



14 January 2019

Companies Announcement Office  
*Via Electronic Lodgement*

## **LANCE PROJECTS DECEMBER QUARTER AND OPERATIONAL UPDATE**

Peninsula Energy Limited (**Peninsula or Company**) is pleased to provide an operational update for the recently concluded December 2018 quarter.

The Company advises that production from the Lance Projects during the quarter ended 31 December 2018 was 20,364 pounds  $U_3O_8$ , slightly below the quarterly guidance range of 22,500 to 27,500 pounds  $U_3O_8$  set in May 2018. Production was affected by a nine-day processing plant shut-down for repairs, as previously announced, and a natural decline of head grades in remaining alkaline leach areas where chemical addition has been reduced to lower these costs.

An abbreviated drying campaign was conducted during the quarter with a total of 14,445 pounds  $U_3O_8$  dried and drummed, with a larger scale drying campaign commencing in January 2019. In December 2018 the Company signed a new five-year term uranium toll milling agreement with its existing toll milling service provider Uranium One Americas, Inc. As previously announced, the revised terms of the new contract are projected to reduce rates below those used in the recently completed Low pH Feasibility Study.

On 1 October 2018 the Company made a scheduled sale to a customer of 100,000 pounds  $U_3O_8$  (85,000 pounds  $U_3O_8$  Lance production, 15,000 pounds  $U_3O_8$  market source), resulting in sales proceeds of approximately US\$4.5m being received in November 2018.

Production guidance for the financial year ending 30 June 2019, which was set in May 2018, remains unchanged at 90,000 to 110,000 pounds  $U_3O_8$ , with slightly lower production rates offset by a positive dried product toll milling reconciliation adjustment recorded in the September 2018 quarter. Production for the March and June 2019 quarters is now expected to be 15,000 to 20,000 pounds  $U_3O_8$  per quarter as the Company continues to prepare the operational facilities for future low pH production conditions.

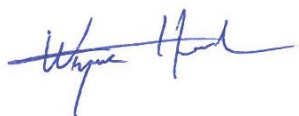
### **Low pH Field Demonstration**

The regulatory authorities granted the Company an approval to carry out the field demonstration in early November 2018. The Company promptly completed the necessary modifications to the wellfield and process plant facilities and low pH field demonstration operations commenced during the first week of December 2018. The field trial area was operated for a period of three weeks prior to introducing low pH solutions to allow collection of important baseline operational data. As announced, injection of low pH solutions in the trial area commenced in late December 2018.

Wayne Heili, Peninsula's Managing Director and CEO commented, "Production rates from the Lance project continue to meet the near-term requirements of our significant sales contract portfolio while the Company focuses on transitioning to future low pH operations. Activities associated with our low pH transition are progressing as planned and we look forward to providing updates on the field demonstration and the attainment of permitting milestones during the first quarter of CY 2019."

Additional details on the quarterly production performance and cash flow will be included in the Quarterly Activities Statement for the quarter ended 31 December 2018, scheduled to be released by the Company in the last week of January 2019.

Yours Sincerely,



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

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