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Companies Announcement Office
Via Electronic Lodgement

LANCE PROJECTS UPDATE

Peninsula Energy Limited (**Peninsula or Company**) is pleased to provide an update on operations at the Lance Projects in Wyoming, USA (**Lance Projects**).

During the June 2017 quarter the Company has seen improved operational performance with the daily rate of production now increased to above 400 pounds per day, a 40% increase from the March 2017 quarter daily average. Production in the June quarter is expected to be approximately 30,000 pounds U₃O₈ which is a 20% improvement over the March 2017 quarter.

The production rates for Mine Unit 2 header houses 5 and 6 which were activated in 2017 continue to trend favourably upward. Header house 7 was turned to the Central Processing Plant (**CPP**) during May and is now also contributing to the overall production rate. Operating wells are responding positively to a series of improvement actions implemented during the quarter.

Construction on header house 8 is now complete and it has commenced operation in re-circulation mode. It is expected that header house 8 will be turned to the CPP in early July 2017. The Company will continue with the roll out of header houses 9 and 10 which will add more flexibility in allowing optimisation of average uranium solution grades across the header houses. The improvement in production evident this quarter continues to support guidance for the year of a minimum of 150,000 pounds U₃O₈ for the 2017 calendar year.

Current production target levels have been set to meet Lance Projects sourced delivery commitments under existing term contracts. In the current low uranium spot price environment, the Company has contracted to purchase 900,000 pounds U₃O₈ over the next 3 years at an average cost of US\$25/lb to meet additional non-Lance Project sourced delivery commitments under term contracts.

With up to 7.7 million pounds U₃O₈ of remaining contracted sales through to 2030 at a weighted average delivery price of US\$54/lb, Peninsula is able to limit its exposure to the spot market during periods of low prices.

Yours sincerely

Wayne Heili
Managing Director/CEO

For further information, please contact our office on +61 (0)89380 9920 during normal business hours.