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Companies Announcement Office  
Via Electronic Lodgement

## LANCE PROJECTS OPERATIONAL UPDATE

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

### *First Delivery to the Converter*

During May 2016, regular deliveries to the conversion facility of dried and drummed uranium from the Lance Projects commenced (Figure 1 below shows Lance Projects dried and drummed uranium coming off the packaging line prior to transportation).



Figure 1: Drummed Lance Projects U<sub>3</sub>O<sub>8</sub>

The first shipment, which contained approximately 16,000 pounds of uranium from the Lance Projects, was delivered to a North American conversion facility on 31 May, 2016 and the Company expects to make deliveries at regular intervals going forward.

### *Production Ramp-Up*

Production ramp up continues at the Lance Projects with the fourth header house coming online in early June 2016.

When minimum target levels of NaHCO<sub>3</sub> (sodium bicarbonate) have been reached, the Company has seen a consistent increase in uranium production from each operating header house. The Company expects the fifth header house to come online in the third quarter of 2016 and all seven header houses are planned to be constructed and commissioned before the end of the calendar year 2016. Minimum target levels of sodium bicarbonate saturation are expected to be reached for Header House 6 and Header House 7 early in calendar year 2017.

While the project is still in the early stages of ramp-up, production performance to date at the first two header houses indicate that between 200,000 to 300,000 pounds of U<sub>3</sub>O<sub>8</sub> will be produced, dried and drummed for 2016, with production from five header houses at various levels of ramp-up. Meaningful amounts of uranium will not be extracted from Header Houses 6 and 7 until early in 2017. Based on current uranium production ramp up rates, the targeted production level of 600,000 to 700,000 lbs per annum for Stage 1 will be achieved in the first half of 2017.

The Stage 1 ramp up and production profile aligns well with the Company's remaining near term delivery commitments under Term contracts. Based on the remaining delivery profile over the next 5 years the weighted average delivery price is now US\$55-56 per pound (previously US\$57-58 per pound) for 2.15 million pounds U<sub>3</sub>O<sub>8</sub> (previously 2.1 million pounds) with revenue of US\$120 million for this material alone.

Yours sincerely



**John (Gus) Simpson**  
**Managing Director/CEO**

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