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PENINSULA IMPLEMENTS STREAMLINED OPERATIONAL STRATEGY TO ENHANCE BUSINESS PERFORMANCE; FUNDED BY A\$8.5 MILLION PLACEMENT & PLANNED SPP

Highlights

- **A\$8.5 million raised at \$0.50 through placement to international and domestic institutional and sophisticated investors;**
- **Intention to include small shareholders via Share Purchase Plan at \$0.50 to raise up to an additional A\$5 million (subject to regulatory approval)**
- **Funding allows Peninsula to implement a streamlined operational strategy at the Lance Projects which is expected to;**
 1. **Enable continued production ramp-up and meet existing contract deliveries;**
 2. **See 500,000 lbs U₃O₈ delivered in next 12 months;**
 3. **Provide A\$36,300,000 of revenue in 2017;**
 4. **Deliver sustainable positive cashflow;**
 5. **Defer Stage 2 capital expenditure until receipt of additional contracts; and**
 6. **Create a platform for rapid production expansion.**
- **Resource Capital Fund VI L.P. and Pala Investments Ltd underpin the capital raising by subscribing for \$A5.1 million;**
- **RCF VI and Pala provide certainty on the Convertible Loans via a 12 month extension with the conversion price fixed at 125% of the placement price subject to all required regulatory and shareholder approvals;**

Introduction

Peninsula Energy Limited (**Peninsula, the Company**) is pleased to announce that it has received binding commitments to raise A\$8.5 million through a placement of 17 million ordinary shares at an issue price of \$0.50 per share to key institutional and sophisticated investors, including \$A5.1M to existing shareholders Resource Capital Fund VI L.P. (**RCF VI**) and Pala Investments Limited (**Pala**) (**Placement**).

In addition to the Placement, the Company intends (subject to being granted relief by ASIC under Class Order [CO 09/425]) to undertake a Share Purchase Plan (**SPP**) to raise up to A\$5 million at \$0.50 per share that will also offer eligible shareholders in the Company the opportunity to subscribe for up to \$15,000 of shares at the same price as the Placement.

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Proceeds from the Placement and SPP (if ASIC relief is granted to conduct the SPP) will be used to roll-out additional header houses at the Lance Projects, for general working capital purposes and/or to repay debt drawn on the Investec revolving loan facility.

Numis Securities Limited and Hartleys Limited acted as Joint Lead Managers and Bookrunners to the Placement.

Peninsula's Managing Director and CEO Gus Simpson commented; "We are pleased to secure this funding which enables the Company to continue the production ramp-up, implement a more streamlined operating strategy, meet deliveries under existing contracts and provides certainty on the convertible loans.

While the present uranium market is challenging, Peninsula is insulated from current prices through its existing long term contracts. By implementing a managed production ramp-up the Company is well positioned to sustain itself through the current uranium market and then to expand quickly when the market improves.

The Peninsula Board would like to acknowledge the support of its existing shareholders who participated in the Placement, and in particular our largest shareholders, Resource Capital Funds and Pala, who have again demonstrated their commitment to the Company, both through participation in the placement and improvement in the terms of the existing convertible loan facility".

Implementation of Lance Projects Interim Operating Strategy

In light of current uranium market conditions, the Company has reviewed the operating plan at the Lance Projects and has decided to implement an interim operating strategy until uranium prices normalise. Under the interim strategy, the Lance Projects production forecast is aligned to delivery commitments under existing term contracts, maximising the value attained for the extracted resource. The Company will receive payment for 100,000 lbs delivered in late 2016 in January 2017 and a further 400,000 lbs U₃O₈ contracted to be delivered in 2017, all at a cash price of approximately US\$53/lb (weighted average price of contracted deliveries over the next 10 years is US\$55/lb U₃O₈).

Construction on the 5th and 6th header houses was recently completed with header house 5 coming online on 2 November 2016 and header house 6 scheduled to come online in the next week. Construction activity is almost complete on header house 7, which is planned to be ready for start-up by the end of December 2016.

The Company will continue with the roll out of additional header houses, as construction of header houses 8 to 10 will allow flowrates across all production wells to be varied, optimising operating costs and increasing average uranium head grade. Lower operating costs combined with high value term contracts will see Peninsula move to sustainable cash generation in the first half of 2017, a significant achievement in the current market.

While the Company will operate in line with the modified and low cost production plan on an interim basis, at full capacity the Lance Projects development plan² comprises a three stage ramp up:

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

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

Institutional Placement

The Company has received binding commitments from key institutional and sophisticated investors to place 17 million shares at \$0.50 per share to raise A\$8.5 million.

The Institutional Placement was strongly supported by the Company's major shareholders RCF VI and Pala. RCF VI have subscribed for 6.6 million shares (A\$3.3 million) and Pala have subscribed for 3.6 million shares (A\$1.8 million).

The allotment of the Placement shares is not subject to shareholder approval and falls within the Company's existing placement capacity. The Company will lodge a Prospectus with the ASX and ASIC at the time that the Placement shares are issued to remove any trading restrictions on the Placement Shares.

Share Purchase Plan

Peninsula's present intention (subject to being granted relief by ASIC under Class Order [CO 09/425]) is to also conduct a SPP to offer eligible shareholders the opportunity to subscribe for shares at the same price as the Placement. The SPP is targeting to raise up to A\$5 million at a price of \$0.50 per share. Under the intended SPP, shareholders would be able to subscribe for up to \$15,000 of fully paid ordinary shares in the Company.

Subject to receiving Class Order relief, Peninsula intends to distribute further details of the SPP including an SPP Offer Booklet and SPP application form to eligible shareholders shortly. No brokerage fee would be payable on any SPP subscription by subscribing shareholders.

Should the Company be granted relief by ASIC, Peninsula will formally announce the SPP and set the record date at that point in time.

Use of Funds

The funds raised pursuant to the Placement and SPP (if ASIC relief is granted to conduct the SPP) will be used for the construction and roll-out of additional header houses (header houses #8 to #10) at the Lance Projects (A\$5.6 million), for working capital purposes, including costs of the Placement, and/or to repay debt drawn on the Investec revolving loan facility which is currently drawn to US\$3.5 million (A\$4.8 million).

Convertible Note Amendments

In addition to subscribing for A\$5.1 million under the Placement, RCF VI and Pala have further demonstrated their support by agreeing to a variation of the terms of the Convertible Note whereby the maturity date is extended by 12 months to 22 April 2018 and the conversion price is set at a fixed price of A\$0.625 per share (a premium of 25% over the Placement Price). The new set fixed price is an improvement of 25% from the conversion price that would otherwise have applied. The variation is subject to any necessary regulatory approvals (including shareholder approval, if required)

In consideration for the variation to the terms of the Convertible Note, Peninsula has agreed to a variation fee of 3.5% of the total Convertible Loan amount (to be paid in cash or shares at the election of the lenders) and also to issue 5.38 million PENOD Options to RCF VI and 3 million PENOD options to Pala.

Updated Company Presentation

An updated Company presentation has been released on the ASX platform this morning and is also available on the Company's website.

Trading Halt / Suspension

This is the announcement that was referred to in the Company's request for a trading halt on 6 December 2016.

Yours sincerely



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

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

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

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Competent Person

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Jim Gullinger. Mr. Gullinger is a Member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (Member of Mining and Metallurgy Society of America and SME Registered Member of the Society of Mining, Metallurgy and Exploration Inc.). Mr. Gullinger is Principal of independent consultants World Industrial Minerals. Mr. Gullinger 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. Gullinger consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

¹ Current JORC Compliant Resource Estimate

Resource Classification	Tonnes Ore (M)	U3O8 kg (M)	U3O8lbs (M)	Grade (ppm U3O8)
Measured	4.1	2.1	4.5	495
Indicated	11.6	5.7	12.7	497
Inferred	35.5	16.6	36.5	467
Total	51.2	24.4	53.7	476

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

JORC Table 1 included in an announcement to the ASX released on 27th March 2014:"Company Presentation – Mines and Money Hong Kong". Peninsula confirms that it is not aware of any new information or data that materially

affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

² The basis of the Production Targets within this presentation are included in a presentation to ASX released on 27th March 2014 "Company Presentation – Mines and Money Hong Kong" for the Lance Projects and a presentation released on 5 February 2014 "Company Presentation – Mining Indaba Conference 2014" for the Karoo Projects." Peninsula confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the production targets continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement