

4 June 2020

TRANSFORMATIONAL EQUITY RAISING POSITIONS PENINSULA FOR LANCE URANIUM PROJECT FUTURE OPERATIONS

HIGHLIGHTS

- **A\$40.3 million fully underwritten renounceable entitlement offer at 7.1c per share**
- **Company to emerge debt-free with net cash of over US\$10 million**
- **Debt repayment removes need to pursue uranium contract partial monetisation transaction**
- **Well-positioned to continue the low pH transformation activities and to prepare for re-start of the flagship Lance Project**
- **Ongoing cashflow to be generated through Peninsula's strong, long-term existing contract book**

Peninsula Energy Limited (**Peninsula or the Company**) wishes to advise it is undertaking a A\$40.3 million equity raising through a pro rata fully underwritten renounceable entitlement offer (**Entitlement Offer**), to entirely repay its existing term debt and to support the transformation of the flagship Lance Uranium Project in Wyoming, USA.

Under the Entitlement Offer, eligible shareholders will be offered the first right to acquire fully paid ordinary shares in the capital of Peninsula (**New Shares**) on the basis of 9 New Shares for every 5 shares held by the shareholders registered at 7:00 pm (AEST) on 10 June 2020 (**Record Date**) at an issue price of A\$0.071 per share.

The Entitlement Offer is priced at a 45.4% discount to the closing price of the Company's shares on 28 May 2020 which is a discount that is typical for transformational debt reduction equity raises.

The equity raising will allow Peninsula to fully repay its US\$16.8 million (~A\$26.3 million) corporate debt balance and leave the Company in a strong financial position to pursue its uranium production strategy of transforming the Lance Project using the industry-leading low pH extraction method. By completing the full debt repayment, Peninsula saves ~US\$2 million a year in interest payments, whilst also retaining the full value of its long-term uranium concentrate sale and purchase agreements, which are expected to generate cash margins of between US\$6 to US\$8 million per year in 2021 and 2022, based on current uranium spot prices.

Managing Director / CEO, Mr Wayne Heili said, *"This equity raising will put us in the strongest position we have been in for years – debt free, cash in the bank, cashflow from our uranium contract book and holding a developed uranium production project, which we are optimising, ready to hit the 'go' button when the market fundamentals are right.*

"We will be in an excellent position to not only capitalise on continued improvements in the global uranium market, but specifically in the US. Recent policy framework recommendations by the US

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Nuclear Fuel Working Group are expected to materially benefit US uranium mines, including our Lance Project, which has the biggest resource of any recently-producing US project and is the only one authorised to use low pH in-situ recovery (ISR).

“We are pleased to offer this equity raising structured in a way that all of our shareholders have the ability to participate in and benefit from. Being fully underwritten gives us security of funding and timing. Heavy demand for the underwriting from existing and new investors is a gratifying endorsement of our Company.”

THE LANCE PROJECT

Peninsula has worked for the past 2 ½ years on a strategy to transition the existing alkaline-based operations at the Lance Projects to one that will use a low pH mining solution, significantly reducing future operating costs and increasing production capacity.

The project is the largest defined US ISR uranium resource (53.6 million lbs U₃O₈)¹ and the only US project that is permitted to use low pH ISR. Lance holds established processing and wellfield production facilities and importantly, can be brought back into production within six months of a re-start decision.

Peninsula continues to work through a de-risking and optimisation programme to allow a decision to quickly commence production when the market dictates. The programme includes a new low pH field demonstration that is planned to run through mid-2021.

In parallel with this programme over the next 12 months, the Company will also be progressing modifications to its existing low pH approvals to use preferred methods when commercial operations resume. These include the addition of an oxidant to the mining solution and the use of ponds to assist in the handling of fines that commonly occur during the mining zone acidification process at low pH ISR uranium mines. Additional information on the preferred methods is described in Section 2 of the Prospectus for the Entitlement Offer.

A final investment decision for the low pH transition of the process facilities, the two existing mine units and the development of a third mine unit remains subject to the ongoing de-risking and optimisation activities and also subject to an improvement in the market for US-mined uranium.

URANIUM SALES CONTRACT BOOK

The equity raising and subsequent debt repayment will mean Peninsula no longer needs to pursue the previously announced monetisation of part of its uranium sales contract book. Peninsula has five sales agreements in place with major US and European utilities for up to 5.5 million pounds U₃O₈ at a weighted average sales price of between US\$51 and US\$53 per pound U₃O₈ through to 2030.

Peninsula is contracted to deliver 450,000 pounds U₃O₈ per year in 2021 and 2022 to customers. Instead of having to fast-track production to meet those deliveries, Peninsula may opt to purchase uranium from the market which, at current spot prices, would deliver cash margins of around US\$7 million a year.

MANAGEMENT CHANGE

Peninsula's Finance Director, Chief Financial Officer and Joint Company Secretary, Mr David Coyne, has advised the Company that he intends to resign his full-time role with Peninsula to take up an opportunity with another company. His full-time role is expected to end in mid-July following completion of the Entitlement Offer and repayment of the debt. His new role will not conflict with his Peninsula interests and he will continue to assist the Company for a period under a consultancy arrangement and will remain on the Board as a Non-Executive Director.

John Harrison, Chairman of Peninsula, said, “*We are indebted to David for his invaluable contribution to the evolution of our Company and I am sure that Shareholders will join me in wishing him every success in the future. It is apposite that this career move should take place at a time when, under his stewardship of Peninsula’s finances, we will see the balance sheet in robust condition. It is particularly pleasing that David will continue as a Director of Peninsula and that his practical skills will be available to us, on a consultancy basis.*”

The Company is commencing the process of recruiting a replacement for Mr Coyne.

ENTITLEMENT OFFER

Eligible Shareholders (as defined below) will be offered the opportunity to participate in a pro-rata renounceable Entitlement Offer at A\$0.071 per share.

The maximum number of shares to be issued under the Entitlement Offer is approximately 567,082,271 shares to raise approximately A\$40,262,841. Eligible Shareholders shall be entitled to subscribe for 9 New Shares for every 5 shares held on the Record Date.

The Entitlement Offer opens on 15 June 2020 and closes on 24 June 2020.

Trading of the Entitlements commences on 9 June 2020 and closes on 17 June 2020.

The Directors intend to take up all or some of their respective entitlements under the Entitlement Offer.

The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited (**Canaccord**), who is also lead manager and bookrunner, and is co-managed by Euroz Securities Limited. Canaccord have entered into sub-underwriting agreements with a number of parties.

Full details of the Entitlement Offer are set out in the Prospectus which will be despatched to Eligible Shareholders with a personalised application form on 15 June 2020 and will be available from that date on the ASX website at www.asx.com.au. The Prospectus will also be on Peninsula’s website at www.pel.net.au. A copy of the Prospectus will be lodged with ASX and ASIC on 4 June 2020.

Key dates for Entitlement Offer

Lodgement of Prospectus and Appendix 3B with ASIC and ASX	Thursday, 4 June 2020
Entitlements commence trading on ASX	Tuesday, 9 June 2020
Record Date	Wednesday, 10 June 2020
Prospectus, Application Form and Letters to Ineligible Shareholders despatched and an ASX announcement that this has been done	Monday, 15 June 2020
Entitlement Offer opens	Monday, 15 June 2020
Entitlements trading on ASX ends at close of trading	Wednesday, 17 June 2020
Entitlement Offer closing date	Wednesday, 24 June 2020
Announcement of results of Entitlement Offer	Monday, 29 June 2020
Issue and allotment of New Shares under the Entitlement Offer and lodgement of Appendix 2A	Tuesday, 30 June 2020
Quotation and normal trading of New Shares issued under the Entitlement Offer	Thursday, 1 July 2020
Despatch of holding statements	Thursday, 2 July 2020

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These dates are indicative only and are subject to change. Peninsula reserves the right to vary these dates, including extending the closing date of the Entitlement Offer or accepting late applications, without prior notice but subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), ASX Listing Rules and other applicable laws.

Eligible Shareholders

Eligible Shareholders to the Entitlement Offer are those persons who:

1. are registered as a holder of fully paid ordinary shares in Peninsula as at the Record Date;
2. have a registered address on Peninsula's share register in Australia, New Zealand, Hong Kong, Singapore, Switzerland, Brazil, France, the United Kingdom or the United States; and
3. are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shortfall

Any shares of the Entitlement Offer not taken up by Eligible Shareholders will be shortfall shares and can be applied for by other eligible shareholders under a shortfall facility, in addition to their entitlement. The directors reserve the right to issue (or to not issue) the shortfall shares to any one or more Eligible Shareholders or third parties at their discretion, subject to the ASX Listing Rules and the Corporations Act. Full details of the shortfall facility are set out in the Prospectus.

USE OF FUNDS

Funds raised under the Entitlement Offer, net of expenses, together with proceeds from the sale of uranium and existing cash reserves will be used for the following purposes through to early 2022:

- Repayment in full of the existing term debt that has a current face value of US\$16.821 million, with the payment to be made promptly upon completion of the Entitlement Offer
- Payment of interest accrued under the term debt facility from the period of 1 April 2020 through to the date of debt repayment
- General working capital purposes including progression of the low pH de-risking and optimisation activities, which include additional column leach testing and operation of the new low pH field demonstration
- Early preparation activities for the planned transition to low pH operations, including deep disposal well modifications, process plant modifications and wellfield conversion.

TRADING HALT / SUSPENSION

This is the announcement that was referred to in the Company's request for a back-to-back trading halt on 29 May 2020.

Yours Sincerely,



Wayne Heili
Managing Director/CEO

This release has been approved by the Board of Directors.

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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.

1. Lance Projects classified resource summary

Classification	Tons (million)	Grade (ppm U3O8)	U3O8 (mlbs)
Measured	3.4	487	3.7
Indicated	11.1	495	12.1
Inferred	36.2	474	37.8
Total	50.7	479	53.6

Competent Person Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves at the Lance Projects is based on information compiled by Mr Benjamin Schiffer. Mr Schiffer is a Registered Professional Member of the Society of Mining, Metallurgy and Exploration (Member ID #04170811). Mr Schiffer is a professional geologist employed by independent consultant WWC Engineering. Mr Schiffer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

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