6 April 2020

OPERATIONS UPDATE

HIGHLIGHTS

- **COVID-19 has forced several global uranium mines to suspend production, resulting in uranium spot price increasing by 15% since its low in mid-March**
- **Customer order brought forward from April, with delivery of 116,000 pounds U3O8, delivering approximately US$4.1m to Company**
- **Lowest priced customer purchase option expires**
- **Delivery obligations under the contracts continue through to 2030 with sales prices expected at the upper end of the guided US$51-$53 per pound range**
- **To ensure the safety and wellbeing of employees and contractors, non-essential site activities have been suspended until further notice,**
- **Cash saving measures implemented including Board and Management salary and fee reductions and lenders agreeing to partly-defer interest payments**

Peninsula Energy Limited (**Peninsula or the Company**) provides the following update in relation to the uranium market, the COVID-19 pandemic and decisions implemented by management to safeguard the Company's people and balance sheet during this period.

Managing Director / CEO, Mr Wayne Heili said, *"The COVID-19 pandemic has led to considerable global uncertainty and equity market volatility. However, we are committed to both carrying the Company through these challenging times and ensuring we are well prepared on the other side to resume our core activity of producing uranium for the US domestic and global markets.*

"With this in mind, we have acted quickly to ensure the safety and wellbeing of all Peninsula employees and contractors, by suspending non-essential activities.

"COVID-19 has led to an industrywide curtailment of uranium production which has caused widespread supply disruption. Once through this COVID-19 crisis and when uranium production activities normalise, it is my hope that the global operators of nuclear power plants once again properly recognise the value of secure supply generated by having multiple viable uranium mining operations located in diverse jurisdictions.

*"Further to this, shareholders will be aware the Company has been awaiting the outcome of the US Nuclear Fuel Working Group (**NFWG**) as a likely catalyst for US-based uranium production. We are not anticipating any development on this front in the near-term while the US Federal Government prioritises management of COVID-19, but US government officials continue to affirm the national importance of preserving a domestic uranium production capacity."*

COVID-19 Impact on Global Uranium Market

The growing uncertainty and volatility caused by COVID-19 has begun to impact the uranium industry, with several global producers suspending operations. Over the past two weeks, uranium mines in Canada and Namibia have ceased production, including the Cameco-owned Cigar Lake project (Canada), currently the world's largest uranium mine. The decision to cease production at these major uranium production locations has raised immediate supply concerns, which has resulted in the uranium spot price increasing from a low in mid-March of US$24.00/lb to US$27.50/lb U_3O_8 as buyers seek to secure the reduced quantities of uranium that are available for purchase. Additional temporary production suspensions seem likely as other countries and individual companies continue to implement necessary measures to deal with COVID-19.

Unfortunately, it has taken an event such as COVID-19 to highlight the extent that global nuclear power operators depend on a limited number of mining jurisdictions and an equally small number of primary uranium producers. This dependency is a direct result of the prolonged suppression of uranium prices, largely created by the different financial environment enjoyed by state-sponsored mining operations.

The release of the US President's Nuclear Fuel Working Group report has been delayed as the Government copes with the COVID-19 health crisis and economic impacts. However, the President has acted in recognition of the critical importance of uranium production to the nation by including in his budget a request for US$150 million per year for the next ten years in order to build a strategic stockpile of domestically produced uranium. Approval of this budget would provide a strong positive catalyst for Peninsula with its US based Lance production centre.

Portfolio of Uranium Concentrate Sales and Purchase Agreements

The portfolio of uranium concentrate sale and purchase agreements held by the Company contains a combination of committed sales and optional sales. Optional sales are offered at the election of the respective customer. One customer, required to advise the Company by 31 March 2020 whether it wished to exercise options for deliveries over the 2021 to 2023 time period, has confirmed that it does not wish to exercise the option and the option has expired. The expired options had an exercise base price of just under US$40 per pound U_3O_8.

While the decision not to exercise the option decreases the total quantity of uranium in the Company's sales portfolio, it is noted that this option price was set well below the lower end of the weighted average price range within the overall portfolio. Importantly, production capacity through to the end of 2023 that would have been allocated to lower priced sales, can now be used for any higher priced opportunities, such as those which may emanate from the NFWG.

At the request of a customer, the Company brought forward a sale of uranium originally scheduled for April 2020. A total of 116,000 pounds U_3O_8 were sold in March at an average realised cash price of approximately US$35 per pound U_3O_8. Cash proceeds of approximately US$4.1m were received by the Company before the end of March. The delivery was completed using uranium purchased on-market in combination with held inventory. The newly purchased uranium was paid for in March.

Following the reduction of sales options and the completion of the March 2020 sale, the remaining portfolio of uranium concentrate sale and purchase agreements now stands at up to 5.5 million pounds U_3O_8 (4.2 million pounds U_3O_8 committed; up to 1.3 million pounds U_3O_8 optional at the election of the customer). Delivery obligations under the contracts continue through to 2030. With the removal of the lower priced optional sales, the Company's weighted average future sales price now sits at the upper end of the guided US$51-$53 per pound range.

COVID-19 Impact on Peninsula

The Company has assessed the ongoing workstreams at the Lance Project and has made the prudent decision to suspend until further notice any non-essential site activities including the well completion work and the commencement of a field demonstration. This decision was made to ensure the safety and wellbeing of all staff and contractors, and to protect the balance sheet during this period of volatility and uncertainty in the uranium and global financial markets.

Up until this decision, the installation of wellfield infrastructure for a new low-pH field demonstration in a previously unmined area of Mine Unit 1 was nearly completed, with only a small number of newly installed wells requiring completion and integrity testing. The new field demonstration is intended to provide valuable optimisation and de-risking information in addition to data obtained from the field demonstration successfully completed in a previously mined area.

In late December 2019, the Company submitted to the Wyoming Department of Environmental Quality (**WDEQ**) the Interim Restoration Report (**IRR**) for the initial low pH field demonstration. It was anticipated that the WDEQ would complete their review of the IRR by the end of the first quarter of the 2020 calendar, however, this is now expected to be completed during the second quarter. Approval of the IRR is required to enable the use of the low pH ISR method in all undeveloped areas within the Ross Permit Area at Lance.

As previously announced, the Company has also been progressing a partial monetisation of a uranium sale and purchase agreement. Revenue from any monetisation will be used to reduce long-term Company debt. People around the world are adjusting to working remotely while also managing the increased demands of responding to the COVID-19 crisis and the time required to complete the partial monetisation has now been extended. The Company will provide additional guidance as the timeline for the transaction completion becomes clear.

Additional Cost Saving Measures

In recognition of the current volatility in global financial markets and following on from the significant cost reduction initiatives announced in March 2020, the Company has implemented additional cost reduction measures. The Board and Senior Management have agreed to a 20% reduction in salaries and fees effective from 1 April 2020 until at least the end of the current financial year.

As at the end of the March quarter, the Company had an available cash balance of approximately US$4.5 million, which includes the proceeds from the March sale (sales revenue less the payment for the purchased uranium). Even though the Company holds cash reserves sufficient to fund activities well into the third quarter of this calendar year, we have proactively commenced discussions with a range of stakeholders with a view to further reduce the ongoing rate of cash expenditure.

The Company has received notification from two of its three key lenders, Resource Capital Fund VI L.P. (RCF) and Piperoglou Family Interests that they have elected to take cash representing only 30% of their interest payment for the March quarter, due for payment in early April. The remaining 70% of the interest will be capitalised to the principal balance of the respective loans. Peninsula and its shareholders appreciate the support shown by these two debt holders during this period.

Peninsula is focussed on ensuring the Company is well-positioned to participate in improvements in uranium market conditions, both globally and specifically for US mined uranium, and to protect and deliver the inherent value contained within the portfolio of uranium concentrate sale and purchase agreements.

Yours Sincerely,

Wayne Heili
Managing Director/CEO

This release has been approved by the Board of Directors.

For further information, please contact

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About Peninsula Energy Limited

Peninsula Energy Limited (PEN) is an ASX listed uranium mining company which commenced in-situ recovery operations in 2015 at its 100% owned Lance Projects in Wyoming, USA. Following a positive feasibility study, Peninsula is embarking on a project transformation initiative at the Lance Projects to change from an alkaline ISR operation to a low pH ISR operation with the aim of aligning the operating performance and cost profile of the project with industry leading global uranium production projects.