



**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2010**

Peninsula Energy Limited and Controlled Entities

Interim Financial Report

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Company Particulars

Directors

John (Gus) Simpson	Executive Chairman
Malcolm James	Non-Executive Director
Warwick Grigor	Non-Executive Director
Michael Barton	Non-Executive Director
Alan Marlow	Non-Executive Technical Director

Chief Operating Officer

Tony Simpson

Company Secretary

Jonathan Whyte

Registered and Principal Office

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Website

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Auditors

Somes & Cooke
Chartered Accountants
1304 Hay Street
West Perth WA 6872

Share Registry

Link Market Services
Ground Floor
178 St. Georges Terrace
Perth WA 6000

Telephone: 1300 554 474
Facsimile: (02) 9287 0303

Stock Exchange

ASX Code	Shares:	PEN
	Options:	PENOA
		PENOC

Directors Report

Your Directors submit the financial report of the economic entity for the half-year ended 31 December 2010.

DIRECTORS

The Directors of the Company in office at any time during or since the end of the half-year are as follows. Directors were in office for this entire period unless otherwise stated.

John (Gus) Simpson	Executive Chairman
Malcolm James	Non-Executive Director
Warwick Grigor	Non-Executive Director
Alan Marlow	Non-Executive Technical Director
Michael Barton	Non-Executive Director (appointed 20 December 2010)

REVIEW OF OPERATIONS

WYOMING, USA – LANCE URANIUM PROJECTS

Peninsula Energy Ltd 100%

Significant Resource Upgrade

On 17 August 2010 Peninsula announced a significant upgrade to the initial JORC compliant resource estimate at Lance. The revised JORC resource included a 67% increase to the total resource estimate and a 130% increase in Measured and Indicated Resource from the initial indicated resource. The resource upgrade also defined 3.6Mlbs U₃O₈ to Measured Resource Classification.

Lance Project Updated Resource Estimate – August 2010

Resource Classification	Tonnes Ore (M)	U ₃ O ₈ kg (M)	U ₃ O ₈ lbs (M)	Grade (ppm U ₃ O ₈)
Measured	3.6	1.7	3.6	465
Indicated	6.0	2.5	5.6	421
Inferred	17.1	7.2	16.0	422
Total	26.6	11.4	25.2	429

(The JORC resource is reported above a lower grade cutoff of 200ppm and a GT of 0.2).

A subsequent resource upgrade was announced in February 2011. The revised JORC compliant resource estimate of 32.95Mlbs represents at 31% increase to the total resource estimate including a 14% increase in measured and indicated resource.

Lance Project Updated Resource Estimate – January 2011

Resource Classification	Tonnes Ore (M)	U ₃ O ₈ kg (M)	U ₃ O ₈ lbs (M)	Grade (ppm U ₃ O ₈)
Measured	3.7	1.7	3.8	472
Indicated	7.0	3.0	6.7	434
Inferred	22.6	10.2	22.5	450
Total	33.3	14.9	32.9	449

Directors Report

Uranium Sales Agreements

On 15 October 2010 Peninsula announced that it had received formal Requests for Product (RFPs) to supply uranium oxide from three USA power utilities. On 15 February 2011 the company announced that it had entered a long term sale agreement to supply 1,150,000 lbs of U₃O₈ produced from the Lance Projects, at a weighted average contract price consistent with the average term price used in the PFS. The term of the sale agreement will see Peninsula supply U₃O₈ over a period of 7 years

Deep Disposal Well Study Completed and DDW Application Submitted

Peninsula announced a major regulatory milestone in July 2010 with the submission of an application to the Wyoming DEQ (WDEQ) for up to five deep disposal wells. In February 2011 the WDEQ advised that the application is complete and technically adequate, and has submitted a draft permit to the United States Environmental Protection Agency (USEPA) for final approval.

Aquifer Pump Testing Program Successfully Completed

In September 2010 Peninsula announced the completion of the aquifer pumping test program at Ross. The Company completed 6 multi-well aquifer tests utilizing 24 regional baseline wells installed in 2009. All six tests were completed with very promising results that support the operational feasibility of the project.

Viability of Aquifer Exemption Required for Mining Confirmed

Also during September 2010, Peninsula received results from the baseline groundwater quality monitoring program that support the operational and technical feasibility of the Ross Project. The results of the monitoring program demonstrate that the production zone aquifer will be eligible for an aquifer exemption, since it exceeds state and federal standards and is therefore not suitable as a present or future supply of drinking water. Further, the results show clear distinctions in water chemistry between the production zone and surrounding aquifers, demonstrating confinement of the production zone.

Combined Source and 11e.(2) Byproduct Material License Submitted to NRC

On 31 December 2010 Peninsula, through its wholly owned subsidiary Strata Energy Inc, submitted its application to the United States Nuclear Regulatory Commission (NRC) for a Combined Source and 11e.(2) Byproduct Material License. The application requested authorization to construct and operate an in-situ uranium recovery (ISR) facility at Peninsula's Ross ISR Project, located near Oshoto, in north-eastern Wyoming, and was the first of two major regulatory submissions completed during the period.

Permit to Mine Submitted to Wyoming DEQ

On 17 January 2011 Peninsula, through its wholly owned subsidiary Strata Energy Inc, completed its second major regulatory milestone with the submission of its application to the Land Quality Division of the Wyoming Department of Environmental Quality (WDEQ/LQD) for a permit to mine. The 13 January 2011 application requests authorisation from the State of Wyoming to construct and operate an in-situ recovery facility at the Ross Project near Oshoto, in north-eastern Wyoming.

Drilling Programme

During the half year period Peninsula completed 216 development drill holes for a total of 133,320 feet at the Ross Project. Of the 216 drill holes completed at Ross, 137 holes encountered significant mineralization. A total of 91 holes recorded multiple stacked intersections of uranium mineralization.

Overall the drilling program continues to return high grade, multiple stacked intersections of uranium mineralization and has expedited Peninsula's goal of converting areas of mineralized potential into JORC compliant resource as well as converting the existing inferred resources to indicated status. Two rotary mud rigs are engaged full time in the northern Ross area to undertake further resource conversion and exploration drilling. A third rig will be engaged to concentrate on identifying additional uranium mineralization at Barber. The positive results to date provide confidence that mining will commence within the targeted time-frame with production continuing over an extended mine life.

Directors Report

SOUTH AFRICA – URANIUM/MOLYBDENUM EXPLORATION

Peninsula Energy Ltd 74%/BEE Group 26%

Drilling Commences at Karoo

Formal approvals were received from the Department of Mineral Resources (DMR) to enable resource development drilling to commence at the Karoo Projects Site 22 and 29.. Drilling commenced on 25 January 2011 and on 18 February 2011 the company announced the initial results from the exploration program at Site 29, which confirmed the historic high grade uranium mineralisation at that Site.

The drilling programme is planned to operate over four phases. Ten high ranking drill targets that have been prioritised, distributed across all six of the Company's Project Areas, from the 392 uranium occurrences generated by the helicopter-borne radiometric and magnetic surveys, site mapping, ground sampling and aerial extent studies of the project areas.

Further targets were recently identified following location and review of exploration reports compiled by Union Carbide from their exploration programme conducted during the 1970s and early 1980s. Peninsula obtained these reports from the South African Nuclear Energy Corporation during the period.

Sites 22, 29 and 45 contain historical mineral estimates based on drilling by JCI and Union Carbide during the 1970's. The first Phase of the drilling programme will be focused on a selection of the JCI and Union Carbide drill holes that will be re-drilled and logged to determine uranium correlations in order to confirm the historical resources. Should these results prove positive Phase 2 drilling will commence.

During Phase 2 of the programme all new surface uranium occurrences within the selected drilling areas will be subjected to an initial drilling programme to confirm subsurface extension of the mineralisation and to determine grades.

Should the Phase 2 programme results prove positive Phase 3 will be implemented, consisting of the drilling of widely spaced borehole grids to delineate the lateral extent, thickness and grade of the mineralisation.

The Phase 4 programme will consist of in-fill drilling on a more closely spaced grid than utilised in Phase 3 in order to produce a JORC compliant resource.

Over 1,000 holes were drilled by Union Carbide and JCI on Sites 22 and 29, respectively and follow up exploration work has identified numerous other untested uranium occurrences. Data capture from the historical JCI and Union Carbide boreholes has been finalised and the data formatted for use in Gemcom to enable 3-D modelling of the historically delineated ore bodies. This process will facilitate appropriate borehole positioning during the drilling programme as well as expedite resource calculations.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Alf Gillman and Mr Jim Guilinger. Mr Gillman is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Gillman is General Manager Project Development and is a Competent Person under the definition of the 2004 JORC Code. Mr Guilinger is a Member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (Member of Mining and Metallurgy Society of America and SME Registered Member of the Society of Mining, Metallurgy and Exploration Inc). Mr Guilinger is Principal of independent consultants World Industrial Minerals. Both Mr Gillman and Mr Guilinger have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Mr Gillman and Mr Guilinger consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Directors Report

CORPORATE

The Group's cash position, including commercial bills but excluding security deposits and performance bonds as at 31 December 2010 was \$25,444,483. (As at February 4 2011 cash position was \$32,466,520).

The Company has 1,942,189,657 shares on issue as at 31 December 2010 and also 826,160,785 listed options, 16,000,000 unlisted options and 51,000,000 performance shares.

During the half year Peninsula completed a successful placement of 166,666,667 shares and 83,333,333 free attaching listed PENOA options to Pala Investments Holdings Limited (Pala) at an issue price of 7.5 cents per share to raise \$12.5 million, with a further 121,651,309 shares and 60,825,654 free attaching PENOA options to be issued subject to shareholder approval (which was subsequently received on 4 February, 2011, to raise a further \$9.12 million. 62,222,222 listed PENOC options were also issued to Pala being the first tranche of consideration options for the provision of a \$100 million Equity Facility.

Peninsula also completed a placement of 133,333,334 shares and 66,666,667 free attaching PENOA options to institutional clients of Hartleys Limited and BGF Equities at an issue price of 7.5 cents per share to raise \$10.0 million. For further details on the capital raising above please refer to the ASX announcement released on 16 December 2010.

In addition to the above, in October 2010 Peninsula completed a non-renounceable option entitlement issue on the basis of one (1) options for every (4) shares held at an issue price of 1 cent per option to raise approximately \$4.07 million. The options were listed PENOC options exercisable at 3 cents on or before 31 December 2015.

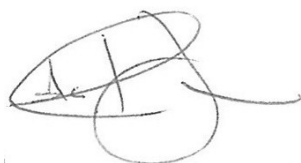
ROUNDING OF AMOUNTS

The Consolidated Group has applied relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 8 of this report.

Signed in accordance with a resolution of the Board of Directors



Malcolm James
Director
8 March 2011

Auditor's Independence Declaration

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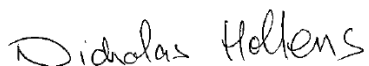


Auditor's Independence Declaration

To the Board of Directors
Peninsula Energy Limited

As auditor for the review of Peninsula Energy Limited for the period ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.



Nicholas Hollens
Partner
8 March 2011

Consolidated Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated Group 31 December 2010 \$	31 December 2009 \$
REVENUE		125,878	125,687
Employee benefits expense		(1,222,075)	(520,160)
Depreciation and amortisation expense		(41,447)	(13,506)
Share based payment expense	5	(616,000)	(1,587,388)
Exploration expenditure write-off		(7,361)	(28,798)
Other expenses from ordinary activities		(988,339)	(593,434)
LOSS BEFORE INCOME TAX		(2,749,344)	(2,617,599)
Income tax expense		-	-
LOSS AFTER INCOME TAX		(2,749,344)	(2,617,599)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(2,749,344)	(2,617,599)
EARNINGS PER SHARE			
Basic earnings per share (cents per share)		(0.17)	(0.20)
Diluted earnings per share (cents per share)		(0.13)	(0.16)

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2010

		Consolidated Group	
	Note	31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		25,444,483	7,089,031
Trade and other receivables		1,173,832	2,366,835
TOTAL CURRENT ASSETS		<u>26,618,315</u>	<u>9,455,866</u>
NON-CURRENT ASSETS			
Financial assets		13,594	13,594
Property, plant and equipment		532,838	602,966
Mineral exploration expenditure	6	42,812,571	39,922,312
TOTAL NON-CURRENT ASSETS		<u>43,359,003</u>	<u>40,538,872</u>
TOTAL ASSETS		<u>69,977,318</u>	<u>49,994,738</u>
CURRENT LIABILITIES			
Trade and other payables		1,082,263	2,091,294
Financial liabilities		825	8,471
Provisions		10,371	2,503
TOTAL CURRENT LIABILITIES		<u>1,093,459</u>	<u>2,102,268</u>
TOTAL LIABILITIES		<u>1,093,459</u>	<u>2,102,268</u>
NET ASSETS		<u>68,883,859</u>	<u>47,892,470</u>
EQUITY			
Issued capital	7	91,338,894	64,507,526
Reserves		(2,159,735)	930,900
Accumulated losses		(20,295,300)	(17,545,956)
TOTAL EQUITY		<u>68,883,859</u>	<u>47,892,470</u>

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Issued Capital Ordinary	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance 1 July 2009	46,582,034	(16,313,087)	2,407,726	-	32,676,673
Shares issued during the period	8,051,951	-	-	-	8,051,951
Cost of share-based payment	-	-	1,587,388	-	1,587,388
Exercise of options	110,017	-	-	-	110,017
Transaction costs	(489,467)	-	-	-	(489,467)
Loss for the period	-	(2,617,599)	-	-	(2,617,599)
Balance 31 December 2009	54,254,535	(18,930,686)	3,995,114	-	39,318,963

	Issued Capital Ordinary	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance 1 July 2010	64,507,526	(17,545,956)	930,900	-	47,892,470
Shares issued during the period	26,580,213	-	-	-	26,580,213
Cost of share-based payment	483,500	-	132,500	-	616,000
Exercise of options	66,664	-	-	-	66,664
Transaction costs	(299,009)	-	-	-	(299,009)
Foreign currency translation	-	-	-	(3,223,135)	(3,223,135)
Loss for the period	-	(2,749,344)	-	-	(2,749,344)
Balance 31 December 2010	91,338,894	(20,295,300)	1,063,400	(3,223,135)	68,883,859

Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated Group	
	31 December 2010 \$	31 December 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(2,253,985)	(1,117,749)
Interest received	116,458	116,983
Other receipts/(payments)	1,262,623	(35,938)
NET CASH USED IN OPERATING ACTIVITIES	(874,904)	(1,036,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(6,743,767)	(5,626,864)
Payments for property, plant and equipment	28,681	(80,369)
NET CASH USED IN INVESTING ACTIVITIES	(6,715,086)	(5,707,233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	26,273,558	5,673,501
Proceeds from exercise of options	66,664	110,017
NET CASH PROVIDED BY FINANCING ACTIVITIES	26,340,222	5,783,518
Net increase/(decrease) in cash held	18,750,232	(960,419)
Cash and cash equivalents at the beginning of the period	7,089,031	7,560,092
Effects of exchange rate changes on cash	(394,780)	-
Cash at the end of the period	25,444,483	6,599,673

Directors' Declaration

NOTE 1: BASIS OF PREPARATION

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting..

The interim financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Peninsula Energy Limited and its controlled entities during the interim reporting period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2. DIVIDENDS

The Company has not paid or provided for dividends during the half year ended 31 December 2010.

NOTE 3. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

Management has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating officers) in assessing performance and determining the allocation of resources.

The Chief Operating Officers consider the principal activities are mineral exploration and are managed primarily on a project by project basis. Operating segments are therefore determined on the same basis.

Reportable segments are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The Group's exploration projects consists of:

- Uranium
- Gold
- Nickel

Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Directors' Declaration

Segment Assets

Segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

Items of revenue, expense, assets and liabilities are not allocated to operating segments if they are not considered part of the core operations of any segment.

(i) Segment Performance

The following table present information regarding the Group's operating segments for the six months ended 31 December 2010:

31 December 2010	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	Raki Raki Fiji \$	Australia \$	Total \$
Revenue					
External Sales	-	-	-	9,421	9,421
Inter-segment sales:	-	-	-	1,287,811	1,287,811
Interest revenue:	14,435	48	-	101,974	116,457
Total Segment Revenue	14,435	48	-	1,399,206	1,413,689
Inter-Segment elimination	-	-	-	(1,287,811)	(1,287,811)
Total Segment Revenue	14,435	48	-	111,395	125,878
Expenses					
<i>Unallocated</i>					
Employee benefits expense	-	-	-	-	(1,222,075)
Share based payments expense	-	-	-	-	(616,000)
Write-off of exploration expenditure	-	-	-	-	(7,361)
Depreciation and amortisation	-	-	-	-	(41,447)
Other expenses	-	-	-	-	(988,339)
Loss before and after income tax	-	-	-	-	(2,749,344)

Directors' Declaration

The following table present information regarding the Group's operating assets as at 31 December 2010:

Segment Assets					
Segment operating assets	36,871,600	4,713,325	1,865,360	239,584	42,689,869
Unallocated assets					
Cash					25,444,483
Receivables					296,534
Available-for-sale financial assets					13,594
Property, Plant and Equipment					532,838
Total Assets					69,977,318

The following table present information regarding the Group's operating segments for the six months ended 31 December 2009:

	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	Raki Raki Fiji \$	Australia \$	Total \$
31 December 2009					
Revenue					
External Sales	-	-	-	8,704	8,704
Inter-segment sales:	-	-	-	-	-
Interest revenue:	2,974	1,244	-	112,765	116,983
Total Segment Revenue	2,974	1,244	-	121,469	125,687
Inter-Segment elimination	-	-	-	-	-
Total Segment Revenue	2,974	1,244	-	121,469	125,687
Expenses					
<i>Unallocated</i>					
Employee benefits expense	-	-	-	-	(520,160)
Share based payments expense	-	-	-	-	(1,587,388)
Write-off of exploration expenditure	-	-	-	-	(28,798)
Depreciation and amortisation	-	-	-	-	(13,506)
Other expenses	-	-	-	-	(593,434)
Loss before and after income tax	-	-	-	-	(2,617,599)

The following table present information regarding the Group's operating assets as at 30 June 2010:

Segment Assets					
Segment operating assets	35,859,754	4,377,937	1,865,360	234,261	42,337,312
Unallocated assets					
Cash					6,889,169
Receivables					151,697
Available-for-sale financial assets					13,594
Property, plant and equipment					602,966
Total Assets					49,994,738

Directors' Declaration

NOTE 4. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 5. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 31 December 2010:

There are 51,000,000 Performance Shares on issue at 31 December 2010. The performance shares are convertible into ordinary shares upon the satisfaction of various criteria which are set out in the Notice of Meeting released to the ASX on 29 October 2009.

The expense recognised in the income statement in relation to share-based payments for the half year ended 31 December 2010 was \$616,000 (31 December 2009: \$1,587,388).

All options and performance shares granted to key management personnel are ordinary shares in Peninsula Energy Limited, which confer a right of one ordinary share for every option or performance share held.

NOTE 6. MINERAL EXPLORATION EXPENDITURE

	31 December 2010 \$	30 June 2010 \$
Balance at the beginning of the reporting period	39,922,312	26,751,244
Exploration expenditure	5,725,975	13,326,893
Foreign exchange translation	(2,828,355)	-
Exploration expenditure written off	(7,361)	(155,825)
Mineral exploration expenditure	42,812,571	39,922,312

NOTE 7. ISSUED CAPITAL

A reconciliation of the movement in capital and reserves for the economic entity can be found in the Consolidated Statement of Changes in Equity.

	31 December 2010 \$	30 June 2010 \$
1,942,189,657 fully paid ordinary shares (June 2010 : 1,628,130,261)	91,338,894	64,507,526

Directors' Declaration

	31 December 2010	30 June 2010
(a) Ordinary Shares		
At the beginning of the reporting period	1,628,130,261	1,070,715,061
Shares Issued during the half year period	314,059,396	557,415,200
	1,942,189,657	1,628,130,261

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 8. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

	31 December 2010 \$	30 June 2010 \$
Non-cancellable operating leases contracted for but not capitalised	62,661	62,661

The property lease is a non-cancellable lease with a three year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be reviewed annually.

(b) Exploration Tenement Leases

	31 December 2010 \$	30 June 2010 \$
Exploration Tenement Leases (not greater than one year)	2,111,984	1,509,556

The consolidated group has certain obligations with respect to mining tenements and minimum expenditure requirements on areas held. For exploration licence expenditures, commitments are only expected for the following financial year. Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.

NOTE 9. EVENTS SUBSEQUENT TO REPORTING DATE

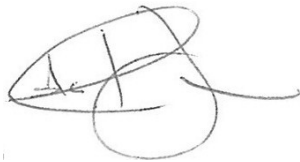
The Directors are not aware of any matter or circumstance that has arisen since 31 December 2010 which has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' Declaration

The directors declare that:

1. The financial statements and notes, as set out on pages 9 to 17:
 - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Malcolm James
Director

8 March 2011

Independent Review Report

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8 March 2011

Independent Auditor's Review Report

To the members of Peninsula Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Peninsula Energy Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Peninsula Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Peninsula Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Independent Review Report

Conclusion

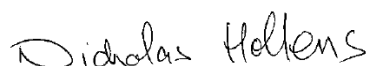
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Peninsula Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Report on Other Legal and Regulatory Requirements

[Form and content of this section will vary depending on the nature of the auditor's other reporting responsibilities.]

Somes and Cooke



Nicholas Hollens

8 March 2011

Perth