted Average	1.89	1.68

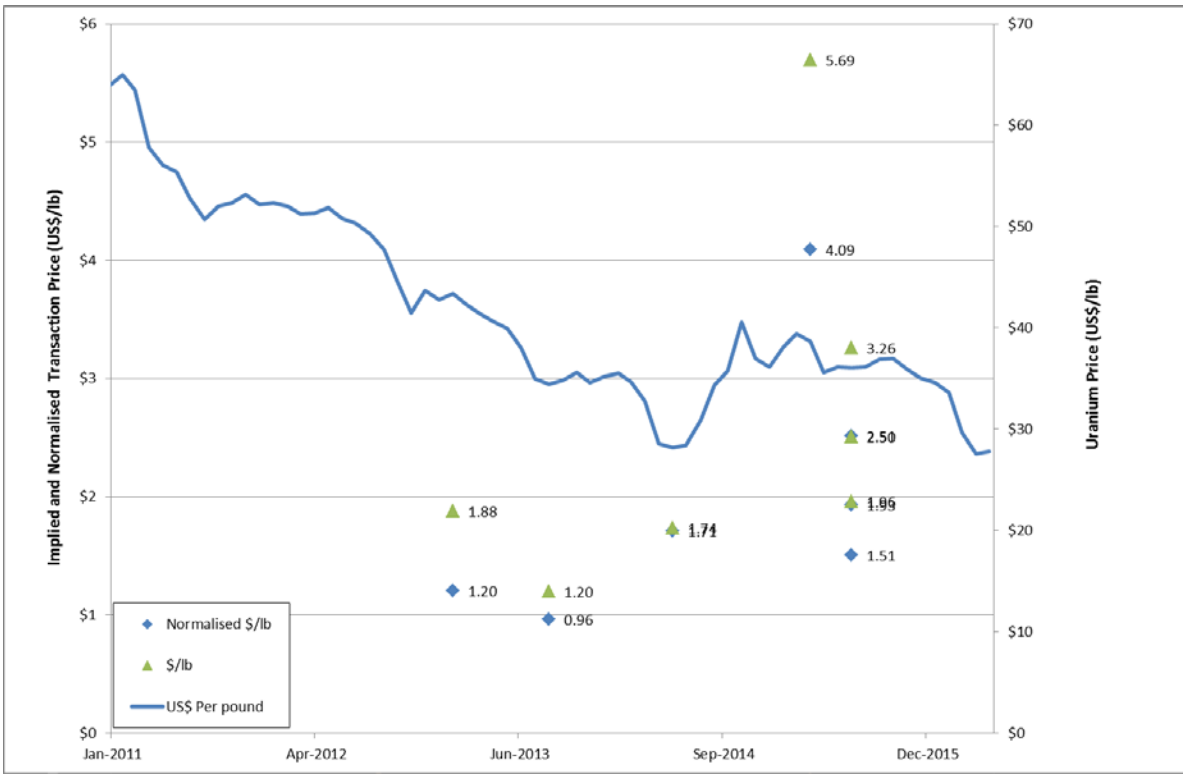


Figure 6-8: Transaction price (US$/lb U_3O_8) of properties with declared resources

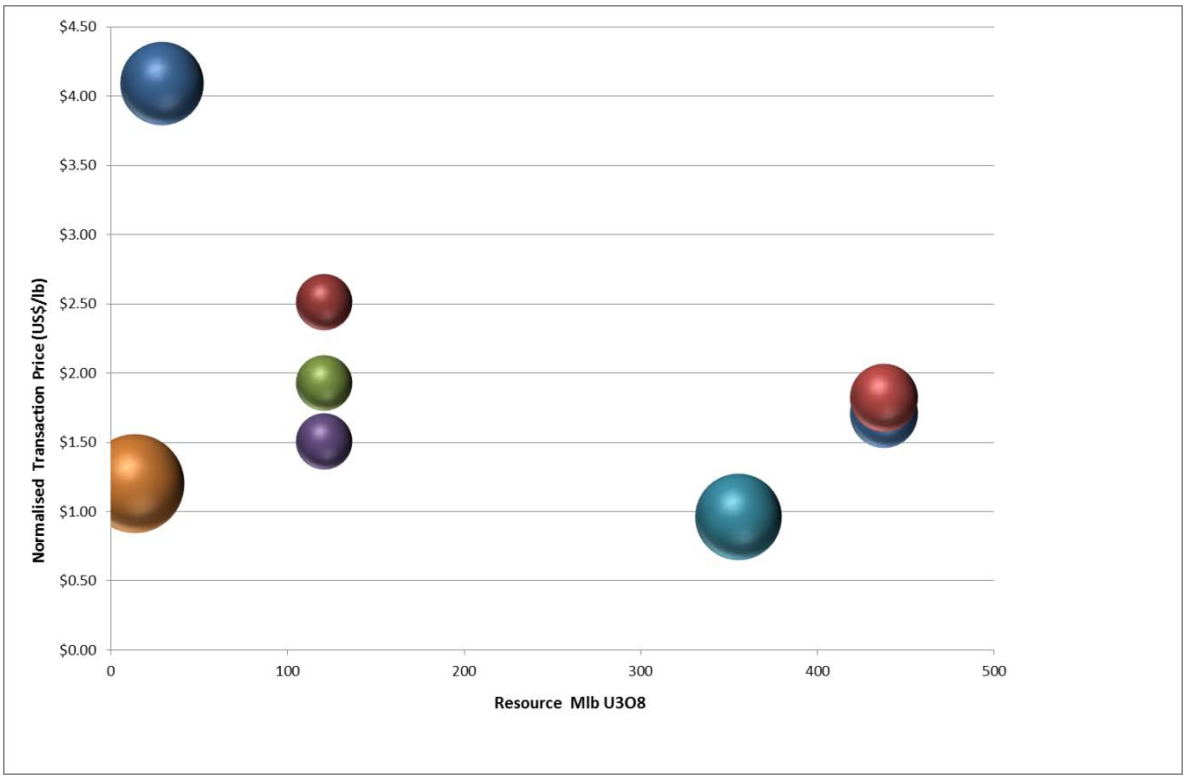


Figure 6-9: Transaction price (US$/lb U_3O_8) of active mining projects vs Mlb U_3O_8, bubble size indicating relative U_3O_8 grade

6.3.5 Comparison with Yardstick method

In the Yardstick method of valuation, specified percentages of the spot price of the metal is used to value the Resources and Reserves. Commonly used factors relative to resource classification are shown in Table 6-8.

Table 6-8: Yardstick factors and corresponding valuation factors based on May 2016 spot price for uranium

	% of Spot price		Valuation Factor (US$ lb U_3O_8)	
	Low	High	Low	High
Not in reported resource	0.0%	0.5%	0.00	0.14
Inferred Resources	0.5%	1.0%	0.14	0.28
Indicated Resources	1.0%	2.0%	0.28	0.56
Measured Resources	2.0%	5.0%	0.56	1.39
Reserves	5.0%	10.0%	1.39	2.78

Using the average May 2016 uranium price of US$27.79/lb, the Yardstick valuation factor for Inferred Resources fall within the range of US$0.14/lb to US$0.28/lb, and Indicated Resources fall within a range of US$0.28/lb to US$0.56/lb, and Measured Resource US$0.56/lb to US$1.39/lb and Reserves US$1.39/lb to US$2.78/lb. This is comparable to the range of US$0.12/lb to US$1.58/lb derived from the analysis of comparative transactions, with the midpoint of the analysis of transactions US$0.41/lb for Inferred Resources, US$1.88/lb reserves overlapping that of the Yardstick range.

Based on these comparisons, US$1.93 U/lb is reasonable for Indicated and Measured Resources supporting a mining operation. These implied values are supported by the Yardstick valuation factor, as well as the midpoint of the transaction value range.

SRK notes that the Yardstick method is not generally considered to be a suitable primary valuation method, but is considered an acceptable secondary valuation method (Lawrence, 2012). In this case, SRK is of the opinion that the Yardstick valuation method supports the valuation range derived from the analysis of comparable transactions, and assists in identifying a preferred factor within the range.

Table 6-9: Uranium transactions between January 2011 and July 2016

Project	Country	Announcement Date	Buyer	Seller	Equity	Synopsis
EL09/1618	Australia	Apr 2016	Segue Resources Limited	Zeus Resources Limited	50.00%	Segue Resources Ltd.to spend A$280,000 in exploration expenditure to acquire a 50% interest in EL09/1618 from Zeus Resources Ltd. If either Zeus or Segue's joint venture interest dilutes to less than 10% then that party's interest will convert to a 1% NSR royalty.
Nicole Ranch, Eagle & Cyclone Rim	USA	Apr 2015	Uranerz Energy	Energy Fuels Inc.	100%	Toronto-based Energy Fuels Inc. has acquired Uranerz Energy Corp. exchanged 0.255 shares of its common stock to acquire each outstanding share of Uranerz Energy Corp for a total of US$163 M.
Four Mile	Australia	July 2015	Quasar Resources Pty Ltd (Heathgate)	Alliance	25% (~19.5%)	Quasar Resources Pty Ltd. has acquired the remaining 25% interest in the Four Mile project, including ACE's share of uranium oxide concentrates already mined from Melbourne-based Alliance Resources Ltd. unit Australia-based Alliance Craton Explorer Pty Ltd. Four Mile is a uranium project located in Australia. It is noted that at the time of the transaction Alliance had not contributed to the exploration, due to this PPB Advisory had estimated their interest had been diluted to approximately 19.5%
Multiple sites	Kazakhstan USA, Australia and Tanzania	Sep 2013	Uranium One	Share Buy back	51.4%	Uranium One offered to purchase 51.4% of the common shares. Purchase the C$259,985,000 to delist company from TSX. The company holds projects in Kazakhstan, the United States, Australia and Tanzania
Langer Heinrich Mine	Namibia	Jun-14	China Uranium Corporation Limited	Paladin Energy Ltd	25.00%	Beijing-based China National Nuclear Corp. (CNNC) unit Hong Kong-based China Uranium Corp. paid US$190 M Ltd. has acquired a 25% stake in the Langer Heinrich mine from Subiaco, Australia-based Paladin Energy Ltd. Langer Heinrich mining operation is located in Namibia.
Langer Heinrich Mine	Namibia	Jul-16	China Uranium Corporation Limited	Paladin Energy Ltd	24.00%	Beijing-based China National Nuclear Corp. unit Central, Hong Kong-based CNNC Overseas Uranium Holding Ltd. has signed a non-binding letter of intent to acquire 24% interest in the Langer Heinrich mine from Perth, Australia-based Paladin Energy Ltd. The mine is located in Namibia.
Royalty on Etango project	Namibia	Nov 2015	Resource Capital Funds	Bannerman Resources Limited	1.50%	Resource Capital Funds paid approx. N$22.64 million (A$2 million) in cash and extinguished residual convertible notes held by it comprising of approx. N$45.28 million (A$4 million) to acquire a 1.5% royalty on Etango Project from Bannerrman Resources Ltd.
Husab	Namibia	Dec 2011	Taurus Mineral Limited	Extract Resources	57.26%	Taurus purchases Kalahari share to purchase Extract's 42.74% shareholding of Kalahari Minerals plc. in an off-market transaction. The cash offer price was A$8.65 per Extract share and Taurus lodged the unconditional cash offer for Extract in February 2012, and went on to compulsory acquisition of the remaining shares in April 2012.
Namibplaas	Namibia	Oct 2011	Forsys Metals Corp	Etherlin Management	30.00%	Forsys agreed to acquire Etherlin's indirect 30% interest in Namibplaas in exchange for 13 million Forsys shares and 2 million share purchase warrants allowing the holder to acquire one Forsys share at a price of US$1.10.

Project	Country	Announcement Date	Buyer	Seller	Equity	Synopsis
Royalty on Etango project	Namibia	Nov 2015	Resource Capital Funds	Bannerman Resources Limited	16.83%	Resource Capital Funds converted A$8.0 million of notes into approx. 106,666,667 shares of Bannerman Resources Ltd through a shares-for-debt transaction. Denver-based Resource Capital Funds unit, Resource Capital Fund IV L.P. and Resource Capital Fund VI L.P. has acquired shares of Perth, Australia-based Bannerman Resources Ltd through a shares-for-debt transaction. Pursuant to the transaction the shareholdings of Resource Capital Fund IV and Resource Capital Fund VI moved to approx. 20.4% and 19.3% of Bannerman's issued share capital respectively.
Etango project	Namibia	Nov 2015	Bannerman Resources Limited	Private Investor - Clive Jones	20.00%	Bannerman Resources Ltd paid approx. N$11.32 million in cash and issued 123,424,534 shares of its common stock to acquire the remaining 20% interest in the Etango project from Mr Clive Jones. Perth, Australia-based Bannerman Resources Ltd has acquired the remaining 20% interest in the Etango project from Mr Clive Jones.
Husab project	Namibia	Nov 2012	Republic of Namibia/ Epangelo Mining Company (Pty) Limited)	Guangdong Nuclear Power Holding Co. Ltd.	10.00%	Epangelo Mining Co. (Pty) Ltd paid US$210.52 million to acquire a 10% stake in Husab project from China Guangdong Nuclear Power Holding Co. Ltd. Namibia-based Government of the Republic of Namibia unit Windhoek, Namibia-based Epangelo Mining Co. (Pty) Ltd has acquired a 10% stake in the Husab project from Shenzhen, China-based China Guangdong Nuclear Power Holding Co. Ltd. The Husab uranium project is located in Namibia.
Langer Heinrich mine	Namibia	Jan 2014	China National Nuclear Corporation	Paladin Energy Ltd	25.00%	China National Nuclear Corp. unit Hong Kong-based China Uranium Corp. Ltd paid US$190.0 million to acquire a 25% stake in Langer Heinrich uranium mine from Paladin Energy Ltd. Beijing-based China National Nuclear Corp. unit Hong Kong-based China Uranium Corp. Ltd has acquired a 25% stake in the Langer Heinrich mine from Subiaco, Australia-based Paladin Energy Ltd. The Langer Heinrich mining operation is located in Namibia.
Thatcher Soak, Bremer Basin Project, Alligators River Project	Australia	Aug 2011	Shangai Zhongfu Group	Uranex Ltd	100.00%	Uranex signed a Heads of Agreement for the sale of 100% of its Australian uranium projects to a Chinese investor for A$20 million. The projects included Bremer Basin, Thatcher Soak and Alligator Rivers. Uranex received notice from Shanghai Zhongfu Group that it would not be proceeding with the previously mentioned sales transaction.
Anderson	USA	Apr 2011	Global Met Coal	Concentric Energy Corp	100.00%	In April 2011, Uranium Energy Corp agreed to acquire Concentric Energy Corp and its 100% interest in the Anderson uranium property in a stock-for-stock merger. Concentric shareholders received 0.1075 new shares in UEC for every 1 share of Concentric common stock. In order to secure a portion of the rights that were subject to an option agreement, UEC paid to Global (i) an initial payment of US$150,000, (ii) a further US$200,000 payment releasing and assigning to the Company the security previously granted by Concentric to Global and (iii) 350,000 restricted shares of the Company's common stock along with a final payment of US$150,000.
Lake Maitland	WA	Aug 2013	Toro Energy Ltd	Mega Uranium	65.00%	In August 2013, Toro entered into a binding terms sheet to acquire the Lake Maitland project from Mega Uranium, for consideration of 415 million Toro shares.

Project	Country	Announcement Date	Buyer	Seller	Equity	Synopsis
Treeline	USA	Sept 2011	Tigris Uranium Corp	Concordia Resource Corp	100.00%	In September 2011, Tigris entered into an Assignment Agreement with Western Energy, a subsidiary of Concordia, whereby the company would acquire the Treeline project in exchange for 200,000 common shares.
Workman Creek	USA	Nov 2011	Uranium Energy Corp	Cooper Minerals Inc	100.00%	Uranium Energy entered into a definitive property acquisition agreement with Cooper Minerals to acquire Workman Creek paying US$84,640 in cash payments and 300,000 common shares.
Temrezli, Anatolia	Turkey	June 2015	Uranium Resources Inc	Anatolia Energy Limited	100.00%	Uranium Resources and Anatolia Energy announced that they would merge, with Uranium Resources offering to purchase all of the issued and outstanding securities in Anatolia through the issue of new securities in Uranium Resources, at a rate of 0.06579 new Uranium Resources shares for every 1 Anatolia share.
Mangalisa	South Africa	Dec 2012	Ibhubesi Capital Pty Ltd	Superior Mining International Corp	67.00%	Ibhubesi entered into a two-stage, earn-in agreement with Superior Mining to earn up to 67% interest at Mangalisa. Under the agreement, Ibhubesi could earn 26.8% interest by paying US$1 million - conditional to the completion due diligence. Ibhubesi could earn an additional 40.2% interest by paying US$1.5 million in cash; spending US$5 million in exploration; and determining that mining operations at Mangalisa are commercially viable. Ibhubesi would have 24 months to conduct exploration. Upon completion of the acquisition, Superior and Ibhubesi would operate as a joint venture. In January 2013, Superior Mining received TSX-V and shareholder approval.
Songea/ Lindi	Tanzania	Aug 2012	Karoo Exploration Corp	Tanzania Minerals Corp	100.00%	On 9 August 2012, Tanzanian Minerals entered into a property option agreement with Karoo Exploration Corp, whereby Karoo can acquire a 100% interest in the Songea/ Lindi claims. Tanzania will grant to Karoo the option to acquire a 100% interest in the Property, by issuing 2,000,000 common shares to Tanzania, and incurring exploration expenditures on the Property totalling $750,000, over a 3-year period. Upon exercise of the Option, Karoo will grant to Tanzania a 2.0% NSR on the proceeds of any commercial production from the Property. One-half of the NSR and a right of first refusal on the other half can be purchased by Karoo for a cash payment of US$2,000,000. The other half of the NSR can be purchased by Karoo for a cash payment of US$5,000,000. During the term of the Option, Tanzania will have the right to nominate two individuals to the Board of Karoo.
Ryst Kuil	South Africa	Dec 2012	Peninsula Energy Ltd	AREVA NC	74.00%	Peninsula Energy Ltd unit Tasman RSA Holdings (Pty) Ltd paid $5 million in common stock and US$45 million in cash to acquire Ryst Kuil from AREVA NC. 26% owned by Lukisa Invest 100 Pty Ltd.
Pinewood portfolio	Tanzania	Jan 2015	Metal Tiger plc	Kibo Mining Public Limited Company	50.00%	Metal Tiger plc will pay TZs2655.06 to acquire a 50% stake in the Pinewood portfolio from Kibo Mining Plc., Metal Tiger is to pay licence renewal fees and other maintenance costs for a minimum of 1 year (approximately TZs175.00 million) and up to a maximum of 3 years. Metal Tiger is to expend the first TZs1.40 billion under the JV in expenses and exploration relating to the Pinewood portfolio. The portfolio consists of 43 licences, offers, applications and tenders with a combined surface area of approximately 9,033 km^2.

Project	Country	Announcement Date	Buyer	Seller	Equity	Synopsis
Kuriskova, Novoveska Huta	Slovakia	June 2014	Forte Energy NL	European Uranium Resources	50.00%	Forte Energy agreed in June 2014 to acquire up to a 50% stake in Slovak uranium projects from European Uranium Resources Ltd. through an earn-in transaction. Forte will earn its ownership interest over a period of 10 years, by paying C$500,000 in cash and C$3.5M in exploration expenditure.
Claim S-107558	Canada	Jan 2016	Denison Mines Corp.	CanAlaska Uranium Limited	75.00%	Denison Mines Corp. will incur C$762,405 in exploration expenditures to acquire a 75% interest in the claim S-107558 from CanAlaska Uranium Ltd. Toronto-based Denison Mines Corp. has agreed to acquire a 75% interest in the claim S-107558 from Vancouver, British Columbia-based CanAlaska Uranium Ltd., through an earn-in and joint venture transaction. The claim S-107558 is a part of Moon uranium project which is located in Saskatchewan, Canada.
27 mineral claims	Canada	Feb 2016	Cameco Corporation	ALX Uranium Corp.	99.00%	Cameco Corp. will pay C$170,000 in cash to acquire 27 mineral claims (~ 7,064 hectares) from ALX Uranium Corp. According to the terms of the agreement certain mineral claims are subject to a 1% net refining returns royalty (NRR) subject to a reduction to 0.25% at any time upon payment of C$750,000 to ALX and a 2% NRR subject to a reduction to 1% at any time upon payment of C$500,000 to ALX. Saskatoon, Saskatchewan-based Cameco Corp. has agreed to acquire 27 mineral claims from Vancouver, British Columbia-based ALX Uranium Corp.
Key Lake package	Canada	Feb 2015	Aldrin Resource Corporation	Fission 3.0 Corp.	50.00%	To acquire up to a 50% interest in the Key Lake package (61 mineral claims covering approx. 18,392.7 hectares) from Fission 3.0 Corp, Aldrin Resource Corp. to spend C$6.9M on exploration by May 2019, C$100,000 in cash and issue 2,000,318 common stock. Aldrin will also make semi-annual payments to Fission 3.0 of C$100,000 during the earn-in period in cash or equivalent Aldrin shares. Fission 3.0 will be the operator of the projects and will be compensated with an Operator Fee equal to 10% of Key Lake expenditures.
Falea	Mali	Sept2013	Denison Mines Corp	Rockgate Capital Corp	100.00%	In September 2013, Denison Mines made a takeover offer to acquire Rockgate Capital in exchange for shares in Denison. Each Rockgate share will be exchanged for 0.192 Denison shares for a total consideration of C$26.7M.

Table 6-10: Project description and transactions

Project	Country	Date	Status	Deposit type	Tonnes	Grade (U_3O_8 ppm)	Contained (lb U_3O_8)	Licence area (km^2)	$/lb U_3O_8	$/$km^2$
Nicole Ranch, Eagle & Cyclone Rim	USA	Apr 2015	Operation	Sandstone hosted	23,717,581	820	28,682,906	N/A	5.69	N/A
Four Mile Project	Australia	Jul-15	Operation	Sandstone hosted	17,199,000	370	120,400,000	N/A	2.50	N/A
Multiple projects	Kazakhstan, USA, Australia and Tanzania	Sep-13	Operation	Sandstone hosted	259,981,437	890	355,172,090	N/A	1.20	N/A
Langer Heinrich Mine	Namibia	Jun-14	Operation	Sandstone hosted	101,077,538	550	437,534,937	N/A	1.74	N/A
Langer Heinrich Mine	Namibia	Jul-16	Operation	Sandstone hosted	101,077,538	550	437,534,937	N/A	1.81	N/A
EL09/1618	Australia	Apr 2016	Exploration	Alaskite	N/A	N/A	N/A	19.32	0.00	289.90
Royalty on Etango project	Namibia	Nov 2015	Commissioning	Alaskite	658,900,000	190	270,200,000	243.26	0.94	1,182,109.68
Husab	Namibia	Dec 2011	Feasibility	Alaskite	583,300,000	400	513,000,000	636.00	0.23	3,438,487.34
Namibplaas	Namibia	Oct 2011	Resource Development	Alaskite	169,100,000	110	41,100,000	17.42	1.79	1,315,654.83
Royalty on Etango project	Namibia	Nov 2015	Commissioning	Alaskite	658,900,000	190	270,700,000	486.90	7.79	71,325.65
Etango project	Namibia	Nov 2015	Commissioning	Alaskite	658,900,000	190	270,700,000	486.90	10.82	51,386.28
Husab project	Namibia	Nov 2012	Development	Alaskite	583,300,000	400	511,686,604	579.04	0.24	3,635,666.56
Langer Heinrich mine	Namibia	Jan 2014	Development	Calcrete	137,400,000	530	158,807,786	43.75	0.21	17,371,428.57
Thatcher Soak, Bremer Basin, Alligators River Projects	Australia	Aug 2011	Reserves Development	Canotite	28,000,000	220	14,000,000	224.00	0.74	84,572.16
Anderson	USA	Apr 2011	Reserves Development	Canotite	14,060,000	540	16,782,689	23.40	3.28	218,713.98
Lake Maitland	WA	Aug 2013	Feasibility	Canotite	20,800,000	486	22,300,000	2,560.00	0.50	17,442.38
Treeline	USA	Sept 2011	Reserves Development	Sandstone hosted	593,448	1,300	1,543,000	8.00	12.45	15,492.47
Workman Creek	USA	Nov 2011	Reserves Development	Sandstone hosted	3,222,000	860	5,542,000	14.20	5.93	65,854.93

Project	Country	Date	Status	Deposit type	Tonnes	Grade (U_3O_8 ppm)	Contained (lb U_3O_8)	Licence area (km^2)	$/lb U_3O_8	$/$km^2$
Temrezli, Anatolia	Turkey	June 2015	Prefeasibility	Sandstone hosted	5,206,000	1,157	13,300,000	180.00	0.53	138,569.53
Mangalisa	South Africa	Dec 2012	Exploration	Sandstone hosted	N/A	N/A	N/A	195.80	0.00	57,170.73
Songea/Iindi	Tanzania	Aug 2012	Exploration	Sandstone hosted	N/A	N/A	N/A	2,606.00	0.00	306.98
Ryst Kuil	South Africa	Dec 2012	Satellite	Sandstone hosted	9,095,000	1,000	20,051,043	5,600.00	0.30	12,065.64
Pinewood portfolio	Tanzania	Jan 2015	Exploration	Sandstone hosted	N/A	N/A	N/A	9,033.00	0.00	21.29
Kuriskova, Novoveska Huta	Slovakia	June 2014	Feasibility	Stockwork	11,700,000	2,141	57,600,000	48.00	13.62	88,112.86
Claim S-107558	Canada	Jan 2016	Exploration	Unconformity	N/A	N/A	N/A	27.80	0.00	281.86
27 mineral claims	Canada	Feb 2016	Exploration	Unconformity	N/A	N/A	N/A	70.60	N/A	24.32
Key Lake package	Canada	Feb 2015	Exploration	Unconformity	N/A	N/A	N/A	183.93	N/A	55,843.36
Falea	Mali	Sept 2013	Reserves Development	Unconformity	31,020,000	680	45,270,000	267.00	1.96	86,356.82

Note: The value for US$/km has not been assessed for operating mines.

6.4 Income approach – Lance Project

SRK notes that it has been provided with and conducted a high level review of Peninsula's financial model for the Lance Project. Based on this review, SRK considers the financial model to be appropriate and the input parameters and timings are reasonable, with the exception of the Barber asset. Due to the fact that a significant proportion of material is Inferred, and the inherent geological uncertainty, SRK considers that the Barber asset should not be included in the financial model.

SRK believes the financial model is supported by SRK's implied value derived using the Comparable Transaction method. The Comparable Transaction method provides as a secondary valuation methodology.

SRK understands that RSM has considered the Lance financial model in its Independent Expert Report.

6.5 Cost approach - Ryst Kuil Project

6.5.1 Peninsula acquisition of the Ryst Kuil Project from AREVA SA

Peninsula announced its acquisition of a 74% interest in 36 PRs covering an area of 5,600 km^2 through its wholly owned subsidiary, Tasman RSA Holdings (Pty Ltd), from AREVA-SA (ASX, 12 November 2013).

This transaction represents recent expenditure on these assets and includes a significant portion (72%) of Peninsula's Karoo Project.

- Share Consideration – US$5,000,000 in fully paid ordinary Peninsula shares, the number of which shall be determined on the basis of the volume weighted average price of Peninsula shares over the 30 days immediately prior to the date of their issuance. US$1,000,000 of the Share Consideration is payable within 30 days of signing. The remaining US$4,000,000 is payable within 10 business days of the satisfaction of the conditions precedent to the Acquisition
- Share Consideration will be issued under existing LR 7.1/7.1A capacity. Deferred Consideration – US$45,000,000 upon completion of a Bankable Feasibility Study on the ARSA projects and the securing of financing for 50% of the funding required to develop the ARSA projects to production (Financing). Should Financing occur after 1 January 2016, an escalation factor will be applied. Peninsula, at its sole discretion, can elect to pay the Deferred Consideration in cash or Peninsula shares.

At present, Peninsula's US$4 million consideration payable to AREVA-held mineral properties was met through the issue of 206,483,154 shares in December 2013 (ASX, 19 December 2013).

Analysis of transaction

The Ryst Kuil Project had significant previous exploration conducted by Esso on the projects during the late 1970s, including 8,966 drill holes (660,941 m), bulk sampling programs, identified resources, open-cut and underground trial mining (ASX, 11 December 2012).

From its analysis of the resource and area at the time of the transaction, SRK suggests valuation factors in terms of contained U_3O_8 (equivalent) US$0.19 /lb. or US$7,678.72/km^2 when considered on an area basis as indicated in Table 6-11.

As this transaction is the most recent for the Ryst Kuil project, it has been used to inform the Preferred value along with exploration expenditure.

Table 6-11: Analysis of acquisition of Ryst Kuil project from AREVA SA

Project	Ryst Kuil
Announcement Date	Dec 2013
Interest acquired	74%
Country	South Africa
Seller	Areva NC
Buyer	Tasman RSA Holdings (Pty Ltd), (Peninsula Energy Ltd)
Geology	Sandstone hosted
Total Area	5,600
Total Value	US$ 50 M
Contained /lb U_3O_8	20,051,043
Grade U_3O_8 (ppm)	1,000
US$/lb	0.30
Normalised US$/lb	0.19
US$/km^2	12,065.64
Normalised US$/km^2	7,678.72

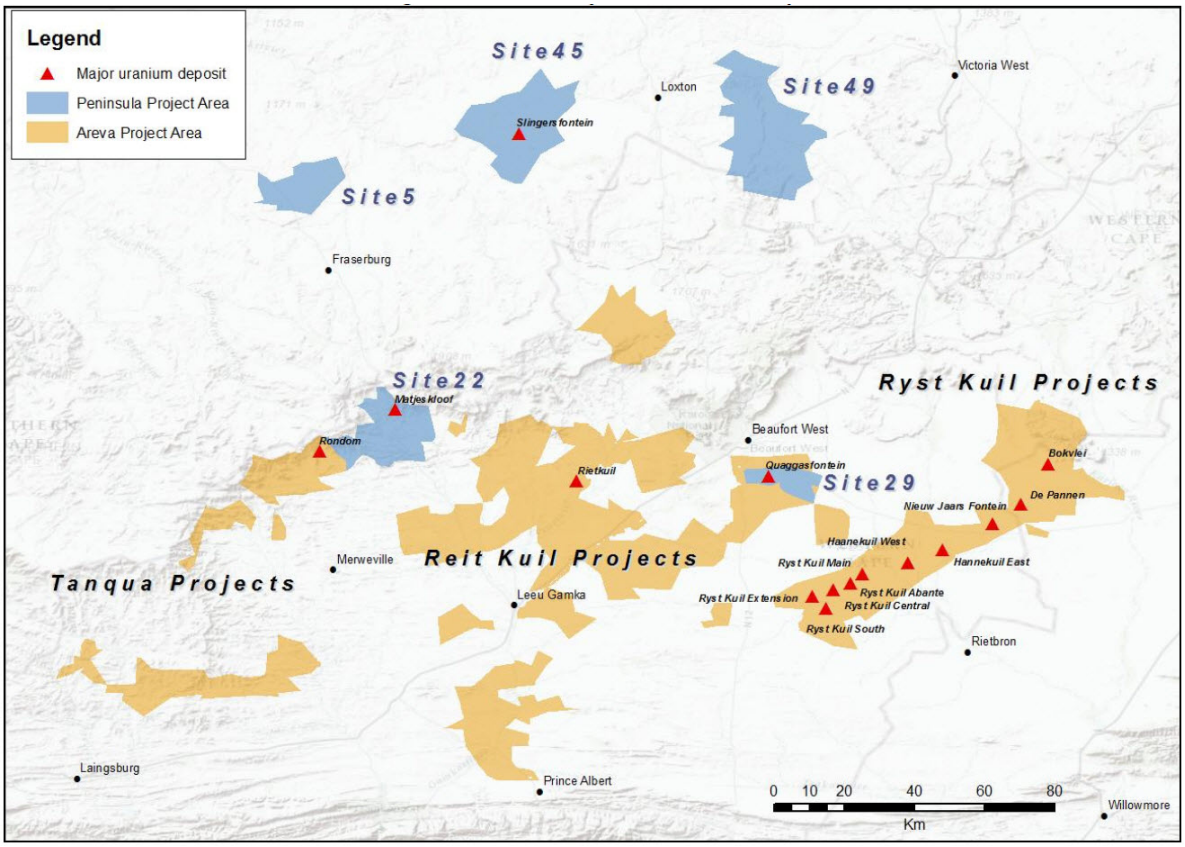


Figure 6-10: Location of the AREVA project areas

Source: Peninsula, December 2012

Multiples of Exploration Expenditure

The Karoo Project has a significant amount of historical exploration including drilling (8,966 drill holes, for a total of 660,941 m) and a recent scoping study (2014) over the Ryst Kuil Project (Peninsula, 2015). For all drilling, SRK has assumed drilling rates of US$70/m for diamond drilling and US$30/m for reverse circulation and percussion drilling.

The majority of historic exploration work was conducted during the 1970s and early 1980s (Table 6-12).

SRK has considered a prospectivity enhancement multiplier (PEM) of 1 is appropriate for the following reasons:

- It is also considered that this drilling provides significant value in defining the uranium–molybdenum mineralisation regionally.
- Exploration has occurred over a long period of time, with much of the historic drilling requiring additional infill or re-drilling to develop resources to a JORC Code standard.
- More recent drilling programs carried out by Uramin, ARSA and Tasman since 2007 include 2,770 holes for total of 258,524 m over the Ryst Kuil area. An assumed drilling rate of US$50 has been used and SRK considers a PEM of 2 appropriate as this work will be used as the basis to further develop these resources.
- Exploration supports the historic exploration and has been used to define JORC Code resources.
- Additional drilling will be required to further develop these resources. Based on assumptions from the scoping study, it is considered a budget of US$11M is appropriate for this drilling (DRA, 2013).

The drilling within the Davidskolk and Quaggasfontein deposits has been assigned a PEM of 1.8 as the current scoping study planning considers the Ryst Kuil area.

Since its acquisition in 2013, Peninsula has spent US$0.4M on scoping studies evaluating the Ryst Kuil Project. This has included the re-logging of historic drilling, establishment of a field office, resource drilling and scoping study. The work enabled by this expenditure has been very successful in adding value to the project, as it enabled the successful delineation of both open-pittable and underground resources. SRK has considers a PEM of 2 appropriate for this work.

Table 6-12: Summary of exploration work evaluated on the Karoo Project

Exploration work	PEM	Value (US$ M)	Comment
Historic drilling (1970s - 1980) including 5,627 holes for 378,919 m	1	11.3	Past exploration drilling has collated geological information and knowledge of mineralisation at deposit and regional scale, but additional work to develop resource is required.
Recent drilling over Ryst Kuil Project (since 2007) 3,296 holes for 281,084 m	2	19.1	Relatively recent drilling over resource which has been used in the definition of resources in the Ryst Kuil area.
Recent drilling over Projects in western sector (since 2007) 3,296 holes for 281,084 m	1.8	1.2	Recent drilling outside of the Ryst Kuil area has been used to define resources more regionally, but has not been considered in feasibility studies.
Pre-feasibility study	2	0.8	Has considered the available resource and options for mining.
	Total	**32.4**	

6.6 Valuation of Karoo Project

SRK has considered the value of the Karoo Project using market-based methods for both the exploration property area (km^2) and declared resources U_3O_8 (equivalent), in considering the Preferred value based on historic expenditure of US$32. (MEE method) and the purchase of 74% the Ryst Kuil Project from AREVA in 2013 for US$50 M.

Ryst Kuil represents a large portion of Peninsula's total Karoo Project area (72%) and resource (87%) of the contained U_3O_8 resources. When this purchase was completed (December 2013), the U_3O_8 price was significantly higher. It also represents a development project which is likely to incur significant costs if it proceeds to feasibility studies.

Based on this, a summary of the valuation Ranges and Preferred Values are provided in Table 6-13.

6.6.1 Valuation of Resources

The properties that contain declared mineral resources have been valued based on factors derived from analysis of comparable transactions.

A number of the uranium resources in the Karoo Project also include significant molybdenum (Mo) resources. For the purpose of valuation, molybdenum has been re-calculated to U_3O_8 equivalent, on the basis of Mo being 25% to that of U_3O_8, using the average May 2016 spot price (of US$6.94/lb Mo and US$27.79/lb U_3O_8) and assuming a 100% recovery. The factors are US$0.41/lb for the Low factor and US$2.20/lb for the High factor. A preferred valuation of US$32.4M, inclusive of exploration, is taken from the MEE.

6.6.2 Valuation of Exploration Properties

The exploration properties that do not contain significant mineral resources have been valued based on area, using factors derived from analysis of comparable transactions.

The factors are US$0.41/$km^2$ for the Low factor, US$2.20/ km^2 for the High factor and US$0.55/ km^2 for the Preferred factor.

Table 6-13: Valuation ranges for Karoo Project based on Peninsula's 74% interest

Stage	Valuation basis	Low (US$ million)	Preferred (US$ million)	High (US$ million)
Exploration	Area	0.5	0.7	1.2
Advanced Exploration/ Pre-development	Declared Resources / MEE	23.9	31.7	94.8
Total		**24.4**	**32.4**	**96.0**

6.7 Valuation of Lance Project

SRK has considered the value of the Lance Project using market-based methods to value the Inferred Resource contained within the Barber area separately, and all declared resources across the entire Lance Project area (inclusive of Barber, Kendrick and Ross).

This valuation provides an alternate to cash-flow methods and is better suited to valuing the Inferred Resources, which are located within the Barber area and have a higher degree of geological uncertainty but are included in the current mine plan.

SRK considered a total of 6 transactions occurring between February 2013 and July 2016 involving global uranium projects in the operational phase. Of these transactions, three involve uranium ISL operations.

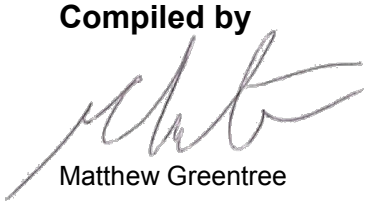
From this analysis, SRK has selected Low, High and Preferred valuation factors as follows:

- For declared U_3O_8 equivalent resources (<50% Inferred), the factors are US$0.96/lb for the Low factor, US$4.09/lb for the High factor and US$1.93/lb for the Preferred factor.
- U_3O_8 resources (>50% inferred) a preferred value of are US$0.96/lb for the Low factor, US$2.20/lb for the High factor and US$1.35/lb for the preferred factor.

Based on this, a summary of the Lance valuation ranges and Preferred Values are provided in Table 6-13.

U	Valuation basis	Low (US$ million)	Preferred (US$ million)	High (US$ million)
Barber Area (Only)	>50%Inferred Resources	**30.5**	**42.9**	**70.0**
Entire Lance Project	Inferred (<50%), Indicated and Measured Resources	**51.5**	**85.0**	**159.2**

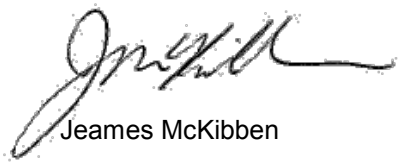
Compiled by



Matthew Greentree

Principal Consultant

Peer Reviewed by



Jeames McKibben

Principal Consultant

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Appendices

Appendix A: Mining and Prospecting Rights Applications – Karoo Project

TABACKS
CORPORATE LAW ADVISORS

Your Ref

Our Ref **LUKI1-MA1/M. Aphiri**

Email ma@tabacks.com

Date **20 October 2015**

BY EMAIL

Peninsula Energy Limited
Unit 7, Level 2
100 Railway Road
Subiaco, WA
6008
Australia

Attention: Mr David Coyne

Dear Sirs

TITLE HELD BY TASMAN - LUKISA JV COMPANY PROPRIETARY LIMITED AND TASMAN PACIFIC MINERALS LIMITED

1. Introduction

1.1 We have acted as South African counsel to Tasman – Lukisa JV Company Proprietary Limited ("**Tasman – Lukisa**") and Tasman Pacific Mineral Limited ("**TPM**"), ("**the Group**") in relation to furnishing a title opinion of the mineral titles held and applied for by the Group in connection with Peninsula Energy Limited's admission to the New York Stock Exchange (**"the Transaction"**).

1.2 We confirm that we were requested, in connection with the Transaction, to provide the above addressee with a title opinion ("**Opinion**") as of the date hereof on the Group's rights to prospect and its applications for mining rights in South Africa.

1.3 We have examined such documents as we have considered necessary for the purposes of giving this Opinion including executed copies of prospecting rights granted to the Group.

1.4 We have also examined such other documents, and conducted such searches and made such title investigations and other enquiries as we have considered necessary or relevant in order for us to provide this Opinion.

2. Qualifications and assumptions

2.1 Our Opinion is subject to the limitations that:

2.1.1 we are only qualified to practice law in South Africa and do not express any opinions in this Opinion concerning any laws other than the current laws of South Africa;

2.1.2 we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, confirmed, or photocopies of such original documents;

2.1.3 we have assumed that all agreements and other documents submitted to us have been properly executed and, other than where it is indicated in this Opinion that we have performed independent verification, that the signatories thereto had the necessary legal capacity to execute them.

3. Opinion

3.1 We are of the opinion that:

3.1.1 Tasman – Lukisa and TPM each hold prospecting rights validly granted to and executed in the name of Tasman – Lukisa and TPM respectively in terms of section 17 of the Mineral and Petroleum Resources Development Act 28 of 2002 (as amended). ("**MPRDA**") in respect of the area covered by the prospecting rights identified in paragraphs 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4,11, 4.12, 4.13, 4.14 and 4.15 ("**the Prospecting Rights**").

3.1.2 The Prospecting Rights confer on the Group the exclusive right to apply for a mining right in relation to the areas covered thereby and we see no reason why they would not be entitled to obtain mining rights over the areas covered by the Prospecting Rights, subject to compliance with the provisions of sections 22 and 23 the MPRDA

3.1.3 The Prospecting Rights are in full force and effect and the Group has good, marketable, unchallenged and unencumbered title to the Prospecting Rights.

3.1.4 The Prospecting Rights cover the minerals uranium and molybdenum ore.

3.1.5 The Group is up to date with the payment of prospecting fees as required in terms of the Regulations in force under the MPRDA and have submitted the annual progress reports referred to in Regulation 8 in force under the MPRDA.

3.1.6 The Prospecting Rights identified in paragraphs 4.3, 4.4, 4.6, 4.7, 4.8, 4.11 and 4.12 endure until 4 July 2016. The Prospecting Rights identified in paragraphs 4.5 and 4.9 in the case of Tasman – Lukisa and paragraphs 4.13 and 4.14 in the case of TPM, in terms of which applications for renewals have been lodged with the DMR but not yet granted, section 18 (4) of the MPRDA provides that such rights shall, despite their expiry date, remain in force until such time as such applications have been granted or refused.

3.1.7 The lack of registration in respect of the renewal of prospecting rights identified in paragraphs 4.3, 4.4 and 4.6 and the prospecting right identified in paragraph 4.12 does not affect the validity of the rights. The obligation is on the holder of a right to lodge the right within 30 days, which it has duly done.

3.1.8 The Group has applied for mining rights for uranium and molybdenum ore in terms of section 22 of the MPRDA in respect of the areas identified in paragraphs 4.16, 4.17, 4.18, 4.19, 4.20, 4.21, 4.22, 4.23 and 4.24 hereof ("**the Applications**") and such applications have all been accepted by the Department of Mineral Resources ("**DMR**"). We see no reason why the Group would not be granted the mining rights over the areas covered by the Applications, subject to compliance with the provisions of sections 22 and 23 the MPRDA relating to the application for and grant of mining rights.

3.2 We are of the further opinion that:

3.2.1 No action has been taken by the Minister of Mineral Resources (the "**Minister**") or the DMR with regard to the breach of any of the terms of any of the Prospecting Rights.

3.2.2 The Minister and the DMR have not at the date of this Opinion, imposed any additional conditions in relation to any of the Prospecting Rights other than in terms of the MPRDA.

3.2.3 There are no disputes with any third parties in relation to the titles or rights to the Prospecting Rights held by the Group.

3.2.4 Other than the written consent of the Minister, no consent is required from any other party in order to assign or transfer the rights and obligations of the Group under the Prospecting Rights and, accordingly, the Group is free to nominate any party it may so choose for the purposes of making any such assignment or transfer.

3.2.5 The Prospecting Rights and the MPRDA do contain change of control provisions which could lead to adverse consequences if any transaction does constitute a change of control without the consent of the Minister under section 11 of the MPRDA, provided that such consent is not required if the change of control occurs at the level of a listed entity (which will include an entity listed on the New York Stock Exchange). We do not consider that the Transaction constitutes a change of control under these provisions.

3.2.6 There is no evidence from the searches we have conducted and the documents we have inspected that the Group has granted any royalty or similar rights in respect of the Prospecting Rights to third parties.

3.3 We are further of the opinion that as a result of the holding by Lukisa Invest 100 Proprietary of a 26% shareholding in Tasman – Lukisa and as a result of Mmakau Mining Proprietary Limited ("**Mmakau**") holding a 26% participation interest in the Unincorporated Joint Venture between Mmakau and TPM, respectively, Tasman – Lukisa and TPM both comply with current Black Economic Empowerment ("**BEE**") requirements under prevailing BEE legislation in South Africa for the obtaining of a mining right over the areas identified in the

Applications (including, without limitation, under the MPRDA, the BEE Codes of Good Practice and the Mining Charter (as amended), as contemplated by the Broad-based Black Economic Empowerment Act 53 of 2003 (as amended).

4. Background to opinion

4.1 Definitions.

In this Opinion, the following terms and phrases have the following corresponding meanings:

4.1.1 "**rights to prospect**" means valid prospecting rights granted under the MPRDA.

4.1.2 "**mining rights**" means rights granted pursuant to Section 23(1) of the MPRDA and any renewal thereof.

4.1.3 "**prospecting rights**" means rights granted pursuant to Section 17(1) of the MPRDA and any renewal thereof.

4.2 Prospecting and Mining Rights.

The MPRDA vests in the State all mineral and petroleum resources within State boundaries. Prior to the MPRDA, some minerals were privately owned and others granted by the State; some were severed from surface rights, while others were not; some were governed by the common law, while others were governed by the Minerals Act or other statutes. This gave rise to a complex ownership of minerals within the country and required a transition process to convert these rights to rights under the MPRDA. Under the MPRDA however, rights to prospect are granted by the State to applicants under sections 16 and 17 of the MPRDA. Rights to mine are granted by the State to applicants under sections 22 and 23 of the MPRDA. Holders of prospecting rights have the exclusive right to apply for and be granted a mining right.

4.3 Prospecting Right WC 30/5/1/1/2/33(PR)

4.3.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by the DMR (Western Cape Region) to prospect for uranium ore in, on or under the farm Vlak Plaats 394, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 6846,5109 hectares. The prospecting right was notarially executed on 1 December 2006 and registered at the Mineral and Petroleum Titles Registration Office ("**MPTRO**") on 20 August 2007 and filed under MPT No. 234/2007(PR). The Prospecting Right was valid for a period of 4 years which period expired on 30 November 2010.

The renewal of the prospecting right in terms of section 18 of the MPRDA was granted by the DMR on 4 July 2011. The deed of renewal of the prospecting right was notarially executed on 5 July 2013, which renewal is due to expire on 4 July 2016. The deed of renewal of prospecting right was lodged for registration at the MPTRO but has not yet been registered.

4.3.2 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.17 below.

4.4 Prospecting Right WC 30/5/1/1/2/81(PR)

4.4.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on or under the remaining extent of the farm Overse Fontein 249, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 4697,4356 hectares. The prospecting right was notarially executed on 25 April 2008 and registered at the MPTRO on 14 October 2009 and filed under MPT No. 341/2009(PR). The Prospecting Right was valid for a period of 2 years which period expired on 24 April 2010.

4.4.2 The renewal of the prospecting right in terms of section 18 of the MPRDA was granted by the DMR on 28 June 2013. The deed of renewal of the prospecting right was notarially executed on 5 July 2013, which renewal is due to expire on 4 July

2016. The deed of renewal of prospecting right was lodged for registration at the MPTRO but has not yet been registered.

4.4.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.18 below.

4.5 Prospecting Right WC 30/5/1/1/2/127(PR)

4.5.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on or under the farm Klipgat 362, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 5889,2628 hectares. The prospecting right was notarially executed on 30 November 2006 and registered at the MPTRO on 19 February 2007 and filed under MPT No. 228/2007(PR). The Prospecting Right was valid for a period of 3 years which period expired on 29 November 2009.

4.5.2 An application for renewal of the prospecting right in terms of section 18 of the MPRDA was submitted to the DMR on 30 October 2009 and has not yet been granted.

4.5.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.17 below.

4.6 Prospecting Right WC 30/5/1/1/2/137(PR)

4.6.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on or under the remaining extent of the farm RystKuil 351, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 7251,9003 hectares. The prospecting right was notarially executed on 30 November 2006 and registered at the MPTRO on 19 February 2007 and filed under MPT No. 230/2007(PR). The Prospecting Right was valid for a period of 3 years which period expired on 29 November 2009.

4.6.2 The renewal of the prospecting right in terms of section 18 of the MPRDA was granted by the DMR on 24 May 2013. The deed of renewal of the prospecting right was notarially executed on 5 July 2013, which renewal is due to expire on 4 July 2016. The deed of renewal of prospecting right was timeously lodged for registration at the MPTRO but has not yet been registered.

4.6.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.17 below.

4.7 Prospecting Right WC 30/5/1/1/2/152(PR)

4.7.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on or under the remaining extent of portions 1, 2, 5, portions 6, 7, 9, 10 and the remaining extent of the farm Rietkuil 307, portions 1 and 3 of the farm Lange Leegte 304 and farm no. 403, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 18906,6384 hectares. The prospecting right was notarially executed on 01 December 2006 and registered at the MPTRO on 31 January 2011 and filed under MPT No. 32/2011(PR). The Prospecting Right was valid for a period of 4 years which period expired on 30 November 2010.

4.7.2 The renewal of the prospecting right in terms of section 18 of the MPRDA was granted by the DMR on 6 December 2012. The deed of renewal of the prospecting right was notarially executed on 5 July 2013 and registered at the MPTRO on 25 July 2013 and filed under MPT No. 51/2013. The renewal of the prospecting right will expire on 4 July 2016.

4.7.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.18 below.

4.8 Prospecting Right WC 30/5/1/1/2/208(PR)

4.8.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on

or under portion 3 of the farm Ongelukfontein 261, remaining extent and portion 1 of the farm Schimmel Kop 303, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 2893,5599 hectares. The prospecting right was notarially executed on 7 February 2007 and registered at the MPTRO on 3 February 2007 and filed under MPT No. 445/2007(PR). The Prospecting Right was valid for a period of 4 years which period expired on 6 February 2011.

4.8.2 The renewal of the prospecting right in terms of section 18 of the MPRDA was granted by the DMR on 19 September 2011. The deed of renewal of the prospecting right was notarially executed on 5 July 2013 and registered at the MPTRO on 30 August 2013 and filed under MPT No. 65/2013. The renewal of the prospecting right will expire on 4 July 2016.

4.8.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.18 below.

4.9 Prospecting Right WC 30/5/1/1/2/228(PR)

4.9.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on or under the farm Droogeheuvel 55 and the remaining extent of the farm Springfontein 60, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 6933,1814 hectares. The prospecting right was notarially executed on 7 February 2007 and registered at the MPTRO on 3 April 2007 and filed under MPT No. 444/2007(PR). The Prospecting Right was valid for a period of 4 years which expired on 6 February 2011.

4.9.2 An application for renewal of the prospecting right in terms of section 18 of the MPRDA was submitted timeously to the DMR on 8 November 2010 and has not yet been granted.

4.9.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.19 below.

4.10 Prospecting Right WC 30/5/1/1/2/257(PR)

4.10.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on or under the remaining extent of the farm Vaal Kuil 368, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 3751,8286 hectares. The prospecting right was notarially executed on 18 November 2008 and registered at the MPTRO on 9 August 2009 and filed under MPT No. 293/2009(PR). The Prospecting Right was valid for a period of 4 years which expired on 17 November 2012.

4.10.2 The renewal of the prospecting right in terms of section 18 of the MPRDA was granted by the DMR on 28 April 2013. The deed of renewal of the prospecting right was notarially executed on 5 July 2013 and registered at the MPTRO on 16 August 2013 and filed under MPT No. 59/2013. The renewal of the prospecting right will expire on 4 July 2016.

4.10.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.17 below.

4.11 Prospecting Right WC 30/5/1/1/2/179(PR)

4.11.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on or under the remaining extent, portions 1, 2 and 3 of the farm Zeekoevalley 282, remaining extent and portion 1 of the farm Kranskraal 283, remaining extent, portions 1 and 2 of the farm Die Bad 286, remaining extent, portions 4, 5 and 7 of the farm Vlak Kraal 292, remaining extent and portion 1 of the farm Bushmans Leegte 294, remaining extent portions 2 and 3 of the farm De Cyher 295, remaining extent, portions 1 and 2 and remaining extent of portions 3, remaining extent of portion, portions 6, 7, 8 and 9 of the farm Hottentos Rivier 269, remaining extent of portion 1, portions 2, 3, 6, 7 and 9 of the farm Hendricks Kraal 298, situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 58262,0634 hectares. The prospecting right was notarially executed on 1 December 2006 and registered at

the MPTRO on 1 August 2007 and filed under MPT No. 785/2007(PR). The Prospecting Right was valid for a period of 4 years which period expired on 30 November 2010.

4.11.2 The renewal of the prospecting right in terms of section 18 of the MPRDA was granted by the DMR on 28 June 2013. The deed of renewal of the prospecting right was notarially executed on 5 July 2013 and registered at the MPTRO in 2013 and filed under MPT No. 62/2013. The renewal of the prospecting right will expire on 4 July 2016.

4.11.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.18 below.

4.12 Prospecting Right WC 30/5/1/1/2/207(PR)

4.12.1 Tasman-Lukisa was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Western Cape Region) to prospect for uranium and molybdenum ore in, on or under the remaining extent of the farm Gats Berg 36, portion 3 of the farm Spitzkop 42, portion 1 of farm no. 45, remaining extent of the farm Cambbrohoek 37, remaining extent and portions 1 and 5 of the farm Leeuwenvalley 50, remaining extent and portion 1 of farm no. 48, remaining extent of the farm Dikboome 53, portions 1 and 2 of the farm Schoppelmaay Kraal 54 and the remaining extent of the farm Koegelfontein 59 , situated in the Magisterial District of Beaufort West, Western Cape Province, measuring 40074,5954 hectares. The prospecting right was notarially executed on 7 February 2007 and was never registered at the MPTRO. The Prospecting Right was valid for a period of 4 years which expired period on 6 February 2011.

4.12.2 The renewal of the prospecting right in terms of section 18 of the MPRDA was granted by the DMR on 4 July 2011. The deed of renewal of the prospecting right was notarially executed on 5 July 2013, which renewal is due to expire on 4 July 2016. The deed of renewal of prospecting right was lodged for registration at the MPTRO but has not yet been registered.

4.12.3 Tasman-Lukisa applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.19 below.

4.13 Prospecting Right NC 30/5/1/1/2/330(PR) / NC 30/5/1/1/2/10405(PR)

4.13.1 TPM was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Northern Cape Region) to prospect for uranium and molybdenum ore in, on or under, remaining extent and portion 1 of the farm Vischgat 223, remaining extent and portion 1 of the farm Slingersfontein 491, the farms Kooker's Grafs Vlakte 221, Vertoonvlakte 222, remaining extent and portion 1 of the farm Omkeer Kolk 235, remaining extent and portions 1 and 2 of the farm Ritepoort, situated in the Magisterial District of Fraserburg, Northern Cape Province, measuring 48073,9001 hectares. The prospecting right was notarially executed on 8 June 2007 and registered at the MPTRO on 11 July 2007 and filed under MPT No. 647/2007(PR). The Prospecting Right was valid for a period of 5 years which period expired on 7 June 2012.

4.13.2 An application for renewal of the prospecting right in terms of section 18 of the MPRDA was submitted timeously to the DMR on 8 March 2012 and has not yet been granted.

4.13.3 TPM applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.20 below.

4.14 Prospecting Right NC 30/5/1/1/2/331(PR) / NC 30/5/1/1/2/1403(PR)

4.14.1 TPM was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Northern Cape Region) to prospect for uranium and molybdenum ore in, on or under remaining extent and portion 1 of the farm Blydevooruitzicht 299, remaining extent and portion 1 of the farm Hongerkloof 258, situated in the Magisterial District of Fraserburg, Northern Cape Province, measuring 20496,0742 hectares. The prospecting right was notarially executed on 8 June 2007 and registered at the MPTRO on 5 September 2007 and filed under MPT No. 818/2007(PR). The Prospecting Right was valid for a period of 5 years which period expired on 7 June 2012.

4.14.2 An application for renewal of the prospecting right in terms of section 18 of the MPRDA was submitted timeously to the DMR on 8 March 2012 and granted on 13 February 2014. The deed of renewal of the prospecting right has not yet been notarially executed.

4.14.3 TPM applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.21 below.

4.15 Prospecting Right NC 30/5/1/1/2/347(PR) / NC 30/5/1/1/2/10404(PR)

4.15.1 TPM was granted a prospecting right in terms of section 17 of the MPRDA by DMR (Northern Cape Region) to prospect for uranium and molybdenum ore in, on or under portions 1 and 3 of the farm Schimmelfontein 134, remaining extent and portion 2 of the farm Slypfontein 199, the farm Koot's Request 148, farm no. 201, remaining extent of portion 3 and portion 4 (a portion of portion 3) of the farm Melton Wold 158, Remaining extent of portion 1 and portions 2 and 3 of the farm Piet Louw's Cyfer 200, portion 1 of the farm Quaggasfontein 250, portion 2 of the farm Taaiboschfontein 204, emaining extent and portions 2 and 3 of the farm Grootfontein 205, farm no. 261, farm no. 262, portion 11 (Rietfontein) of farm no. 572, situated in the Magisterial District of Victoria West, Northern Cape Province, measuring 63386,6129 hectares. The prospecting right was notarially executed on 8 June 2007 and registered at the MPTRO on 11 July 2007 and filed under MPT No. 648/2007(PR). The Prospecting Right was valid for a period of 5 years which period expired on 7 June 2012.

4.15.2 An application for renewal of the prospecting right in terms of section 18 of the MPRDA was submitted timeously to the DMR on 8 March 2012 and granted on 3 July 2015. The deed of renewal of the prospecting right has not yet been notarially executed.

4.15.3 TPM applied for a mining right over the area cover by this prospecting right, as more fully set out in paragraph 4.23 below.

4.16 Mining Right Application - EC 30/5/1/1/2/10029(MR)

4.16.1 On 18 May 2015 Tasman – Lukisa applied in terms of section 22 of the MPRDA for a mining right in respect of the mining area identified in column numbers 1, 2, 3, 4, and 5 as more fully set out in Table 1 annexed hereto, which application was accepted by the DMR (Eastern Cape Region) on 26 May 2015 under DMR reference EC 30/5/1/2/2/10029(MR).

4.16.2 The letter of acceptance directed Tasman – Lukisa to implement the process regulated under the National Environmental Act 198 (Act 107 of 1998) ("**NEMA**") as amended, to consult with the Department of Land Affairs and the Land Claims Commission, should the land be state owned or be subject to a land claim in terms of the Land Restitution Act.

4.16.3 We have been advised that to date, the above requirements have been complied with and that the application in respect of the mining right is still being processed by the DMR.

4.17 Mining Right Application - WC 30/5/1/1/2/10071(MR)

4.17.1 On 18 May 2015 Tasman – Lukisa applied in terms of section 22 of the MPRDA for a mining right in respect of the mining area identified in column numbers 6, 7, 8, 9, 10, 11, 12, 15, 17, 19, 20, 22, 23, 24, 26, 32, 33, 34 and 35 as more fully set out in Table 1 annexed hereto, which application was accepted by the DMR (Western Cape Region) on 1 June 2015 under DMR reference WC 30/5/1/2/2/10071(MR).

4.17.2 In terms of the letter of acceptance, Tasman-Lukisa was directed to comply with the following instructions;

4.17.2.1 implement the process described by NEMA (as amended) and submit the Scoping Report within 44 days from the date of application of the Environmental Authorization;

4.17.2.2 submit the relevant Environmental Impact and Environmental Programme reports as required in terms of NEMA (as amended) within 106 days from the date of acceptance of the Scoping Report; and

4.17.2.3 notify and consult with the landowners, lawful occupiers and any other interested and affected parties as required in terms of Regulation 41(2) read with section 24J of NEMA (as amended).

4.17.3 We have been advised that to date, all the above requirements have been complied with and that the application in respect of the mining right is still being processed by the DMR.

4.18 Mining Right Application - WC 30/5/1/1/2/10074(MR)

4.18.1 On 18 May 2015 Tasman – Lukisa applied in terms of section 22 of the MPRDA for a mining right in respect of the mining area identified in column numbers 13, 14, 16, 21, 23, 24, 25, 28 and 30 as more fully set out in Table 1 annexed hereto, which application was accepted by the DMR (Western Cape Region) on 1 June 2015 under DMR reference WC 30/5/1/2/2/10074(MR).

4.18.2 The contents of paragraph 4.17.2 above are applicable to this mining right application.

4.19 Mining Right Application - WC 30/5/1/1/2/10075(MR)

4.19.1 On 19 May 2015 Tasman –Lukisa applied in terms of section 22 of the MPRDA for a mining right in respect of the mining area identified in column numbers 15, 18, 23, 27, 29 and 31 as more fully set out in Table 1 annexed hereto, which application was accepted by the DMR (Western Cape Region) on 1 June 2015 under DMR reference WC 30/5/1/2/2/10075(MR).

4.19.2 The contents of paragraph 4.17.2 above are applicable to this mining right application.

4.20 Mining Right Application - NC 30/5/1/1/2/10070(MR)

4.20.1 On 17 June 2015 TPM applied in terms of section 22 of the MPRDA for a mining right in respect of the mining area identified under column number 38 as more fully described on Table 1 annexed hereto, which application was accepted by the DMR (Northern Cape Region) on 7 July 2014 under DMR reference NC 30/5/1/2/2/10070(MR).

4.20.2 In terms of the letter of acceptance, TPM was directed to comply with the following instructions;

4.20.2.1 to submit the Scoping Report in terms of Regulation 49(2) of the MPRDA on or before 18 August 2014;

4.20.2.2 to conduct an Environmental Impact Assessment and submit the copies thereof for approval on or before 7 January 2015; and

4.20.2.3 to notify and consult with the landowners, lawful occupiers and any other interested and affected parties as submit the results of such consultation to the DMR on or before 18 August 2014.

4.20.3 We have been advised that to date, all the above requirements have been complied with and that the application in respect of the mining right is still being processed by the DMR.

4.21 Mining Right Application - NC 30/5/1/1/2/10071(MR)

4.21.1 On 13 June 2015 TPM applied in terms of section 22 of the MPRDA for a mining right in respect of the mining area under columns number 39 as more fully described on Table 1 annexed hereto respect of the properties described below, which application was accepted by the DMR (Northern Region) on 7 July 2014 under DMR reference NC 30/5/1/2/2/10071(MR).

4.21.2 In terms of the letter of acceptance, TPM was directed to comply with the following instructions;

4.21.2.1 to submit the Scoping Report in terms of Regulation 49(2) of the MPRDA on or before 18 August 2014;

4.21.2.2 to conduct an Environmental Impact Assessment and submit the copies thereof for approval on or before 24 March 2015; and

4.21.2.3 to notify and consult with the landowners, lawful occupiers and any other interested and affected parties as submit the results of such consultation to the DMR on or before 24 March 2015.

4.21.3 We have been advised that to date, all the above requirements have been complied with and that the application in respect of the mining right is still being processed by the DMR.

4.22 Mining Right Application - WC 30/5/1/1/2/10072(MR)

4.22.1 On 17 June 2015 TPM applied in terms of section 22 of the MPRDA for a mining right in respect of the mining area identified in column number 37 as more fully set out in Table 1 annexed hereto, which application was accepted by the DMR DMR (Western Cape Region) on 28 May 2015 under reference WC 30/5/1/2/2/10072(MR).

4.22.2 In terms of the letter of acceptance, TPM was directed to comply with the following instructions;

4.22.2.1 implement the process described by NEMA (as amended) and submit the Scoping Report within 44 days from the date of application of the Environmental Authorization;

4.22.2.2 submit the relevant Environmental Impact and Environmental Programme reports as required in terms of NEMA (as amended) within 106 days from the date of acceptance of the Scoping Report; and

4.22.2.3 notify and consult with the landowners, lawful occupiers and any other interested and affected parties as required in terms of Regulation 41(2) read with section 24J of NEMA (as amended).

4.22.3 We have been advised that to date, all the above requirements have been complied with and that the application in respect of the mining right is still being processed by the DMR.

4.23 Mining Right Application - NC 30/5/1/1/2/10072(MR)

4.23.1 On 18 May 2015 TPM applied in terms of section 22 of the MPRDA for a mining right in respect of the mining area under columns number 40 as more fully described on Table 1 annexed hereto respect of the properties described below, which application was accepted by the DMR (Northern Cape Region) on 28 May 2015 under DMR reference NC 30/5/1/2/2/10072(MR).

4.23.2 In terms of the letter of acceptance in terms of section 22 of the MPRDA, TPM was directed to comply with the following instructions;

4.23.2.1 to submit the Scoping Report in terms of Regulation 49(2) of the MPRDA on or before 18 August 2014;

4.23.2.2 to conduct an Environmental Impact Assessment and submit the copies thereof for approval on or before 7 January 2015; and

4.23.2.3 to notify and consult with the landowners, lawful occupiers and any other interested and affected parties as submit the results of such consultation to the DMR on or before 7 January 2015.

4.23.3 We have been advised that to date, all the above requirements have been complied with and that the application in respect of the mining right is still being processed by the DMR.

4.24 Mining Right Application - WC 30/5/1/1/2/10073(MR)

4.24.1 On 18 May 2015 TPM applied in terms of section 22 of the MPRDA for a mining right in in respect of the mining area identified in column number 36 as more fully set out in Table 1 annexed hereto, which application was accepted by the DMR (Western Cape Region) on 28 May 2015 under DMR reference WC 30/5/1/2/2/10073(MR).

4.24.2 In terms of the letter of acceptance, TPM was directed to comply with the following instructions:

4.24.2.1 implement the process described by NEMA (as amended) and submit the Scoping Report within 44 days from the date of application of the Environmental Authorization;

4.24.2.2 submit the relevant Environmental Impact and Environmental Programme reports as required in terms of NEMA (as amended) within 106 days from the date of acceptance of the Scoping Report; and

4.24.2.3 notify and consult with the landowners, lawful occupiers and any other interested and affected parties as required in terms of Regulation 41(2) read with section 24J of NEMA (as amended).

4.24.3 We have been advised that to date, all the above requirements have been complied with and that the application in respect of the mining right is still being processed by the DMR.

5. Conclusion

No further section 11 consent would be required as a result of the listing process as the ultimate controlling shareholder will remain the same after the listing of Peninsula Energy Limited.

Yours faithfully

MMATIKI APHIRI
TABACK & ASSOCIATES PROPRIETARY LIMITED

TABLE 1: SCHEDULE OF PROSPECTING RIGHTS AND MINING RIGHT APPLICATION REFERENCES

Tasman- Lukisa

	Original Prospecting Right Reference Number	Property Description	Extent (ha)	Mining Licence Application Reference Number
1.	EC30/5/1/1/2/0007PR	Remainder of Portion 1 and Portion 2 (a portion of Portion 1) of Bokvlei 78	4761.4471	EC30/5/1/2/2/10029MR
2.	EC30/5/1/1/2/0008PR	Remainder of Oorlogspoort 85	4720.4984	EC30/5/1/2/2/10029MR
3.	EC30/5/1/1/2/0009PR	Kareepoort 80	9425.1982	EC30/5/1/2/2/10029MR
4.	EC30/5/1/1/2/0012PR	Remainder of Klein Tavel Kop 163	3622.7163	EC30/5/1/2/2/10029MR
5.	EC30/5/1/1/2/0013PR	Remainder and Portion 1 of De Pannen 79	6853.3553	EC30/5/1/2/2/10029MR
6.	WC30/5/1/1/2/0033PR	Plaas 394 (Neverset)	6846.5109	WC30/5/1/2/2/10071MR
7.	WC30/5/1/1/2/0034PR	Portion 1 of Vlakplaats 350	3426.128	WC30/5/1/2/2/10071MR
8.	WC30/5/1/1/2/0035PR	Kantkraal 360	6905.8035	WC30/5/1/2/2/10071MR
9.	WC30/5/1/1/2/0047PR	Portion 1 of Nieuw Jaars Fontein 340	3642.6451	WC30/5/1/2/2/10071MR
10.	WC30/5/1/1/2/0059PR	Remaining Extent of Portion 1 and Portion 4 of Haane Kuil 335	4004.1671	WC30/5/1/2/2/10071MR
11.	WC30/5/1/1/2/0060PR	Remainder and Portion 7 of Hannekuil 335	5572.09	WC30/5/1/2/2/10071MR
12.	WC30/5/1/1/2/0061PR	Kat Doorn Kuil 359	6905.8035	WC30/5/1/2/2/10071MR
13.	WC30/5/1/1/2/0080PR	Remaining Extent of Portion 0, Portion 2, Portion 3 and Portion 4 of Rondom 247	5774.3262	WC30/5/1/2/2/10074MR
14.	WC30/5/1/1/2/0081PR	Remainder of Overse Fontein 249	4697.4356	WC30/5/1/2/2/10074MR

15.	WC30/5/1/1/2/0151PR	Remainder of Portion 1, Portions 2, 3 and 4 of Palmietfontein 370; Remainder of Veldmans Rivier 9; Portion 1 (Combrink's Kraal) and Portion 2 (Virginia) of Klipfontein 93	27910.9627	WC30/5/1/2/2/10075MR and part of WC30/5/1/2/2/10071MR
16.	WC30/5/1/1/2/0152PR	Remainder of Portions 1, 2 and 5, Remainder and Portions 6, 7, 9 and 10 of Rietkuil 307; Portions 1 and 3 of Lang Leegte 304; Farm 403	18906.6384	WC30/5/1/2/2/10074MR
17.	WC30/5/1/1/2/0153PR	Portion 1 of Schiethokies 140. Portions 1, 2 and Remainder of Jury Fontein 141. Portions 1, 2, 3, 4 and Remainder of Drie Bosch Kuil 142. Farm 144. Portions 3, 10 and 12 of Vogelfontein 149. Alexanderkraal 150. Farm 157	29785.4746	WC30/5/1/2/2/10071MR
18.	WC30/5/1/1/2/0154PR	Portions 1, 2 and 3 of Kweekraal 92. Portion 0 of Wolwekraal 211. Portion 0 of Swartbult 212. Portions 2, 3, 4, 5, 10, 11 and 15 of Abrahamskraal 29.	40966.2512	WC30/5/1/2/2/10075MR
19.	WC30/5/1/1/2/0156PR	Remaining Extent of Portion 3 and Portion 4 (a portion of Portion 3) of Eerste Water 349	6880.6879	WC30/5/1/2/2/10071MR
20.	WC30/5/1/1/2/0158PR	Remaining Extent of Klipstavels 361	5708.2585	WC30/5/1/2/2/10071MR
21.	WC30/5/1/1/2/0162PR	Portion 4 of Rietkuil 307. Portion 1 of Banks Gaten 250. Portion 1 of Rondom 247. Portions 0, 1, 2, 3 and 4 of Bullekraal 251. Portions 0, 1, 2, 3 and 4 of Vindragersfontein 280	24585.4593	WC30/5/1/2/2/10074MR
22.	WC30/5/1/1/2/0167PR	Remaining Extent of Portion 1 of Eerste Water 349	2050.4184	WC30/5/1/2/2/10071MR
23.	WC30/5/1/1/2/0177PR	Portion 7 of Bushmans Kop 302; Portions 0, 1, 2, 3, 4, 5, 6, 7 & 8 of Flagfontein 308; Portions 0, 1, 8, 9, 11, 14, 15 & 16 of Leeuwkraal 309; Portions 0 (Remainder of Portion 5), 2 & 5 of Klein Koedoes Kop 310; Portions 0 & 2 of Bushmans Rivier 312; Portions 0, 1, 2, 4, 5, 7, 8 & 9 of Putfontein 320; Portions 0, 1, 2, 3 & 5 of Honing Kops Fontein 321; Portions 0, 1, 2, 3, 4, 5, 6, 7 & 8 of Dale Ajalon 322; Portions 0, 2, 5, 6, 7, 8 & 11 of Lombards Kraal 330; Portions 0 & 1 of Groot Pan 331; Portion 0 of Farm 397; Portion 0 of Farm 427 (Bushmans Kop); Portion 0 of Farm 429; Portions 0, 1 & 2 of Wilgerfontein 59.	114937.239	WC30/5/1/2/2/10075MR and part of WC30/5/1/2/2/10074MR and WC30/5/1/2/2/10071MR

24.	WC30/5/1/1/2/0178PR	Remainder of Bastardspoort 94. Portion 2 and Remainder of La-De-Da 178. Remainder of Portion 1 and Portion 2 of Grootfontein 180. Remainder of Portion 1 of Tierhoek 228. Rietvalley 259. Portion 2 and Remainder of Saucy's Kuil 353. Matjesfontein 412.	69686.7799	WC30/5/1/2/2/10074MR and part of WC30/5/1/2/2/10071MR
25.	WC30/5/1/1/2/0179PR	Zeekoevalley 282 Portions 0(R/E),1, 2 & 3; Kranskraal 283 Portions 0(R/E) & 1; Die Bad 286 Portions 0(R/E), 1 & 2; Vlak Kraal 292 Portions 0(R/E), 4, 5 & 6; Bushmans Leegte 294 Portions 0(R/E) & 1; De Cypher 295 Portions 0(R/E), 2 & 3; Hottentots Rivier 296 Portions 0(R/E), 1, 2, 3(R/E), 4(R/E), 6, 7, 8 & 9 and Hendriks Kraal 298 Portions 1(R/E), 2, 3, 6, 7 & 9	58262.0634	WC30/5/1/2/2/10074MR
26.	WC30/5/1/1/2/0180PR	Portions 0(R/E) and 2 of Oude Volks Kraal 164; Portion 4(R/E) of Hans Rivier 169; Portion 0(R/E) of Farm 423; Portion 3 of Steenrotsfountain 168; Portion 5 of Hans Rivier 169	11733.1911	WC30/5/1/2/2/10071MR
27.	WC30/5/1/1/2/0187PR	Remaining Extent of Abrahams Kraal 29	2425.6787	WC30/5/1/2/2/10075MR
28.	WC30/5/1/1/2/0188PR	Portions 1, 2 and 3 of Allemans Hoek 1; Portion 1 of Wilgebosch Kloof 2; Remaining Extent of Farm 279; Farm 280	6484.0802	WC30/5/1/2/2/10074MR
29.	WC30/5/1/1/2/0207PR	Gats Berg 26 Portion 0(R/E); Cambro Hoek 37 Portion 0(R/E); Spitze Kop 42 Portion 3; Farm 45 Portion 1; Farm 48 Portions 0(R/E) and 1; Leeuwenvalley 50 Portions 1(R/E) & 5; Deesweezfontein 51 Portion 0(R/E) & 6; Dikboome 53 Portion 0; Schoppelmaay Kraal 54 Portion1 & 2 and Koegelfontein 59 Portion 0	42739.8	WC30/5/1/2/2/10075MR
30.	WC30/5/1/1/2/0208PR	Portion 3 of Ongelukfontein 261; Remaining Extent and Portion 1 of Schimmel Kop 303	10196.2	WC30/5/1/2/2/10074MR
31.	WC30/5/1/1/2/0228PR	Droogeheuvel 55; Remaining Extent of Springfontein 60	6933.1814	WC30/5/1/2/2/10075MR
32.	WC30/5/1/1/2/0257PR	Remainder of Vaal Kuil 368	3751.8286	WC30/5/1/2/2/10071MR
			561102.32	

Beaufort West Minerals

	Original Prospecting Right Reference Number	Property Description	Extent (ha)	Mining Licence Application Reference Number
33.	WC30/5/1/1/2/0025PR	Portion 2 of Ryst Kuil 351	698.2151	WC30/5/1/2/2/10071MR
34.	WC30/5/1/1/2/0127PR	Klipgat 362	5889.2628	WC30/5/1/2/2/10071MR
35.	WC30/5/1/1/2/0137PR	Remaining Extent of Ryst Kuil 351	7251.9003	WC30/5/1/2/2/10071MR
			13839.38	

Tasman Pacific Minerals

	Original Prospecting Right Reference Number	Property Description	Extent (ha)	Mining Licence Application Reference Number
36.	WC30/5/1/1/2/0168PR	Remainder of Kalkfontein 230; Portions 1, 2, 4, 6 and 7 of Slingersfontein 232; Remainder of Matjeskloof 235; Portion 1 and Remainder of Farm 236; Portion 3 and Remainder of Groot Tafel Bergsfontein 237; Portion 2 of Mechaus Request 242; Portion 1 and Remainder of Rietfontein 241; Remainder of Prins Hoek 244; Portion 2 of Botmas Bad 288; Remainder of Farm 398; Portion 1 and Remainder of Farm 404	33156.8	WC30/5/1/2/2/10073MR
37.	WC30/5/1/1/2/0170PR	Portion 3 of Steenrotsfountain 168; Remainder of Quaggasfontein 166; Remainder and Portion 3 of Oude Volks Kraal 164; Remainder of Blaauw Bosch Kuil 165	10826.36	WC30/5/1/2/2/10072MR
38.	NC30/5/1/1/2/0330PR	Remainder and Portion 1 of Vischgat 223; Remainder and Portion 1 of Slingersfontein 491; Kooker's Grafs Vlakte 221; Vertoonvlakte 222; Remainder and Portion 1 of Omkeer Kolk 235; Remainder and Portions 1 and 2 of Rietpoort 238	48073.9001	NC30/5/1/2/2/10070MR
39.	NC30/5/1/1/2/0331PR	Remainder and Portion 1 of Blydevooruitzicht 299; Remainder and	20496.0742	NC30/5/1/2/2/10071MR

		Portion1 of Hongerkloof 258		
40.	NC30/5/1/1/2/0347PR	Portions 1 and 3 of Schimmelfontein 134; Remainder and Portion 2 of Slypfontein 199; Koot's Request 148; Farm 201; Remaining Extent of Portion 3 and Portion 4 (a portion of Portion 3) of Melton Wold 158; Remaining Extent of Portion 1, and Portions 2 and 3 of Piet Louw's Cyfer 200, Portion 1 of Quaggasfontein 250; Portion 2 of Taaiboschfontein 204; Remainder and Portions 2 and 3 of Grootfontein 205; Farm 261; Farm 262; Portion 11 (Rietfontein) of Farm 572	63386.6129	NC30/5/1/2/2/10072MR
			175939.75	

SRK Report Client Distribution Record

Project Number: PNS001

Report Title: Independent Technical Assessment and Valuation Report relating to the mineral assets of Peninsula Energy Limited

Date Issued: 4 October 2016

Name/Title	Company
Peter Gray	RSM Corporate Australia Pty Ltd
David Coyne	Peninsula Energy Ltd

Rev No.	Date	Revised By	Revision Details
0	24/06/2016	Matthew Greentree	Draft Report
1	11/07/2016	Matthew Greentree	Final Report
2	12/07/2016	Matthew Greentree	Final Report
3	14/07/2016	Matthew Greentree	Final Report
4	14/09/2016	Jeames McKibben	Final report
5	19/09/2016	Jeames McKibben	Final report
6	23/09/2016	Matthew Greentree	Final Report
7	30/09/2016	Matthew Greentree	Final Report

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PENINSULA ENERGY LIMITED
ABN 67 062 409 303

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Peninsula Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Peninsula Energy Limited and entitled to attend and vote hereby appoint:

STEP 1 APPOINT A PROXY

☐ **the Chairman of the Meeting *(mark box)***

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:30am (WST) on Monday, 28 November 2016 at BDO, Rokeby Room, 38 Station Street, Subiaco WA 6008** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolution 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 5, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2 VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	For	Against	Abstain*
1 Issue of Shares and Convertible Note to RCF VI and Increase in Relevant Interest	☐	☐	☐
2 Issue of Shares and Convertible Note to Pala and Increase in Relevant Interest	☐	☐	☐
3 Approval of Direct Enforcement of the Security Pursuant to Convertible Loan Facility	☐	☐	☐
4 Election of Mr Mark Wheatley as a Director	☐	☐	☐
5 Approval for the Issue of Unlisted Options to Mr Mark Wheatley	☐	☐	☐
6 Share Placement Facility	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (WST) on Saturday, 26 November 2016,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

BY MAIL

Peninsula Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.