



11 July 2018

Companies Announcement Office  
*Via Electronic Lodgement*

## **LANCE PROJECTS JUNE QUARTER OPERATIONAL UPDATE**

Peninsula Energy Limited (**Peninsula or Company**) advises that production from the Lance Projects during the quarter ended 30 June 2018 was 38,001 pounds  $U_3O_8$ . The June quarter production is a decrease of approximately thirteen percent on the March quarter. The decrease in production is due to the decision in May to suspend the majority of alkaline based production activity within the first mining unit at the Lance Projects (**MU1**). A drying run was conducted during the quarter with a total of 43,553 pounds  $U_3O_8$  dried and drummed.

Alkaline ISR based production continues in the second mining unit (**MU2**), where head grades are higher and in a small number of MU1 production wells to assist with maintaining wellfield fluid control in MU1. Production from MU2 using alkaline lixiviant will continue to form the basis of on-going operations over the near-term while the Company progresses the various activities and permit actions required for the change to a low pH ISR uranium operation at the Lance Projects.

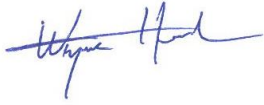
During the June quarter the Company also entered into 2 separate agreements to purchase (at fixed prices) an aggregate of 225,000 pounds of uranium to be delivered into existing Term contracts across 2019 and 2020, thereby reducing cost exposure that the Company has against increased prices for uranium.

Wayne Heili, Peninsula's Managing Director and CEO commented, "Production in the June quarter slightly exceeded our expectations following our decision to suspend alkaline operations in Mine Unit 1. This action preserves in-situ pounds for future low pH extraction and also reduces cash outflows during the transition period being undertaken. I would also like to commend our operations team at Lance for achieving its 1-year lost time injury free milestone in May and for upholding environmental standards of no environmental incidents and no permit non-conformances."

The Company is maintaining its current production guidance levels for the upcoming quarter (22,500 to 27,500 lbs  $U_3O_8$ ) as it advances the planned transition to low pH operations at Lance. Transitioning to a low pH ISR operation has the potential to align the operating performance and cost profile of Lance with the industry leading global uranium production projects.

Additional details on the quarterly production performance and cash flow will be included in the Quarterly Activities Statement for the quarter ended 30 June 2018, scheduled to be released by the Company in the second half of July 2018.

Yours Sincerely,



**Wayne Heili**  
**Managing Director/CEO**

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