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Companies Announcement Office  
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## LANCE COMMERCIAL RESTART TARGETING MID-YEAR 2023 FOLLOWING EQUIPMENT DELIVERY DELAYS

### KEY POINTS

- Low pH transition construction activities continue ahead of the restart of commercial scale uranium production operations at Lance
- Modest delays experienced in delivery of certain long lead-time items with commencement of commercial production now expected in mid-year 2023 (previously late 1Q 2023)
- All other aspects of the restart are progressing positively
  - Capital expenditures are in line with August 2022 Definitive Feasibility Study (DFS) projections
  - MU-1 prepared for operational restart
  - Limited scale wellfield operations have commenced and are ongoing
- Once in operation, Lance will be one of the largest uranium in-situ recovery (ISR) operations in the United States, with exciting exploration and development upside
- Agreement signed with existing utility customer to restructure and exercise purchase options and to add new future delivery quantities, extending and enhancing Peninsula's sales portfolio
- First sales of new production continues to be scheduled for 4Q CY2023

Peninsula Energy Limited ("**Peninsula**" or "**the Company**") provides an update on its flagship, Lance Projects ("**Lance**" or "**the Projects**"), located in Wyoming, USA. In November 2022, the Company decided to restart uranium production operations at Lance and is currently in the process of completing pre-production capital construction and preparation activities.

Peninsula's Managing Director and CEO, Mr Wayne Heili said, "*The Lance Project team has been delivering remarkable results in the effort to transform the project facilities and to become the first commercial low-pH uranium ISR operation in the United States. The current inflationary economic environment and very real supply-chain constraints, in combination with an unusually difficult Wyoming winter, have presented challenges but the team has demonstrated their professional capability and resolve. Despite encountering some delivery delays that are outside of our control, the team continues to complete the transition construction work on a short timeline and within the projected capital framework..*"

### Low-pH Transition Construction Update

Throughout the current quarter, the project team has been preparing the existing production plant and wellfield facilities for low pH ISR operations. Substantial progress has been achieved in the wellfield areas where the preparation of Mine Unit One (**MU-1**) has been completed. MU-1 has a flow capacity that exceeds the early requirements for commercial production operations. Wellfield transformation activities have advanced to Mine Unit Two, and three contract drilling rigs are actively preparing the new Mine Unit Three (**MU-3**). Construction activities within MU-3 are planned for commencement during the upcoming North American summer months.

A construction firm has been contracted and is currently working at site to install large capacity sulfuric acid and hydrogen peroxide storage and delivery systems. The first of two large volume acid storage tanks has been delivered and will be available for installation immediately after the concrete foundations

are ready. Delivery of the second acid tank has been delayed due to inclement weather at the fabrication facility, but the delay is not expected to impact operational activities.

Portions of the existing uranium recovery plant also require conversion to accommodate the new process chemistry. The plant pumping, piping and ion exchange systems are being rebuilt to be compatible with the low-pH solutions. The Company has been preparing the plant for the installations while it awaits the delivery of key pump systems and new ion-exchange resins. A contractor has been selected to complete the required plant piping system modifications and is available to commence work as the materials are received in the coming weeks.

Capital expenditures related to the low-pH facility transition have been tightly controlled and closely monitored. The Company is pleased to report that the overall capital expenditures for the project transformation are closely tracking with the August 2022 DFS projection, and no material deviation is anticipated. The DFS projected CAPEX of US\$8.4 million for the low pH transition and Stage-1 Upfront costs.

### **Operational Update and Guidance**

A discreet portion of MU-1 is currently being operated and preconditioned using the chemical delivery systems previously installed for field demonstration activities. The limited pre-production activities in MU-1 have been successful and are meeting operational expectations. Well patterns are being pre-acidified and readied for production operations. The process stream is not being directed to the production plant at this time, and no uranium is being recovered in the plant circuits. When the new chemical storage and delivery systems are available for use, MU-1 will be fully activated.

The large volume acid storage and distribution systems are expected to be available for use around the end of April 2023. At that time, the limited scale pre-production flows will be expanded to commercial scale wellfield pre-conditioning operations. Uranium concentrations are expected to build throughout the pre-conditioning operations, and it is presently projected that the process plant will be activated for commercial uranium production activities around mid-year 2023.

The Company's sales portfolio includes a commitment for the delivery of Lance production in 4Q CY 2023. The initial production derived from Lance operations will be sold into existing contracts with supportive pricing structures.

### **Project Licensing**

The Ross Project Area within the Lance Projects is fully approved for commercial low-pH ISR operations. Mine Units 1, 2 and 3 are all located within the Ross Project Area. Additional mine units may also be located at Ross. Ross contains an estimated resource of 5.88 million lbs U<sub>3</sub>O<sub>8</sub> of which 4.1 million lbs are estimated to be produced in the future (see 2022 DFS Investor Presentation dated 15-August 2022).

In late December 2022, the Company submitted applications to the State of Wyoming regulatory authorities to expand the licensed area of the Lance Projects to include the Kendrick Area. The State regulators have subsequently completed an acceptance review and deemed the applications to be administratively complete. The next action by the regulators is to complete the first-round technical review.

### **Uranium Sales and Marketing**

The Company is pleased to report that it has completed delivery of 300,000 pounds of yellowcake to the US Strategic Uranium Reserve (see ASX Release dated 16-December-2022) and has received payment for the delivered product in 1Q CY2023. The Company has also recently delivered 200,000 pounds of yellowcake to an existing utility customer under the terms of our sales agreement, bringing the total sales and deliveries for the current quarter to 500,000 pounds. Payment for the second delivery is pending. The Company also has a purchase agreement in place to receive 200,000 pounds from a vendor prior to the end of the current quarter with payment scheduled to follow receipt of proceeds from the quarterly

sales. This will bring the Company's inventory balance to approximately 210,000 pounds at March 2023 quarter end.

Peninsula has recently completed a purchase option exercise and restructure with one of its long-standing utility customers. The annual delivery volume of the option pounds has been significantly reduced, allowing the total volume to be delivered over a longer period. This is a welcome and favourable outcome as the option pricing is structured below current spot price levels, as previously reported. In conjunction with the option exercise and restructure, the utility agreed to a new contract involving delivery of additional uranium starting in 2028. The Lance Projects hold one of the largest uranium resources in the United States and Peninsula anticipates a long and successful run of uranium production from the site. The utility actions are highly supportive and a welcome addition to Peninsula's sales contract portfolio.

With the completion of recent sales, the option exercise and new commitments, the Company's sales portfolio consists of firmly committed future sales of 5.25 Mlbs U3O8 and extends through calendar year 2033. There are no remaining customer options in the portfolio. The portfolio pricing model is best characterised as a blend of base-escalated and market-based structures with protective floor and ceiling mechanisms.

Yours sincerely



Wayne Heili  
Managing Director / CEO

This release has been approved by Peninsula's Board of Directors.

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#### **ABOUT PENINSULA ENERGY LIMITED**

*Peninsula Energy Limited (PEN) is an ASX-listed uranium mining company which has made the decision to restart its 100% owned Lance Projects in Wyoming, USA. This is the final step in a project transformation initiative at Lance to transition from an alkaline ISR operation to a low pH ISR operation. Lance is one of the largest uranium development projects in the United States and once in production, Peninsula will be in strong position to supply a growing market, as the importance of nuclear power continues to gain momentum and support, as a critical part of the green energy mix.*