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Companies Announcement Office
Via Electronic Lodgement

CONSTRUCTION CONTINUES TO PROGRESS ON SCHEDULE AT LANCE PROJECTS

Peninsula Energy Limited (Peninsula or the Company) is pleased to provide an update on construction and wellfield development activities at the Lance In-Situ Recovery (ISR) Projects in Wyoming, USA. Peninsula's wholly-owned subsidiary Strata Energy Inc. (Strata) continues development of the Lance Projects on budget and on schedule for first production later in 2015.

Wellfield development activities continue to advance with all 73 monitor and mining wells in the first mine production unit now installed. Aquifer pump tests are underway and the first of four baseline water samples from these wells have been taken to develop site-specific ground water quality data. Whilst pump testing is still in progress, initial wellfield flow rates are consistent with rates expected during production. Results of the aquifer pump tests and baseline water sample data will be submitted to the State of Wyoming and the US Nuclear Regulatory Commission (NRC) for review and approval prior to the commencement of production.

Following completion of the concrete foundations and slabs during April, the externally-manufactured ion exchange columns have now arrived on site (Figure 1) and installation has commenced in the Central Processing Plant (CPP). Structural steel erection has now commenced for the CPP and site Administration Building (Figure 2).

Please refer to the following link for a time lapse video of the installation of the ion exchange columns in the CPP: http://www.pel.net.au/investor_info/time_lapse_vision.phtml

As previously advised the Deep Disposal Well (DDW) has been drilled to its final depth of 8,606 feet and the casing is cemented in place. The injection area for the DDW lies within a 100-foot-thick sand zone in the Flathead Formation. A work-over rig has been mobilised to site (Figure 3) to undertake well testing and completion activities. Well testing is ongoing, however, results from initial injection tests indicate that the well will provide adequate injection capacity for stage 1 operations at the Lance Projects.

The United States Environmental Protection Agency (EPA) has also granted final approval for Strata to construct two holding ponds in the Ross Project Area of the Lance Projects, clearing another pre-operational requirement. The approval is in response to the design report submissions made by Strata in May 2014 and November 2014 and rules that the holding ponds are designed in compliance with the US Code of Federal Regulations (CFR).

Strata Energy Chief Executive Officer Ralph Knode stated *"Construction and development activities are progressing very well with all environmental and safety performance targets also being achieved. In parallel, pre-operational submissions are steadily being checked off with the regulators and we remain on schedule for start-up of production operations later this year."*

Unit 17, Level 2, 100 Railway Road, Subiaco WA 6008 PO Box 8129, Subiaco East WA 6008

Phone: +61 (0)8 9380 9920 Fax: +61 (0)8 9381 5064

Peninsula Energy Limited - ABN: 67 062 409 303



Figure 1: Ion Exchange Columns being installed on site



Figure 2: Structural steel erection has commenced



Figure 3: Work-over rig at Deep Disposal Well

Yours sincerely

John Andrew Simpson (Gus)
Executive Chairman
Peninsula Energy Limited

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