



ANNUAL FINANCIAL REPORT

30 JUNE 2012

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Directors	John Simpson Executive Chairman Malcolm James Executive Director Alf Gillman Executive Technical Director Warwick Grigor Non-Executive Director Michael Barton Non-Executive Director
Chief Operating Officer	Glenn Black
Chief Financial Officer	Tony Allen
Company Secretary	Jonathan Whyte
Registered and Principal Office	Unit 17, Level 2, 100 Railway Road Subiaco WA 6008 PO Box 8129 Subiaco East WA 6008 Telephone: +61 8 9380 9920 Facsimile: +61 8 9381 5064 Website: www.pel.net.au
Share Registry	Link Market Services Limited Ground Floor 178 St Georges Terrace Perth WA 6000 Telephone: 1300 554 474 Facsimile: +61 2 9287 0303
Auditors	Somes Cooke Chartered Accountants 1304 Hay Street West Perth WA 6005
Stock Exchange	Peninsula Energy Limited is a public company listed on the Australian Securities Exchange and incorporated in Western Australia.
ASX Codes	PEN – Ordinary Fully Paid Shares PENOC – Listed Options

CHAIRMAN'S REPORT

Dear Shareholder

I am pleased to present Peninsula Energy Limited's ("Peninsula" or "the Company") Annual Report and Financial Statements for the year ended 30 June 2012.

Peninsula has continued to make significant progress on its key projects during the year, and despite the challenges faced through the lingering effects of the Fukushima Tsunami and market volatility, many important milestones have been achieved.

The Feasibility Study completed by TREC demonstrated the economic viability of an expanded operation at Lance, with modelled production ramping up to a planned steady state level of 2.2mlbs per year. The Board, based on these positive results, announced the decision to mine at Lance in April.

The ongoing drilling program at Kendrick has been particularly successful. This drilling is located to the west of the Ross Production Unit and has produced numerous intersections of high grade mineralisation which should result in significant resource expansion and category upgrade. The drilling program continues to enhance the grade and definition of the existing resources and to convert unclassified material into JORC compliant resource. In March Peninsula further increased its resource inventory at Lance to 51.5mlbs.

During the year permitting at Lance has advanced on schedule with Peninsula completing numerous key regulatory milestones. The Wyoming Department of Environmental Quality (WDEQ) bond was lodged and the WDEQ has commenced the final process of issuing the Permit to Mine. Once issued Peninsula plans to commence pre-licensing construction activity, including the drilling and testing of deep disposal wells, CPP civil engineering and the ordering of long lead-time items prior to the issuance of the NRC Source Material Licence (SML). Also the NRC published dates for the draft SML and SML issuances.

At the Karoo Projects, the drilling program at Sites 22, 29 and 45 has been successful in confirming the historic uranium mineralisation at each site, and also the presence of high grade molybdenum in association with the uranium. An initial JORC resource calculation at the Karoo is expected by the end of the calendar year and the Company continues to review acquisition opportunities in the region.

On the financing front, the Company is in advanced negotiations on a debt funding facility and raised \$11m in June through the exercise of underwritten PENOA options. The Company remains well funded and well supported by its major shareholders.

Despite the Fukushima tragedy the outlook for nuclear power remains positive. There are now more nuclear reactors planned and under construction than pre-Fukushima. The majority of existing nuclear power users remain committed to nuclear generation and those with huge electricity expansion profiles such as China and India are committed to expanding their nuclear power generating capacity. The resultant increase in demand is set against tightening supply conditions such as the end of HEU agreement and production delays for several major uranium projects. These supply constraints and the increasing demand is anticipated to create upward pressure on uranium prices and renewed investment in uranium production in the mid and long term.

The Company has an existing long term sale agreement which is competitively priced, particularly at current market levels and expects to negotiate further sales contracts in the second quarter of next year as Japanese contracts and price levels return to normality.

I would like to take this opportunity to thank the members of the Board and staff for their focus and commitment during the year, and to formally welcome the new members to the US production team as the Company transitions to a uranium producer. I would also like to thank those shareholders who have supported the Company during the year.

We anticipate the next twelve months being a transformational period for Peninsula. The receipt of key permits and the securing of project financing will significantly de-risk the Lance Project and, set against a backdrop of improved uranium prices, increasingly positive nuclear sentiment and further stability in the global markets should catalyse a share price re-rating and increased returns for our shareholders.

Yours sincerely



John Andrew Simpson (Gus)
Chairman

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all of the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2012.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Directors' Report.

The names of the Directors of the Company are:

- John Simpson Executive Chairman
- Malcolm James Executive Director
- Alf Gillman Executive Technical Director
- Warwick Grigor Non-Executive Director (Independent)
- Michael Barton Non-Executive Director

The Directors believe that having an Executive Chairman is in the best interests of the shareholders. Because this is a departure from Corporate Governance Recommendations the matter is reviewed annually. The Company has also departed from Corporate Governance Recommendations in not having a majority of independent Directors.

When determining whether a Non-Executive Director is independent the Director must not fail any of the following materiality thresholds:

- Less than 10% of Company shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- No sales are made to or purchases made from any entity directly or indirectly associated with the Director; and
- None of the Directors' income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the economic entity other than income derived as a Director of the entity.

Independent Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on the behalf of the Company.

The Board has formally adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. When the Company is of sufficient size, a separate Nomination Committee will be formed.

Ethical Standards

The Board acknowledges and emphasises the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring Directors and employees to:

- Act honestly and in good faith;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflict of interest;
- Comply with the law;
- Encourage the reporting and investigating of unlawful and unethical behaviour; and
- Comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Diversity

The Board has adopted a Diversity Policy as per the recommendations. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Diversity Policy outlines the processes by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company.

The Company is committed to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees and is utilised to enhance the Company's performance.

The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

CORPORATE GOVERNANCE STATEMENT

Gender Diversity

The Company is focusing on the participation of women on its Board and within senior management. The Board is in the process of determining appropriate measurable objectives for achieving gender diversity.

Women Employees, Executives and Board Members

The Company and its consolidated entities have nine (9) female employees/executives:

- 2 accountants;
- an executive assistant;
- a geographical interface system analyst;
- a land administrator;
- a land access officer;
- a field technician; and
- 2 office administrators

which represent approximately 34% of the total employees, executives and/or board members of the Company and its consolidated entities. There are currently no female members of the Board of the Company.

Trading Policy

The Board has formally adopted a Trading Policy Charter which restricts Directors and employees/consultants from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Audit Committee

Given the size of the entity and Board composition, the Audit Committee consists of an Executive Director and a Non-Executive Director, a departure from the ASX Corporate Governance Council recommendations, but appropriate given the small size of the Company and the financial expertise of the Committee members. The Company Secretary is also present at all Audit Committee meetings. The Audit Committee operates under a formal charter.

The names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the Committee are included in the Directors' Report.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of Directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Peninsula Energy Limited, to lodge questions to be responded to by the Board and/or the CEO, and are able to appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A continual assessment of the Company's risk profile is undertaken and the Company Secretary has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The volatile economic environment has emphasised the importance of managing and reassessing the Company's key business risks.

Remuneration Policies

The Remuneration Committee is responsible for determining and reviewing the appropriate compensation arrangements and policies for the key management personnel, in accordance with the policies and procedures outlined in the Remuneration Committee Charter. The Remuneration Committee reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice.

The Company's Remuneration Policy is to ensure remuneration packages properly reflect each person's duties and responsibilities and support the Company's business objectives. The Policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all key management personnel of the Group, including all monetary and non-monetary components, is detailed in the Remuneration Report within the Directors Report. Shares given to key management personnel are valued at the market price of those shares. Options are valued independently using a binomial model and cross checked using the Black-Scholes methodology.

CORPORATE GOVERNANCE STATEMENT

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work and grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Remuneration Committee

The names of the members of the Remuneration Committee and their attendance at meetings of the committee are detailed in the Directors' Report.

There are no schemes for retirement benefits other than the statutory superannuation for non-executive directors.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made available publicly on the Company's web site at www.pel.net.au.

DIRECTORS REPORT

Your Directors present their report, together with the financial statements of the consolidated group (or "Peninsula"), being the Company and its controlled entities, for the financial year ended 30 June 2012.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

- John Simpson
- Malcolm James
- Warwick Grigor
- Alf Gillman (appointed 3 October 2011)
- Alan Marlow (resigned 30 September 2011)
- Michael Barton

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF ACTIVITIES

The principal activities of the consolidated group during the financial year consisted of uranium exploration and development. There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

The consolidated loss of the consolidated group after providing for income tax for the year ended 30 June 2012 amounted to \$7,142,145 (2011: \$7,218,315).

REVIEW OF OPERATIONS 2012

Peninsula is an emerging uranium producer, with the Company's primary focus on the near term production potential of the Lance uranium projects in Wyoming USA, as well as the Karoo uranium/molybdenum projects in the Republic of South Africa.

The highlights of the parent entity's operations during the year were as follows:

WYOMING, USA – LANCE URANIUM PROJECTS

(Peninsula Energy 100%)

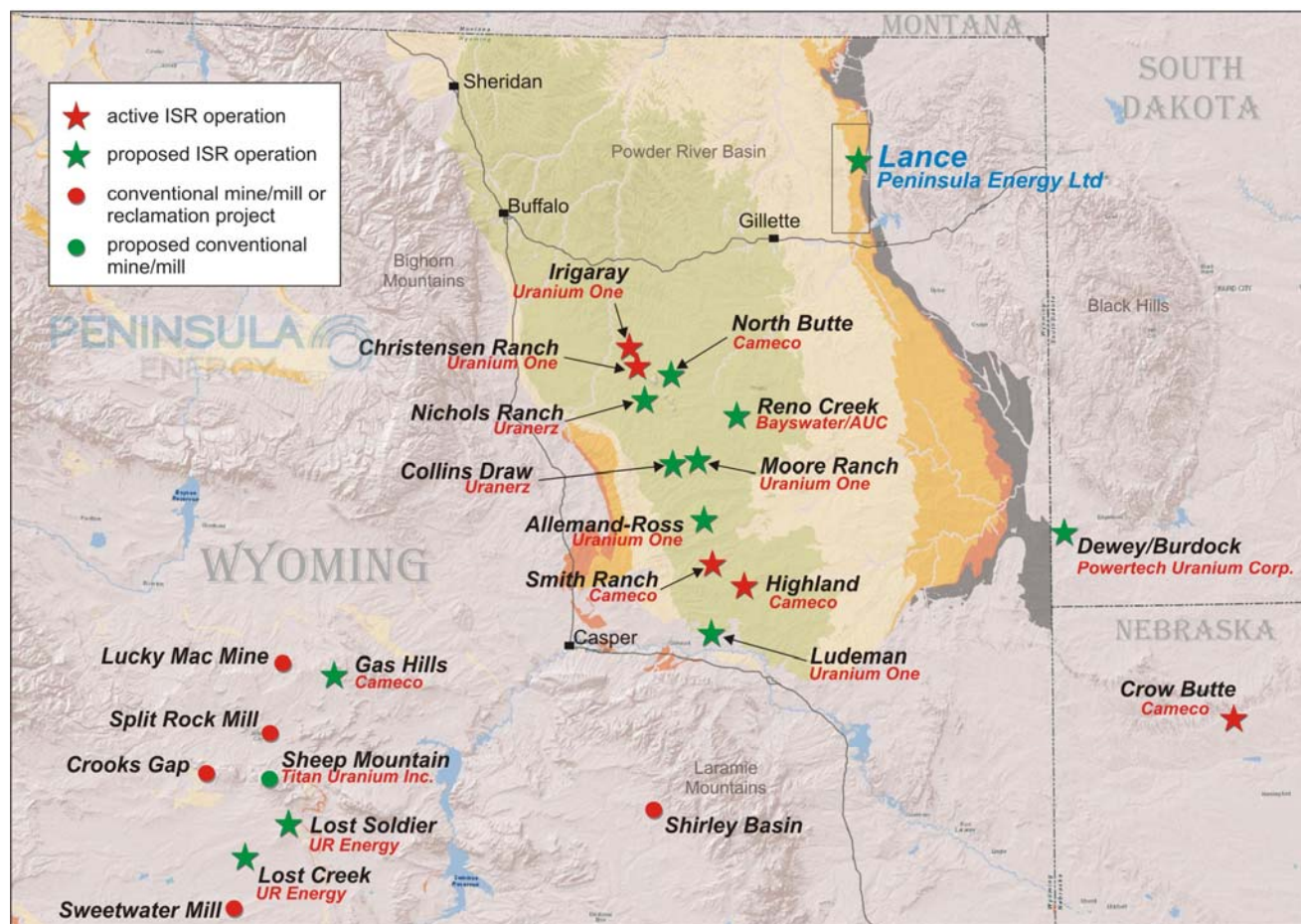


Figure 1: Lance Project Location, Wyoming, USA

DIRECTORS REPORT

The Lance Projects are located on the North-East flank of the Powder River Basin in Wyoming (Lance Projects). The original NuBeth Joint Venture between Nuclear Dynamics Inc, Bethlehem Steel Corporation and later Pacific Power and Hydro (NuBeth JV), discovered thirteen substantial zones of uranium mineralisation associated with an extensive system of roll fronts confirmed by drilling between 1970 and 1979. As part of this exploration program, the NuBeth JV drilled more than 5,000 exploration and development holes, totalling in excess of 912,000 meters. A proprietary database of the historic drilling and pilot plant data was acquired by Peninsula in 2007, defining a relatively unknown uranium district of which Peninsula is now the dominant mineral rights holder.

Feasibility Study

In May 2012 the Company completed an optimised Feasibility Study (FS) which upgraded the economic viability of the Lance In-Situ Recovery (ISR) Uranium Projects in Wyoming, USA. The FS was completed by TREC Inc (Wyoming based ISR engineers) (TREC) on the March 2012 JORC compliant resources of 51.5mlbs U_3O_8 at the Ross, Kendrick and Barber production units only (refer Figure 2).

The FS anticipates the expanded project including the Ross, Kendrick and Barber Production Units feeding a Central Processing Plant (CPP) with an expandable capacity of up to 3.0mlbs per annum, excluding vanadium at this stage. In the FS the first production unit will be at Ross with a capacity of 750klbs per annum and production ramping up over 3 years to 2.2mlbs per annum steady-state production with the inclusion of the Kendrick and Barber Production units. The initial mine plan is based on 29mlbs recovered U_3O_8 .

Feasibility Study Results

The FS was completed to further demonstrate the potential of the broader Lance Projects, which have 312 line kilometres of identified roll fronts, 13 zones of drill-determined mineralisation and an exploration target of 104-163mlbs U_3O_8 .

Realisation of this potential will be dependent on continued exploration and permitting success. In the FS further production units are assumed to be permitted for development at Kendrick and Barber and to follow Ross into production at 12 month intervals feeding the CPP.

The economic evaluation of these production units, conducted as part of the FS, yield an estimated NPV₈ of US\$252 million (at an 8% discount rate), excluding vanadium credits.

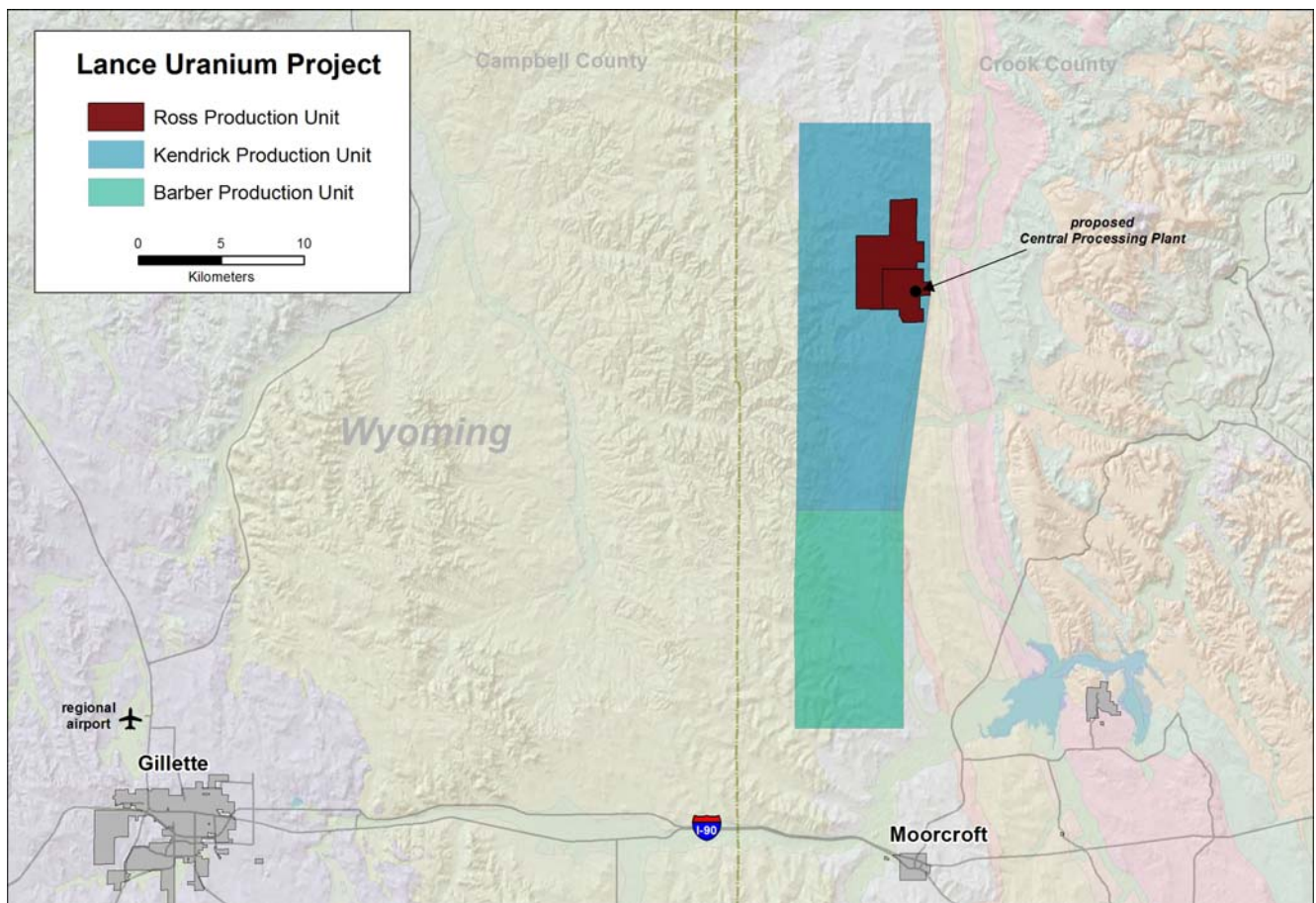


Figure 2: Lance Projects Proposed Production Units, Wyoming USA

The FS has for the Kendrick and Barber Production Units used a recovery of 76%. This was derived from metallurgical test work, which yielded averaged recoveries greater than 80%. It should be noted that prior determination of mineral recoveries

DIRECTORS REPORT

for in-situ mining operations is complicated by the need to approximate in-ground conditions during the laboratory testing process.

The FS included four deep disposal wells (DDW) at each production unit. It should be noted that the FS contains estimates of Inferred resources being converted to Indicated resources which are based on the existing JORC compliant resources within the Lance Projects and have had the operational, production and financial parameters generated by the FS applied to them. The Company and its advisors consider this to be appropriate due to the homogeneity of the mineralisation and operating environment.

The Company is also continuing the drilling program at Kendrick and Barber with the aim of upgrading a minimum 65% of the inferred resources into a measured or indicated category to provide the feedstock for the expanded project. The Company last reported a resource upgrade at the Lance Projects as at March 2012 and with continued drilling success over the next two quarters and expects to complete an update of the resource estimate before the end of 2012.

The FS included the results of the Lyntek (Inc.) Definitive Feasibility Study (DFS) on the Ross Production Unit as part for the FS on the expanded Lance Projects. As such the level of confidence applied to the Ross Production Unit is higher than on the production units at Kendrick and Barber which subsequently have higher contingencies applied to them.

Decision to Mine

On 3 April 2012 the Company advised that it had formally resolved to progress to mining at the Lance Projects.

In late 2011, Peninsula announced the results of the DFS on the Ross Project and Expanded Economic Study (EES) on the greater Lance Projects which confirmed the technical and economic viability of an ISR mining operation at the Lance Projects. These studies were based on planned steady state production of 2.19mlbs U_3O_8 per annum from three production units (Ross, Kendrick and Barber) within three years of start-up, with the mine plan based on 17.2mlbs recovered U_3O_8 . (This was increased to 29mlbs recovered U_3O_8 under the FS).

Since the completion of these studies (and as detailed above) TREC completed an optimised Feasibility Study in May 2012 which upgraded the economic viability of the Lance Projects and forms the basis of the debt-funding proposal that has been put to financial institutions.

Significant Resource JORC Compliant Resource Upgrade to 51.5mlbs U_3O_8

On 2 April 2012 Peninsula announced a further upgrade to the JORC-compliant Resource Estimate for the Lance Projects. This upgrade was achieved by the completion of an additional 806 drill holes subsequent to the June 2011 resource estimate.

The revised JORC compliant resource estimate of 51.5mlbs U_3O_8 represented a 24.3% increase to the total resource estimate including a 30.7% increase in Measured and Indicated Resource since the previous estimate.

The revised JORC compliant vanadium resource estimate of 4.9mlbs V_2O_5 represented a 111% increase to the previous resource estimate.

Recent drilling has been focused on converting resources from inferred to indicated in the proposed Kendrick Production Unit, which is located to the west of the Ross Production Unit. The drilling along the Kendrick roll front system is producing consistently thick high-grade intercepts, which has resulted in its prioritisation due to its resource expansion potential and its proximity to the proposed site of the Lance Central Processing Plant. The drill density and demonstrated continuity of mineralisation at Kendrick has resulted in a high proportion of inferred resources being upgraded to indicated category.

The revised resource estimate (Table 1) is reported by Resource Areas that correspond with the Ross, Kendrick and Barber Production Units as defined in the FS. These production areas differ slightly from the historic reporting areas that were known as Ross Permit Area, Ross and Barber. The FS anticipates the expanded project including Ross, Kendrick and Barber production units feeding a Central Processing Plant with an expandable capacity of up to 3.0mlbs per annum.

Table 1: Lance Project Updated Resource Estimate – March 2012

Resource Classification	Tonnes Ore (M)	U_3O_8 kg (M)	U_3O_8 lbs (M)	Grade (ppm U_3O_8)
Measured	3.6	1.8	4.0	505
Indicated	9.4	4.9	10.7	517
Inferred	35.1	16.7	36.8	475
Total	48.1	23.4	51.5	485

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

DIRECTORS REPORT

The refinement of the exploration model has resulted in the successful targeting and intersection of new roll front high-grade nose positions, and hence a 15% increase in the overall grade from 422ppm to 485ppm U₃O₈ has been achieved.

The three production units have a combined measured, indicated and inferred resources and respective grades and GT's, as follows (Table 2);

- Ross Production Unit - 9.0mlbs U₃O₈ with an average grade of 525ppm and an average GT of 0.55.
- Kendrick Production Unit - 26.1mlbs U₃O₈ at an average grade of 480ppm and an average GT of 0.49.
- Barber Production Unit - 13.4mlbs U₃O₈ at an average grade of 446ppm and an average GT of 0.43

It is anticipated that with further drilling the Kendrick and Barber Production Units will exceed the grade and GT's recorded at the Ross Production Unit.

The resource has been calculated by applying a combined constraint of a grade thickness product (GT) of 0.2 contour and 200ppm U₃O₈. These lower cut offs are considered to be appropriate for both calculating and reporting of ISR resources at the Lance Projects.

The measured, indicated and inferred resources are located in confined aquifers, (which are a requirement for successful ISR mining) that have demonstrated positive ISR recovery test-work.

Geological modelling of the extensive down-hole geophysical data has accurately defined the impermeable shales and mudstones that form the confining seals to the mineralised aquifers.

Table 2: Lance Project U₃O₈ Resource Estimate by Area and Category

Ross	Tonnes	Grade (ppm U ₃ O ₈)	U ₃ O ₈ lbs	Average Thickness (ft)	Average GT
Measured	2,784,509	510	3,129,569	11.5	0.59
Indicated	4,923,289	534	5,799,077	9.9	0.53
Inferred	109,000	499	120,000	9.8	0.49
Total	7,816,798	525	9,048,646	10.5	0.55

Kendrick	Tonnes	Grade (ppm U ₃ O ₈)	U ₃ O ₈ lbs	Average Thickness (ft)	Average GT
Measured	182,236	592	237,861	8.4	0.50
Indicated	2,454,100	579	3,133,199	7.9	0.46
Inferred	24,077,350	484	25,705,724	9.6	0.47
Total	26,713,686	494	29,076,784	9.5	0.47

Barber	Tonnes	Grade (ppm U ₃ O ₈)	U ₃ O ₈ lbs	Average Thickness (ft)	Average GT
Measured	636,302	461	647,045	9.0	0.41
Indicated	2,002,184	400	1,765,263	8.4	0.34
Inferred	10,953,788	454	10,957,678	10.	0.45
Total	13,592,274	446	13,369,986	9.7	0.43

Total	Tonnes	Grade (ppm U ₃ O ₈)	U ₃ O ₈ lbs	Average Thickness (ft)	Average GT
Measured	3,603,047	505	4,014,475	10.9	0.55
Indicated	9,379,574	517	10,697,540	9.1	0.47
Inferred	35,140,138	475	36,783,402	9.7	0.46
Total	48,122,759	485	51,495,417	9.7	0.47

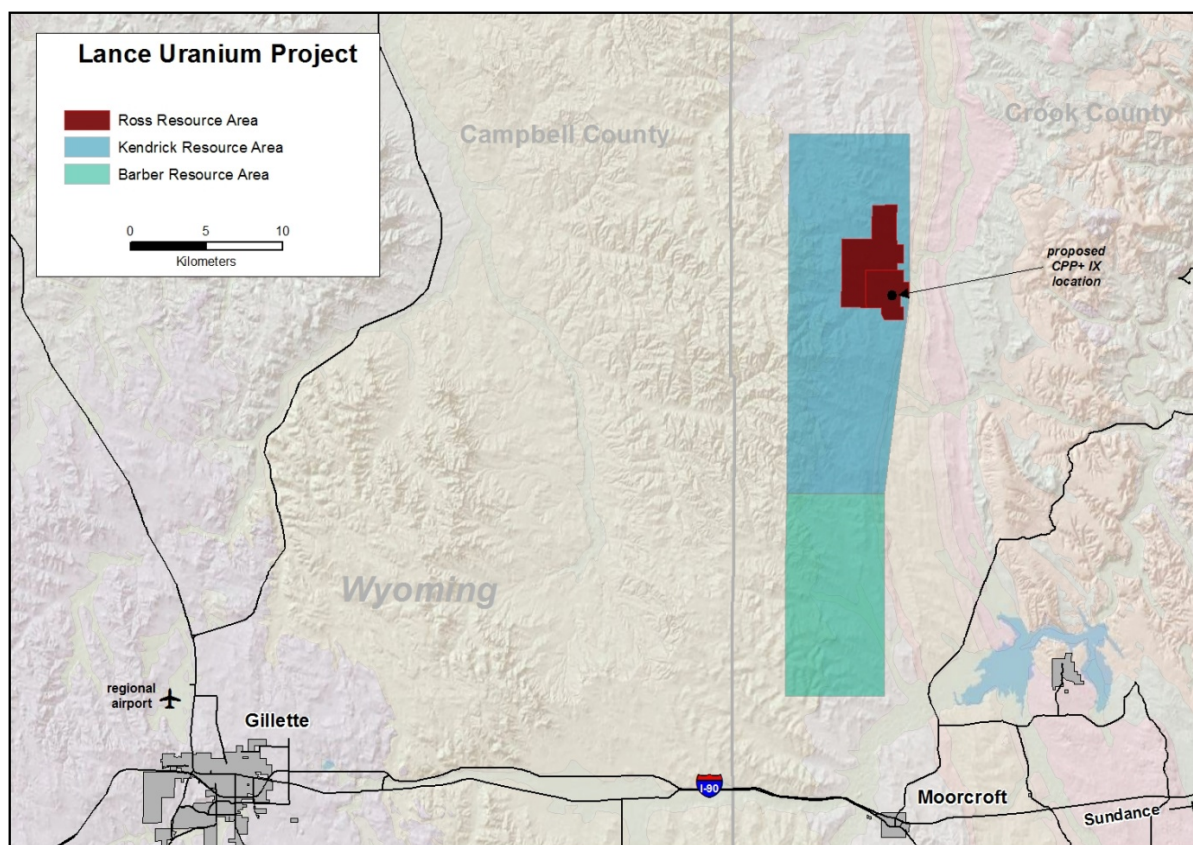


Figure 3: Lance Projects Resource Area Location Map

Vanadium Resource

As a result of a comprehensive core sampling and assay program in the Ross Resource Area and adjacent Kendrick Resource Area an average U_3O_8/V_2O_5 ratio of 2.5:1 was used to define the V_2O_5 resource of 4.92M lbs V_2O_5 .

The updated vanadium resource for the Ross Permit Area as at March 2012 is summarised in Table 3 below.

Table 3: Classified V_2O_5 Resource – March 2012

Ross	Tonnes	Grade (ppm V_2O_5)	V_2O_5 lbs
Measured	2,784,509	202	1,240,232
Indicated	4,923,289	212	2,298,144
Inferred	109,000	198	47,555
Total	7,816,798	208	3,585,931

Kendrick	Tonnes	Grade (ppm V_2O_5)	V_2O_5 lbs
Inferred	2,636,337	230	1,335,934
Total	2,636,337	230	1,335,934

Total	Tonnes	Grade (ppm V_2O_5)	V_2O_5 lbs
Measured	2,784,509	202	1,240,232
Indicated	4,923,289	212	2,298,144
Inferred	2,745,337	229	1,383,489
Total	10,453,135	214	4,921,865

DIRECTORS REPORT

Lance Projects – Mineralised Potential

The Lance Projects covers an area of over 120km² within which there is a combined total of 312 line kilometres (190 miles) of known stacked roll fronts. Of this total, only a small percentage has been explored, with over 90% of the drilling concentrated within the more advanced Ross and Barber resource areas. Based on the historic conversion rate from roll front length to a drill-defined resource, the mineralised potential of the Lance Projects, which is in addition to the JORC-compliant resource, is assessed at between 104 and 163mlbs U₃O₈. The upgrade in mineralised potential from previous estimates is based on an anticipated grade range of 400ppm to 550ppm U₃O₈. This grade range approximates the minimum and maximum modelled grades respectively.

Table 4: Lance Project Exploration Potential

Exploration Areas	Tonnes (M)		Grade (ppm eU ₃ O ₈)		eU ₃ O ₈ (mlbs)	
	From	To	From	To	From	To
Range						
Total	117.7	134.7	400	550	104	163

Permitting

The permitting process at the Lance Projects has advanced on schedule during the year, with Peninsula completing numerous key regulatory milestones.

Pre-licensing Construction

The bond required by the Wyoming Department of Environmental Quality (WDEQ) has been lodged and the WDEQ has commenced the final process of issuing the Permit to Mine. Once issued Peninsula plans to commence construction and the ordering of long lead-time items prior to the issuance of the NRC Source Material Licence. Subject to timely receipt of the Permit to Mine, it is envisaged that construction will commence in the fourth quarter of 2012 which will include installation and testing of a deep disposal well, installation of production monitoring wells, the ordering of certain components of the CPP, civil works in preparation for the CPP and CPP footings.

These pre-licensing construction activities are permissible, subsequent to changes to the NRC guidelines, and will shorten the overall project development timeline.

NRC Deems RAI's as Acceptable for Completion of License Application Review

In May 2012 the United States Nuclear Regulatory Commission (NRC) notified Peninsula's wholly owned subsidiary Strata Energy, Inc. (Strata) that its responses to the NRC's Requests for Additional Information (RAI's) on Strata's Ross Project, a part of the Lance Projects, were deemed acceptable to complete the NRC license application review.

As previously announced NRC issued the RAI's ahead of its internal schedule and Strata responded at the end of March 2012.

By letter dated 10 May 2012, NRC notified Strata that its RAI responses are complete and, based on this letter, that NRC's progress towards issuance of an SML License continues unabated.

Nuclear Regulatory Commission Approves Pre-Licensing Deep Disposal Well Testing

On 16 January 2012 the NRC advised Strata that the development of a deep disposal well to test subsurface conditions would be considered exploration activity (as opposed to construction) and therefore Strata can begin drilling without any further approval.

This decision allows the Company to proceed with DDW testing significantly ahead of original schedule and could see flow rates at the upper limits of expectation that would lead to significant capital expenditure reductions at the Lance Projects.

Construction and operation of up to five Underground Injection Control (UIC) Class 1 wells at the Lance Central Processing Plant site was approved by the WDEQ in April 2011. At the time of WDEQ permit issuance, the NRC regulations classified the drilling of any deep disposal well as part of the operation of an ISR project and subsequently a NRC Source Material License (SML) or an Exception was required to develop and test a deep disposal well.

Late in 2011 amendments to the NRC regulations relating to construction, including necessary borings to determine foundation conditions or other preconstruction monitoring to establish background information related to the suitability of the site, the environmental impacts of construction or operation, or the protection of environmental value, are excluded from the definition of construction and therefore do not require an Exception from the NRC.

The DDW'S will be used to inject non-hazardous wastes at depths in excess of 8,000 feet below the surface in order to meet the water management requirements of the proposed operations at the Lance Projects.

DIRECTORS REPORT

The NRC has confirmed that Strata can, upon the issue of the SML, apply to have the test deep disposal well converted for operations.

Air Quality Permit Received for Ross ISR Project

On 28 September 2011 Peninsula announced that the Division of Air Quality of the Wyoming Department of Environmental Quality (WDEQ/AQD) had completed their final review of Strata's application to construct the Ross ISR Project, which will utilise the in-situ recovery method to extract uranium and produce up to a maximum of three (3) million pounds per year of yellowcake (U_3O_8).

On expiration of the 30 day public comment period, with no comments received and on the basis of the information provided to the WDEQ/AQD, Strata was granted an Air Quality Permit in accordance with Chapter 6, Section 2 of the regulations.

The issuance of the Air Quality Permit follows a detailed technical review by the WDEQ/AQD of more than a year of baseline air quality monitoring, modelling and data analysis by Strata.

2011/2012 Drilling Program



Figure 4: Lance Projects Drilling Program 2012, Wyoming, USA

Peninsula completed 1,020 development drill holes at the Lance Projects during the year for a total of 872,030 feet (265.79km). Drilling during the year has largely been focused on converting inferred resources to the indicated category in the planned Kendrick Production Unit located to the west of the Ross Production Unit.

A summary of the drilling program for 2011/2012 is below:

Type	No. Holes	Total Footage	Total Meters
Rotary Mud	1,013	867,710	264,478
Core	7	4,320	1,317
Total	1,020	872,030	265,795

Drilling in the Kendrick area has targeted the K3, K4, K5 and K6 roll fronts and has recently identified the K5A roll front. The trends from these roll fronts merge in places to produce wide areas of continuous mineralisation. This continuous mineralisation has been identified over a strike length of 5.5 kilometres with horizontal widths in the northern K5 area of up to 60m.

The demonstrated continuity of the K3 roll front is now over 6.7 kilometres, the K4 roll front over 1 kilometre, the K5 roll front over 4.3 kilometres and the K6 roll front over 9.1 kilometres. The combined lineal strike length of the K3, K4, K5 and K6 roll fronts is over 21 kilometres. Drilling is now testing the newly discovered K5A roll front to the east.

The drilling along the Kendrick roll front system is consistently producing thick high grade intercepts which has resulted in its prioritisation due to its resource expansion potential and its proximity to the proposed site of the Lance Central Processing Plant. The drill density and continuity of mineralisation is expected to result in significant levels of inferred resources being upgraded to indicated category.

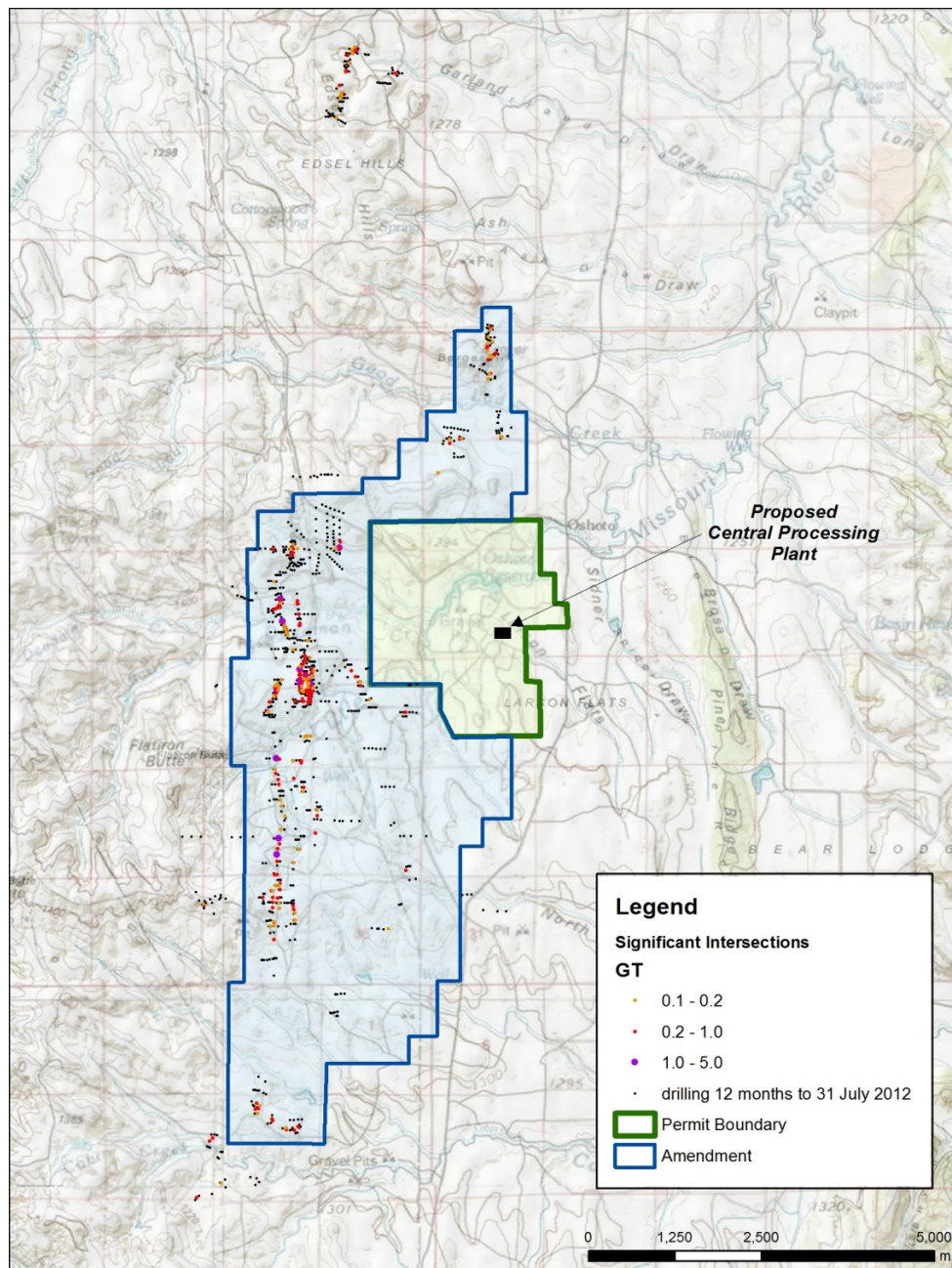


Figure 5: Lance Projects Drilling Location Plan 2012, Wyoming, USA

Current interpretations suggests that there is a total of 312 line kilometres of mineralised roll fronts in the greater Lance Projects and that the delineated mineralisation to date in the Kendrick roll fronts represent only 7% of the estimated mineralised roll front systems within this. As a result of the successful targeting of the roll front nose, the average GT and grade of the resource is expected to increase. Continued drilling in other key areas of the Lance Projects, will target the roll front nose and is expected to deliver uplift in average GT and grade.

The improved GT's and grades at K4 and K5 suggest that the true average grade of the Lance resource, which now comprises a total of 51.5mlbs, may be higher than previously estimated.

The latest interpretation of the existing database by Peninsula's geological team has identified and priority ranked over 500 follow-up drill targets within the Lance Projects. It is estimated that these drill targets will form the basis for on-going exploration over the next 5-10 years.

The table below shows the best 20 results (by GT) from the 2011/2012 drilling program. For further results please refer to the periodic market releases during the year which detail all drill results at the Lance Projects with GT > 0.2. The positive results to date provide confidence that mining will commence within targeted time-frames with production continuing over an extended mine life.

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Table 5: Best 20 Drilling Results by GT – 2011/2012 Drilling Program at the Lance Projects

Hole ID	Local Northing	Local Easting	Depth (ft)	From (ft)	Intercept ft / eU ₃ O ₈ grade ppm	Peak Concentration Intercept ft eU ₃ O ₈ grade ppm	Grade Thickness ft%e U ₃ O ₈
RMR1339	4938305	503403	600	431.75	23.5' @ 390ppm	2.5' @ 1110ppm	0.92
RMR1415	4936683	501663	840	651	39.0' @ 436ppm	9.5' @ 890ppm	1.70
RMR1531	4935919	500813	880	714.75	21.0' @ 830ppm	11.5' @ 1150ppm	1.74
RMR1610	4935590	500838	860	716.25	26.5' @ 390ppm	6.5' @ 540ppm	1.03
RMR1729	4934567	500759	1000	845.25	31.0' @ 485ppm	5.5' @ 1620ppm	1.50
RMR1730	4934662	501101	920	830.75	15.5' @ 1530ppm	4.0' @ 5160ppm	2.37
RMR1749	4934544	501234	900	786.75	7.5' @ 1400ppm	4.0' @ 2140ppm	1.05
RMR1755	4934710	501216	920	828	11.0' @ 864ppm	2.5' @ 2120ppm	0.95
RMR1757	4934714	501095	920	813.75	12.5' @ 1220ppm	5.0' @ 2330ppm	1.53
RMR1769	4934748	501195	920	832.25	8.0' @ 1080ppm	4.0' @ 1710ppm	0.86
RMR1779	4934877	501093	920	822.25	13.5' @ 2340ppm	8.5' @ 3420ppm	3.16
RMR1780	4934562	501101	920	849.75	10.5' @ 840ppm	3.0' @ 1780ppm	0.88
RMR1781	4934779	501182	920	831.75	11.0' @ 1100ppm	3.5' @ 2760ppm	1.21
RMR1797	4934811	501164	920	827.75	9.0' @ 920ppm	2.5' @ 2300ppm	0.83
RMR1874	4932357	500781	1100	1023.25	8.5' @ 1260ppm	6.5' @ 1560 ppm	1.07
RMR1898	4932206	500764	1080	1004.25	12.0' @ 725ppm	2.0' @ 1910ppm	0.87
RMR1904	4932116	500758	1100	991.25	15.0' @ 1475ppm	4.0' @ 4420ppm	2.21
RMR2088	4933547	500753	960	781.25	16.5' @ 1189ppm	3.0' @ 1970ppm	1.96
RMR2117	4934657	501241	900	802.25	17.0' @ 605ppm	2.5' @ 3170ppm	1.03
RMRD0024	4936687	501671	710	638.75	28.0' @ 353ppm	10.0' @ 670ppm	0.99

DIRECTORS REPORT

URANIUM- MOLYBDENUM EXPLORATION PROSPECTS – REPUBLIC OF SOUTH AFRICA

(Peninsula Energy 74%, BEE Group 26%)



Figure 6: Karoo Uranium / Molybdenum Project Locations, South Africa

Background

The Karoo Projects, located in the Western Cape, Eastern Cape and Northern Cape Provinces of South Africa comprise six project areas that cover a total area of 1,985km². All tenements contain uranium and molybdenum mineralisation as defined by rock chip samples and a recent detailed radiometric survey has defined many strong, anomalies. In addition, three sites (Sites 22, 29 and 45) host significant historic bodies of uranium mineralisation.

The drilling of 1,300 holes by JCI and Union Carbide at three of the Karoo Projects in the 1970's-1980's defined mineralisation at grades of 700-1,400ppm eU₃O₈, and rock chip sampling indicates potential to extend mineralisation beyond the historic drill limits and define multiple ore bodies. New areas of uranium and molybdenum mineralisation identified by Peninsula in potentially stacked sandstone units (effectively increasing the prospective strike length) have increased the resource potential. The historic RystKuil mine owned by Areva NC has a previously published target of 64mlbs (Uranium 2007) and is in close proximity to Peninsula's projects.

Current Program

The first phase of the Tasman Pacific drilling programme in the Karoo commenced in January 2011 and was focused on a selection of the JCI and Union Carbide drill holes to be re-drilled and logged to determine uranium correlations in order to confirm the historical resources. In many cases old boreholes were re-opened and gamma probed for eU₃O₈ values to be determined. Where reverse circulation (RC) or diamond drilling (DD) work was undertaken, the samples were submitted for analysis at an accredited laboratory to verify the gamma probe grades and obtain a value for molybdenum, which is considered to be an important by-product.

Results achieved to date are generally very positive and the current program has successfully confirmed the presence of high-grade uranium and molybdenum mineralisation located at depths that can easily be reached by conventional open pit mining.

In addition to the existing resource drilling areas, a total of ten high ranking drill targets distributed across all six of the Company's Project Areas have been prioritised from the 392 uranium occurrences generated by the 2008 helicopter-borne

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radiometric and magnetic surveys. This process has included site mapping, ground sampling and aerial extent studies of the project areas conducted by Peninsula over the last 3 years.

Preliminary geological studies have estimated a combined exploration potential in the Karoo of 30-60m tonnes @ 700 – 1,400ppm eU_3O_8 for 90 – 150m lbs eU_3O_8 .

The Company's target over the next 12 months is to delineate 30mlbs of eU_3O_8 (15-25m tonnes @ 700–1,400ppm eU_3O_8). The source of this material may include the historic mineral occurrences, their extensions and new exploration targets. If this target is achieved a conceptual study has suggested that this quantity of uranium would support the development of a central processing facility near Site 29.

Peninsula expects to complete an initial JORC compliant estimate for the Karoo Projects before December 2012.

A summary of the 2011/2012 drilling programme is as follows:

Drilling January 2011- June 2012

Site	No. Holes	Total Footage	Total Meters
22	191	24,255	7,393
29	342	29,993	9,142
45	68	16,749	5,105
Total	601	70,997	21,640

Historic Hole Probing January 2011- June 2012

Site	No. Holes	Total Footage	Total Meters
22	159	36,355	11,081
29	167	10,545	3,214
45	17	3,245	989
Total	343	50,145	15,284

Site 22

Site 22 is located below an escarpment approximately 45km south of Fraserburg (see Figure 6). As previously reported on 19 February 2011 Peninsula commenced a program comprising the re-opening and logging of the historic JCI boreholes. In conjunction with the logging Peninsula began a program of RC drilling designed to provide samples for Uranium and Molybdenum geochemical analysis and to establish the correlation between Uranium and Molybdenum. Historic reports suggested a high ratio of Molybdenum to Uranium within these areas of the Karoo.

To date, a total of 159 historic boreholes, 191 newly-drilled RC holes and 5 diamond drill holes have been completed. The newly drilled-holes produced a total of 154 intersections that exceed 200ppm eU_3O_8 . A total of 1,699 RC samples have also been collected for assay. These assay results confirm a widespread distribution of Molybdenum in association with the Uranium.

This drilling is providing further assay data to progress the associated molybdenum evaluation. In addition to validating the historic uranium mineralisation, results to date indicate the potential to delineate significant levels of Molybdenum at Site 22. The high grade of the associated Molybdenum is particularly encouraging as it has the potential to add significantly to the economics of any future mineral extraction from this area

The drill results continue to confirm strong high grade mineralisation in paleochannels averaging a thickness of 4.55ft (at 200ppm eU_3O_8 cut off), which is consistent with the historic results for the project and mineralised zones in the rest of the Karoo.

Highlights of the RC drilling at Site 22 during the year included:

- DH 06F0035RC which intersected 3.0ft @ 3,104ppm U_3O_8 ;
- DH 06F0079RC which intersected 8.2ft @ 1,075ppm U_3O_8 ;
- DH SFN0018RC which intersected 4.1ft @ 2,026ppm U_3O_8 ;
- DH SFN0051RC which intersected 4.3 ft @ 1,827ppm U_3O_8 ; and
- DH 06F0124RC which intersected 2.3 ft @ 3,320ppm U_3O_8 .



Figure 7: Drill Program in the Karoo, South Africa

In addition to the numerous high-grade Uranium and Molybdenum assays several holes reported mineralised thicknesses in excess of 10ft with a maximum thickness of 13.1ft (grading 920ppm U_3O_8 and 1,003 Mo) returned from DH 06F0065RC. The highest Uranium intersection received to date is from DH 06F0151RC which reported 1.6 ft grading 8,420ppm U_3O_8 .

Comparison of half-core sample assays and gamma probe results at Site 22:

Hole ID	Assay Result					Gamma Probe Result	
	From (ft)	To (ft)	Interval (ft)	U_3O_8 (ppm)	Mo (ppm)	Interval (ft)	e U_3O_8 (ppm)
06F0130DD	25.13	29.92	4.79	1934	650	4.92	1729
06F0199DD	130.68	132.64	1.97	2356	2068	1.97	1735
06F0473DD	33.17	39.50	6.33	3842	3167	6.40	3575
06F0802DD	78.74	83.73	4.99	4977	1978	4.92	4409

Site 29

Site 29 is located some 10 km south-east of the town Beaufort West in the Western Cape Province, South Africa Since the commencement of exploration on Site 29 in January 2011, Peninsula has completed the re-logging of 167 historic Union Carbide holes, drilled 342 RC holes and 4 diamond drill holes. The newly drilled holes produced a total of 171 holes intersections greater than 200ppm. The average depth of confirmed mineralisation is between 40' (12m) and 43.6' (13.3m) from surface

Highlights of the RC drilling at Site 29 during the year included:

- QFN0388RC which intersected 7.7 ft @ 1,393ppm U_3O_8 ;
- QFN0450RC which intersected 3.4 ft @ 2,331ppm U_3O_8 ;
- QFN0162RC which intersected 10.7ft @ 1,755ppm U_3O_8 ;
- QFN0167RC which intersected 3.6ft @ 2,560ppm U_3O_8 ; and
- QFN0397RC which intersected 3.3 ft @ 1,709ppm e U_3O_8 .

Comparison of half-core sample assays and gamma probe results at Site 29:

Hole ID	Assay Result					Gamma Probe Result	
	From (ft)	To (ft)	Interval (ft)	U_3O_8 (ppm)	Mo (ppm)	Interval (ft)	e U_3O_8 (ppm)
QFN0027DD	31.43	33.58	2.15	724	1383	2.13	1109
QFN0027DD	40.32	46.67	6.35	1175	109	6.40	1409
QFN0120DD	25.72	27.30	1.57	628	101	1.48	492
QFN0199DD	54.17	57.48	3.31	1159	154	3.28	1579
QFN0280DD	48.24	58.86	10.61	586	958	10.66	669

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Site 45

Site 45 is located 120km northwest of Beaufort West and comprises a contiguous area of 489km². JCI drilled 431 exploration holes at Site 45 which resulted in a mineralisation estimate of 4.8mlbs eU₃O₈. The historic work returned a grade in excess of 700ppm eU₃O₈ in two sandstone units contained within the Davidskolk Member of the Abrahamskraal Formation, including maximum values of 4,210ppm eU₃O₈ and 1,372ppm Mo. This near surface mineralisation occurs in broad, stacked paleochannels with an apparent northwest to southeast trend.

During December 2011 Peninsula field crew were able to undertake non-invasive exploration work in preparation for an extensive drilling campaign. A total of 15 drillholes that were open to the mineralised depth were probed with a gamma tool. This initial program returned results for 13 intersections exceeding 200ppm.

During the year the Company completed 65 RC holes and 3 diamond holes for 5,105m (16,749ft). Of these completed holes, a total of 60 holes reported mineralisation greater than 200ppm.

Comparison of half-core sample assays and gamma probe results at Site 29:

Hole ID	Assay Result					Gamma Probe Result	
	From (ft)	To (ft)	Interval (ft)	U3O8 (ppm)	Mo (ppm)	Interval (ft)	eU3O8 (ppm)
SFN0031DD	59.88	62.37	2.49	194	253	2.49	233
SFN0035DD	77.76	82.35	4.59	1535	534	4.59	1565
SFN0200DD	79.23	81.86	2.62	868	1226	2.62	874

RAKI RAKI GOLD PROJECT – FIJI

(Peninsula Energy 50%, Geopacific Resources 50%)

The RakiRaki Gold Project is located in the north of VitiLevu, the largest of the Fijian islands and consists of three main gold prospects (Qalau, 4300E and Tataliya Ridge).

All tenement licenses were renewed during the year for 12 months effective 1 June 2012. The joint venture operator Geopacific Resources NL is currently preparing budgets and exploration programs for 2012/13.

CORPORATE

\$11.1m PENOA Option Conversion Completed

On 13 June 2012 the Company announced that it had entered agreements with its cornerstone investor, Pala Investment Holdings Limited (Pala), Hartleys Limited and Canaccord BGF Limited (Joint Underwriters) to underwrite the exercise of all Peninsula options expiring on 30 June 2012 with an exercise price of \$0.03 each (PENOA Options).

In combination, the exercise of the PENOA Options by option holders and the underwriting agreements with Pala and the Joint Underwriters resulted in the Company receiving proceeds of \$11.1 million, bringing the total funds raised by the exercise of the PENOA Options to \$12.5 million.

Appointment of Chief Operating Officer – Peninsula and Chief Executive Officer – Tasman Pacific (RSA)

Peninsula appointed Mr Glenn Black as Chief Operating Officer of Peninsula and Tasman Pacific with effect from 1 May 2012. Mr Black has 25 years experience in the mining industry in various senior management and operational positions, including extensive experience in engineering, construction, project development and implementation.

Prior to joining Peninsula, Mr Black worked in various senior positions including the last 14 years at the De Beers Mining Group, most recently at Debswana Diamond Company, the world's leading producer of diamonds by value, where he held senior construction, engineering and project management positions. Mr Black is a resident of South Africa.

Appointment of Chief Executive Officer – Strata Energy

During the year the Company announced the appointment of Mr Ralph Knode as Chief Executive Officer of Strata Energy. Mr Knode's appointment commenced on 1 April 2012 and is overseeing all aspects of the Lance Projects.

Mr Knode has over 30 years of experience in uranium mine construction, mine operations and property evaluation, throughout North America, Kazakhstan and Australia.

Mr Knode joins Strata from Uranium One Inc, one of the largest publicly traded uranium producers in the world, where he was Senior Vice President of Projects for the past four years. During that time Mr Knode worked across all Uranium One operations and joint ventures, including overseeing four operating uranium mines in Kazakhstan, as well as the start up of the Honeymoon Uranium mine, Australia's fourth uranium mine.

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Prior to joining Uranium One Mr Knode was with Cameco Corporation and served as Director of Operations and Construction at the Inkai Joint Venture, an In-Situ Recovery project in Kazakhstan between Cameco and Kazatomprom, Kazakhstan's State owned Uranium entity.

Mr Knode also served as General Manager of Uranium Operations at Power Resources Inc (Cameco subsidiary) from 1999-2005, where he directed mining, well field construction and ground water restoration activities at the Smith Ranch-Highland uranium mine in Wyoming. He also directed the construction of the Inkai test mine in 2001 for parent company Cameco.

He was also Vice President, Development at Crow Butte Resources Inc. (Cameco subsidiary), he was responsible for all development activities including design, procurement and installation of well fields. This included directing test mine and commercial mine construction and subsequent operational activities.

Appointment of Chief Financial Officer

On 5 September 2012 the Company announced the appointment of Mr Tony Allen as Chief Financial Officer. Mr Allen is a Certified Practicing Accountant and brings extensive financial and commercial expertise combined with over 25 years experience in the mining industry to Peninsula; the majority at production phase companies, within USA, Australia and overseas at senior operational level.

FINANCIAL POSITION

The net assets of the consolidated group have increased by \$3,014,446 from 30 June 2011 to \$73,642,058 in 2012. A significant proportion of expenditure during the year was for exploration and development activity at the Lance and Karoo Projects, therefore the decrease in cash reserves during the year was offset through exploration capitalised to the balance sheet.

The Directors believe the consolidated group is in a strong and stable financial position to meet its stated objectives.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 2 April 2012 Peninsula announced a further upgrade to the JORC-compliant Resource Estimate for the Lance Projects. The revised JORC compliant resource estimate of 51.5mlbs U₃O₈ represents a 24.3% increase to the total resource estimate including a 30.7% increase in Measured and Indicated Resource since the previous estimate in June 2011.
- On 3 April 2012 the Company advised that it had formally resolved to commence commercial mining operations at the Lance Projects.
- On 3 May 2012 the Company completed an optimised Feasibility Study which upgraded the economic viability of the Lance Projects.
- The bond required by the WDEQ has been lodged and the WDEQ has commenced the final process of issuing the Permit to Mine. Once issued Peninsula plans to commence construction and the ordering of long lead-time items prior to the issuance of the NRC Source Material Licence.
- The drilling program at Karoo Sites 22, 29 and 45 successfully confirmed the presence of high-grade uranium and molybdenum mineralisation located at depths that can easily be reached by conventional open pit mining and Peninsula expects to complete an initial JORC compliant estimate for the Karoo Projects before December 2012.

DIVIDENDS PAID OR RECOMMENDED

The Directors of the parent entity do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2012.

AFTER BALANCE DATE EVENTS

Class C Performance Shares granted to key management personnel in 2009 and 2010 became convertible into fully paid ordinary shares in the capital of the Company on 1 July 2012, and were subsequently converted to ordinary shares on 3 July 2012. As a result \$1,002,500 was debited to the Statement of Comprehensive Income on this date.

The remaining 154,708,248 PENOA options on issue as at 30 June 2012 were all exercised in July 2012, with the exception of 49,049,150 PENOA options that remained unexercised (Shortfall). Pursuant to Peninsula's underwriting agreement with Pala Investment Holdings Limited, Pala subscribed for 43,000,000 of the Shortfall. The balance of the Shortfall, being 6,049,150, was issued to clients of Hartleys Limited and Canaccord BGF Limited pursuant to the underwriting agreement announced on 13 June 2012.

DIRECTORS REPORT

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely future developments in the operations of the consolidated group are referred to in the Annual Report. Other than as referred to in this report, further information as to likely developments in the operations of the consolidated group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the consolidated group and its shareholders.

ENVIRONMENTAL ISSUES

The consolidated group's operations are subject to significant environmental regulation under international legislation in relation to its conduct of exploration and evaluation of uranium deposits. The Directors are of the opinion that sufficient procedures and reporting processes have been established to enable the consolidated group to meet its responsibilities and that the consolidated group's other business segment operations are not subject to any significant environmental regulations under Australian Law and International Legislation where applicable.

INFORMATION ON DIRECTORS

The names and details of the Directors of Peninsula in office as at the date of this report are:

Mr John Simpson B.Sc, B.A

Executive Chairman

Mr Simpson is both a Science and Arts graduate from Curtin University, Western Australia. He joined the Peninsula Board in August 2007 and has over 25 years of experience in the management of listed mineral companies. He has had principal involvement in a number of successful mineral discoveries in Africa, Australia and North America. Mr Simpson is currently the Non-Executive Chairman of Quest Petroleum NL (ASX: QPN). Previously held positions include senior executive roles with Gindalbie Mining NL, Australian Minerals Sands NL, Panorama Resources NL and Tanganyika Gold Limited. He brings a high level of strategic commercial expertise to the company. Mr Simpson has the following interest in Shares and Options in the Company as at the date of this report – 50,690,499 ordinary shares and 7,003,101 listed options exercisable at 3 cents on or before 31 December 2015.

Mr Malcolm James B.Bus, FAICD, MAusIMM

Executive Director

Mr James joined the board in December 2003 as a Non-Executive Director. Mr James is a business graduate of RMIT University, Melbourne. In early 2011 Mr James took on the role of Executive Director to assist the Company through the development phase of the Lance Project in Wyoming. Over the last 15 years he has played an active role in identifying, exploring, financing and developing a number of significant natural resource projects in Australia, Africa, Europe, the Middle East, the Americas and Asia. To date he has been involved in raising in excess of A\$3 billion in debt and equity capital across the globe. Mr James is a founder and Executive Director of Resource & Capital Management, a boutique investment and project development firm. He is also Chairman and Non-Executive Chairman of ASX Listed Triton Gold Limited and the Non-Executive Chairman of AIM (London) listed Alecto Energy plc. Mr James has the following interest in Shares and Options in the Company as the date of this report – 21,496,571 ordinary shares and 3,271,464 listed options exercisable at 3 cents on or before 31 December 2015.

Mr Alfred Gillman

Executive Technical Director

Mr Gillman has over 25 years experience as a geologist in uranium, gold and base metals. He has extensive uranium experience including the sandstone hosted deposits of the Karoo Basin in South Africa, Powder River Basin in Wyoming and the unconformity style deposits of northern Australia. Mr Gillman specialises in resource estimation and advanced computer modelling and since joining Peninsula has developed extensive knowledge of its projects, been instrumental in the delineation of the Company's resources, led the development of the mineralisation / exploration models and has been serving as the Competent Person for both the Lance and Karoo Projects. For most of his career, Mr Gillman has held senior management positions, including Group Exploration Manager of Harmony Gold and he is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy. Mr Gillman has the following interest in Shares and Options in the Company as at the date of this report – 10,300,000 ordinary shares and 875,000 listed options exercisable at 3 cents on or before 31 December 2015.

Mr Warwick Grigor B.Ec, LLB, MAusIMM, FAICD

Non-Executive Director

Mr Grigor is a highly respected and experienced mining analyst, with an intimate knowledge of all market related aspects of the mining industry. He is a graduate of the Australian National University having completed degrees in law and economics. His association with mining commenced with a position in the finance department of Hamersley Iron, and from there he moved to Jacksons, Graham, Moore and Partners to become Australia's first specialist gold mining analyst. Having established Jacksons as a leading research stockbroker, Mr Grigor left to be the founding research partner at Pembroke Securities and then the Senior Analyst at County NatWest Securities. He retired from County in 1991 to found Far East Capital Limited that was established as a specialist small mining company financier and corporate adviser. Mr Grigor is also a founding partner and Executive Chairman of Canaccord BGF Limited, an Australian owned independent stockbroking

DIRECTORS REPORT

organisation with offices in Melbourne, Sydney and Hong Kong. Mr Grigor's research knowledge and market intelligence gives Peninsula a strong strategic direction. Mr Grigor has the following interest in Shares and Options in the Company as at the date of this report – 10,397,731 ordinary shares and 11,462,060 listed options exercisable at 3 cents on or before 31 December 2015.

Mr Michael Barton B.Sc (Hons), ACA

Non-Executive Director

Mr Barton is a Senior Vice President of Pala Investments Limited, a multi-strategy investment company dedicated to investing in, and creating value across, the mining sector in both developed and emerging markets. Pala seeks to assist companies in which it has long-term shareholdings by providing strategic advice and innovative financing solutions. Mr Barton currently serves on the boards of Elemental Minerals Ltd (ASX/TSX:ELM), Hana Mining Ltd (TSX:HMG), WDS Ltd (ASX:WDS), Sierra Rutile Ltd (AIM:SRX). In addition to his involvement in many of Pala's largest transactions, including Pala's investments in Anatolia Minerals Development Corporation, Avoca Resources Limited, Dumas Contracting Limited and Norcast Wear Solutions, Mr Barton led Pala's investments in Peninsula. Mr Barton is a qualified Chartered Accountant (ACA) and a fellow of the Securities and Investment Institute. Mr Barton does not have any interests in Shares or Options in the Company.

Note: Shareholder approval was received for the grant of further performance shares to the Directors at the AGM held 24 November 2011, however these have not yet been issued at the date of this report. For full details of the terms and conditions of these performance shares please refer to the Notice of Meeting lodged on 27 October 2011.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Jonathan Whyte B.Com, CA

Mr Whyte is a Chartered Accountant with experience in corporate accounting and investment banking sectors, having worked for Credit Suisse and Barclays Capital Plc in London over a period of 6 years. Previously Mr Whyte worked in the advisory services division of Deloitte in Perth over a period of 4 years. Mr Whyte was previously Company Secretary of ASX listed Lefroy Resources Limited and is Company Secretary of ASX listed Quest Petroleum NL and several unlisted resource based companies. Mr Whyte has the following interest in Shares and Options in the Company as at the date of this report – 8,000,000 ordinary shares and 1,000,000 listed options exercisable at 3 cents on or before 31 December 2015.

Meetings of Directors

During the financial year four meetings of Directors were held. Attendances by each Director during the year were as follows:

	Committee Meetings					
	Directors Meetings		Audit Committee		Remuneration Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
<i>Non Executive Directors</i>						
Warwick Grigor	8	6	2	2	1	1
Alan Marlow	1	1	-	-	-	-
Michael Barton	8	8	-	-	-	-
<i>Executive Directors</i>						
John Simpson	8	7	-	-	-	-
Malcolm James	8	8	2	2	1	1
Alf Gillman	7	7	-	-	-	-

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Options

At the date of this report, the unissued ordinary shares of Peninsula under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
Various	31/12/2015	\$0.03	483,849,623
18/09/2011	18/09/2013	\$0.072	4,000,000
18/09/2011	18/09/2013	\$0.09	4,000,000
Various	31/12/2015	\$0.04	8,000,000

Option holders do not have any rights to participate in any issue of shares or other interests in the Company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the consolidated group during or since reporting date.

For details of options issued to Directors and Executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2012, the following ordinary shares of Peninsula were issued on the exercise of options granted.

Grant Date	Date of Expiry	Exercise Price	Number of Shares Issued
01/10/2011	18/09/2012	\$0.05	4,000,000
Various	30/06/2012	\$0.03	251,846,389
Various	31/12/2015	\$0.03	1,363,171

A further 154,708,248 shares have been issued since that date on the exercise of options. No amounts are unpaid on any of the shares.

No person entitled to exercise the options had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

Performance Shares

At 30 June 2012 there were 13,500,000 Performance Shares on issue as follows:

Grant Date	Date of Expiry	Number on Issue
Class C	30/06/2014	13,500,000
Total		13,500,000

These Performance Shares were converted to ordinary shares on 3 July 2012. The Performance Shares were issued to Directors and Senior Management during the 2010 financial year and each class was convertible into fully paid ordinary shares upon the satisfaction of various criteria, as set out in the terms of the Performance Shares contained in Schedule 1 of the Notice of Annual General Meeting lodged on ASX on 29 October 2009 and the Remuneration Report. The purpose of the Performance Shares is to link part of the consideration paid to the key personnel of the Company to certain significant performance criteria.

Indemnifying Directors and Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has entered into an agreement to indemnify all the Directors and Officers against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each Director against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$22,000 to insure the Directors and Officers of the Company.

DIRECTORS REPORT

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2012:

Service	\$
Corporate Services	23,650
Total	23,650

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 30 of the Annual Report.

ASIC Class Order 98/100 Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.

REMUNERATION REPORT - AUDITED

Remuneration Policy

The Remuneration Policy of Peninsula has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Peninsula believes the Remuneration Policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The Remuneration Policy, setting the terms and conditions for the key management personnel, was developed by the Remuneration Committee in conjunction with the Board after seeking professional advice from independent external consultants where necessary;
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits where applicable, options and performance incentives;
- Incentives paid in the form of options or rights are intended to align the interests of the directors and Company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- The Remuneration Committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The consolidated Group did not employ the services of any key management remuneration consultants during the financial year ended 30 June 2012.

The performance of key management personnel is measured against criteria agreed with each executive and is based predominantly on shareholder value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may however, exercise its discretion in relation to the approval of incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable

DIRECTORS REPORT

performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to Non-Executive Directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align Directors' interests with shareholder interests.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

Relationship between Remuneration Policy and Company Performance

The Remuneration Policy has been tailored to increase goal congruence between shareholders, directors and executives. The Board have issued options and performance rights to all of the directors and executives to encourage the alignment of personal and shareholder interests.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options, shares or performance rights for the year ended 30 June 2012.

Group Key Management Personnel	Position held at 30 June 2012	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration not Related to Performance	
		Non-Salary Cash Based Incentives %	Shares %	Options/ Rights %	Fixed Salary/Fees %	Total %
John Simpson	Executive Chairman	-	35.19	-	64.81	100.00
Malcolm James	Director (Executive)	-	13.69	-	86.31	100.00
Warwick Grigor	Director (Non-Executive)	-	68.54	-	31.46	100.00
Michael Barton	Director (Non-Executive)	-	-	-	100.00	100.00
Alan Marlow	N/A	-	89.71	-	10.29	100.00
Anthony Simpson	N/A	-	64.13	-	35.87	100.00
Alf Gillman	Technical Director (Executive)	-	26.12	-	73.88	100.00
Glenn Black	Chief Operating Officer	-	-	-	100.00	100.00
Jonathan Whyte	Company Secretary	-	40.95	-	59.05	100.00

The employment terms and conditions of key management personnel and are formalised in contracts of employment. Terms of employment require that the relevant group entity provide an executive contracted person with a minimum one month notice prior to termination of contract. Key Contracts are for an average duration of one to three years, to a maximum of three years. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least one month's notice. Termination payments are not payable on resignation or under circumstances of unsatisfactory performance.

Remuneration Details for the Year Ended 30 June 2012

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group.

DIRECTORS REPORT

Table of Benefits and Payments for the Year Ended 30 June 2012

		Short-term Benefits		Post-Employment Benefits	Equity Settled Share-based Payments			
Group Key Management Personnel		Salary & Fees \$	Other \$	Super-annuation \$	Shares ^(e) \$	Options \$	Termination Benefits \$	Total \$
Non-Executive Directors								
Warwick Grigor	2012	36,000		3,240	85,500			124,740
	2011	36,000	-	3,240	85,500	-	-	124,740
Alan Marlow ^(a)	2012	9,000	-	810	85,500			95,310
	2011	36,000	-	3,240	85,500	-	-	124,740
Michael Barton	2012	36,000	-	-	-	-	-	36,000
	2011	19,065	-	-	-	-	-	19,065
Executive Directors								
John Simpson	2012	735,000	-	-	399,000	-	-	1,134,000
	2011	625,046	68,182	-	171,000	-	-	864,228
Malcolm James ^(h)	2012	536,000	-	3,240	85,500	-	-	624,740
	2011	211,000	-	3,240	85,500	-	-	299,740
Alf Gillman ^(b)	2012	371,000	-	2,430	132,000	-	-	505,430
	2011	379,599	-	-	66,000	-	-	445,599
Other Executives								
Anthony Simpson ^(c)	2012	127,500	-	-	228,000	-	-	355,500
	2011	317,500	-	-	114,000	-	-	431,500
Glenn Black ^(d)	2012	302,958	-	-	-	-	-	302,958
	2011	-	-	-	-	-	-	-
Jonathan Whyte	2012	234,349	-	-	162,500	-	-	396,849
	2011	215,275	-	-	57,000	-	-	272,275
Melvin Campbell ^(f)	2012	-	-	-	-	-	-	-
	2011	114,450	-	-	123,500	-	-	237,950
Total	2012	2,387,807	-	9,720	1,178,000	-		3,575,527
	2011	1,953,935	68,182	9,720	788,000	-	-	2,819,837

(a) Mr Alan Marlow resigned as Non-Executive Director effective 30 September 2011.

(b) Mr Alf Gillman was appointed as Executive Technical Director on 3 October 2011.

(c) Mr Anthony Simpson resigned as Chief Operating Officer effective 30 November 2011.

(d) Mr Glenn Black was appointed as Chief Operating Officer on 1 May 2012. As part of his employment contract terms, Mr Black was paid an advance payment of US \$292,500, being an advance against future bonuses. Should Glenn Black resign or be terminated for any reason prior to May 2015, this amount, less any bonuses offset against this amount, shall be repaid to the Company. This is standard practice in South Africa for senior executive management.

(e) The fair value of the performance shares vested during the year was ascertained as the market bid price at grant date which was 5.7 cents (except Alf Gillman's shares – 4.4 cents). Note that the share price is currently trading at levels well below this valuation.

(f) Melvin Campbell resigned effective 31 December 2010.

DIRECTORS REPORT

(g) Mr James was appointed as an Executive Director on 1 January 2011.

Securities Received that are not Performance Related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Shares and Performance Rights Granted

Group Key Management Personnel	Grant Details			For the Financial Year Ended 30 June 2012			Overall		
	Date	Number	Value \$	Converted No. ^(a)	Converted \$	Vested No.	Vested %	Unvested %	Lapsed %
Performance Rights^(a)									
<i>Non-Executive Directors</i>									
Warwick Grigor	30/11/09	3,000,000	171,000	1,500,000	85,500	1,500,000	100.00	-	-
Michael Barton	n/a	-	-	-	-	-	-	-	-
Alan Marlow	30/11/09	3,000,000	171,000	1,500,000	85,500	1,500,000	100.00	-	-
<i>Executive Directors</i>									
John Simpson	30/11/09	17,000,000	969,000	10,000,000	399,000	7,000,000	58.83	41.17	-
Malcolm James	30/11/09	3,000,000	171,000	1,500,000	85,500	1,500,000	100.00	-	-
Alf Gillman	12/04/10	8,500,000	374,000	3,000,000	132,000	3,000,000	52.95	47.05	-
<i>Executives</i>									
Anthony Simpson ^(b)	30/11/09	11,000,000	627,000	4,000,000	228,000	4,000,000	54.55	-	45.45
Glenn Black	n/a	-	-	-	-	-	-	-	-
Jonathan Whyte	30/11/09	5,000,000	285,000	1,500,000	85,500	1,500,000	50.00	50.00	-
Total		50,500,000	2,768,000	23,000,000	1,101,000	20,000,000	63.37	26.73	9.90
Ordinary Shares									
<i>Non-Executive Directors</i>									
Warwick Grigor	n/a	-	-	-	-	-	-	-	-
Alan Marlow	n/a	-	-	-	-	-	-	-	-
Michael Barton	n/a	-	-	-	-	-	-	-	-
<i>Executive Director</i>									
John Simpson	n/a	-	-	-	-	-	-	-	-
Malcolm James	n/a	-	-	-	-	-	-	-	-
Alf Gillman	n/a	-	-	-	-	-	-	-	-
<i>Executives</i>									
Anthony Simpson	n/a	-	-	-	-	-	-	-	-
Glenn Black	n/a	-	-	-	-	-	-	-	-
Jonathan Whyte	28/07/11	1,000,000	77,000	1,000,000	77,000	1,000,000	100.00	-	-
Total		1,000,000	77,000	1,000,000	77,000	1,000,000	100.00	-	-

a) The Performance Shares were valued for accounting purposes at the market bid price of 5.7 cents at date of independent valuation, with the exception of Mr Alf Gillman's performance shares which were valued at the market bid price of 4.4 cents at date of grant. Note that the share price is currently trading at levels well below this valuation. The performance hurdles that the Company needed to achieve in order for the Performance Shares to vest were as follows:

DIRECTORS REPORT

Class A Performance Shares

The Class A Performance Shares became convertible into fully paid ordinary shares in the capital of the Company on 1 July 2010, which was the earliest date they could become convertible after the Company defined 7.5mlbs U₃O₈ JORC inferred resource at the Lance Projects. There are no outstanding Class A Performance Shares as at 30 June 2012.

Class B Performance Shares

The Class B Performance Shares became convertible into fully paid ordinary shares in the capital of the Company on 1 July 2011, which was the earliest date they could become convertible after the Company defined 15mlbs U₃O₈ JORC inferred resource at the Lance Projects. There are no outstanding Class B Performance Shares as at 30 June 2012.

Class C Performance Shares

The Class C Performance Shares became convertible into fully paid ordinary shares in the capital of the Company upon the later of:

- The Company deciding to commence commercial mining operations in respect of the Lance Project, and
- 1 July 2012.

There were 13,500,000 Class C Performance Shares outstanding at 30 June 2012. There were converted to ordinary shares on 3 July 2012.

The expiry date of the Class A, B and C Performance Shares is 30 June 2014.

- b) Mr Anthony Simpson resigned as Chief Operating Officer effective 30 November 2011.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

No cash bonuses or performance related bonuses (including options) were granted as remuneration to key management personnel during the year.

Service Contracts

Several key management personnel provide their services to the company via service companies on normal terms and conditions.

End of Audited Section

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Malcolm James (Executive Director)
Dated this 27th day of September 2012

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves at the Lance Projects is based on information compiled by Mr Alf Gillman and Mr Jim Guiling. 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 Guiling 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 Guiling is Principal of independent consultants World Industrial Minerals. Both Mr Gillman and Mr Guiling 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'.

The information in this report that relates to Exploration Results and Exploration Potential at Peninsula's Karoo projects is based on information compiled by Mr Alf Gillman and Mr George van der Walt. 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 van der Walt is a member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (The South African Council of Natural Scientific Professions, Geological Society of South Africa). Mr van der Walt is a Director of Geoconsult International. Both Mr Gillman and Mr van der Walt 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 Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to Exploration Results and Exploration Potential at the RakiRaki Project in Fiji is based on information compiled by Dr Ian Pringle, Member of the Australasian Institute of Mining and Metallurgy. Dr Pringle is Managing Director of Geopacific Resources NL. Dr Pringle 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Gillman, Mr Guiling, Mr van der Walt and Dr Pringle consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

AUDITORS INDEPENDENCE DECLARATION



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Chartered Accountants
Business Consultants
Financial Advisors

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Peninsula Energy Limited

As auditor for the audit of Peninsula Energy Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
Perth
27 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
Interest revenue	2	852,635	806,559
Other income	2	-	24,965
Employee benefits expense		(4,087,589)	(3,162,953)
Share-based payments expense	20	(1,750,300)	(2,423,000)
Impairment of available-for-sale-financial asset		(1,631)	-
Write-off of capitalised exploration expenditure	10	(163)	(247,667)
Depreciation expense	9	(220,063)	(91,135)
General and administrative expenses		(1,157,827)	(1,082,036)
Foreign exchange gain/(loss)		131,899	(190,685)
Other expenses		(909,106)	(852,363)
Loss Before Income Tax	3	(7,142,145)	(7,218,315)
Income tax expense	4	-	-
Loss From Continuing Operations		(7,142,145)	(7,218,315)
Other Comprehensive Income:			
Exchange differences on translation of foreign controlled entities		610,004	(8,115,163)
Total Comprehensive Income for the Year		(6,532,141)	(15,333,478)
Basic loss per share (cents per share)	21	(0.33)	(0.39)
Diluted loss per share (cents per share)	21	(0.33)	(0.39)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	14,155,136	26,723,024
Trade and other receivables	6	2,125,086	1,241,438
TOTAL CURRENT ASSETS		16,280,222	27,964,462
NON-CURRENT ASSETS			
Trade and other receivables	6	2,805,000	-
Other financial assets	7	5,438	7,069
Property, plant and equipment	9	4,293,973	603,891
Mineral exploration, evaluation, and development	10, 11	58,610,308	43,572,238
TOTAL NON-CURRENT ASSETS		65,714,719	44,183,198
TOTAL ASSETS		81,994,941	72,147,660
CURRENT LIABILITIES			
Trade and other payables	12	2,401,875	1,510,721
Other liabilities	13	3,125,739	-
Short-term provisions	14	20,269	9,327
TOTAL CURRENT LIABILITIES		5,547,883	1,520,048
NON-CURRENT LIABILITIES			
Other liabilities	13	2,805,000	-
TOTAL NON-CURRENT LIABILITIES		2,805,000	-
TOTAL LIABILITIES		8,352,883	1,520,048
NET ASSETS		73,642,058	70,627,612
EQUITY			
Issued capital	15	106,522,715	97,847,017
Reserves	16	(974,241)	(2,455,134)
Accumulated losses		(31,906,416)	(24,764,271)
TOTAL EQUITY		73,642,058	70,627,612

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2012

	Notes	Share Capital Ordinary \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 July 2010		64,507,526	(17,545,956)	930,900	-	47,892,470
Shares issued during the year	15	31,630,083	-	-	-	31,630,083
Option entitlement issue		-	-	4,074,388	-	4,074,388
Transaction costs	20	(626,138)	-	(273,259)	-	(899,397)
Share based payment expense	20	1,495,000	-	928,000	-	2,423,000
Exercise of options		840,546	-	-	-	840,546
Foreign currency translation		-	-	-	(8,115,163)	(8,115,163)
Loss for the year		-	(7,218,315)	-	-	(7,218,315)
Balance at 30 June 2011		97,847,017	(24,764,271)	5,660,029	(8,115,163)	70,627,612
Share based payment expense	20	1,608,300	-	142,000	-	1,750,300
Exercise of options	15b	7,796,287	-	-	-	7,796,287
Issue of options under equity facility agreement	15b	(728,889)	-	728,889	-	-
Foreign currency translation		-	-	-	610,004	610,004
Loss for the year		-	(7,142,145)	-	-	(7,142,145)
Balance at 30 June 2012		106,522,715	(31,906,416)	6,530,918	(7,505,159)	73,642,058

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(5,700,079)	(5,108,083)
Interest received		852,635	806,559
Other receipts		126,039	1,049,334
Net cash (used in) operating activities	29	(4,721,405)	(3,252,190)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mineral exploration and evaluation		(14,350,127)	(11,795,728)
Cash reclassified to other receivables (held as security for bank loan)	6	(2,805,000)	-
Payments for mineral exploration performance bonds		(887,591)	-
Purchase of property, plant and equipment		(1,335,795)	(92,060)
Net cash (used in) investing activities		(19,378,513)	(11,887,788)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	30,995,473
Proceeds from rights issues		-	3,801,129
Proceeds from application to exercise options		10,922,026	840,546
Net cash provided by financing activities		10,922,026	35,637,148
Net (decrease)/increase in cash Held		(13,177,892)	20,497,170
Cash at the beginning of financial year		26,723,024	7,089,031
Effects of exchange rate fluctuations on cash held		610,004	(863,177)
Cash at the end of financial year	5	14,155,136	26,723,024

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Peninsula Energy Limited and controlled entities (consolidated group).

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and going concern basis, and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Peninsula Energy Limited at the end of the reporting period. A controlled entity is any entity over which Peninsula Energy Limited has the power to govern the financial and operating policies of, so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights is considered.

Where controlled entities have entered or left the consolidated group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 8 of the Notes to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(b) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit and loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on a cost basis.

The carrying amount of plant and equipment is reviewed to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Buildings	20 years
Plant and Equipment	3-6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Mineral Exploration, Evaluation and Development

Mineral exploration and evaluation costs incurred are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest is demonstrable, exploration and evaluation assets attributed to that area of interest are first tested for impairment and then reclassified from exploration and evaluation to development.

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings, plant and equipment is capitalised as development. Development includes previously capitalised exploration and evaluation costs, pre-production development costs, development studies and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant, and equipment.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration, evaluation and development assets in relation to an area may still be written off if it is considered appropriate to do so.

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of the mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated group commits itself to either the purchase or sale of the asset (ie, trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through the profit or loss', in which case transaction costs are expensed to profit and loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair Value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised Cost is calculated as:

- a) the amount at which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d) less any reduction for impairment.

The consolidated group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

- (i) *Financial assets at fair value through profit and loss*
Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the profit and loss.
- (ii) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)
- (iii) *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (all other investments are classified as current assets.) If during the period the consolidated group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.
- (iv) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets include non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)
- (v) *Financial liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the consolidated group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Assets

At the end of each reporting period, the consolidated group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including, where applicable, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisitions profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of jointly controlled assets have been included in the appropriate line items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 11.

(i) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the consolidated group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the consolidated group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in Other Comprehensive Income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(j) Employee Benefits

Provision is made for the consolidated group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined Superannuation Schemes

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

(k) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(l) Earnings per Share

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(m) Equity-settled Compensation

The consolidated group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity in which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares or performance shares is ascertained as the market bid price. The fair value of options is ascertained independently using a Binomial Model and cross checked using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(n) Provisions

Provisions are recognised when the consolidated group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(p) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

(q) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(r) Share Based Payment Transactions

Under AASB 2 Share Based Payments, the consolidated group must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of comprehensive income with a corresponding adjustment to equity.

The consolidated group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

(s) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(u) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the consolidated group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in the financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(v) Rounding of Amounts

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

(w) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated group.

Key Estimates

(i) Impairment

The consolidated group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

(i) Exploration, Evaluation and Development

The consolidated group capitalises expenditure relating to exploration and evaluation costs where they are considered to be likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The future recoverability of capitalised exploration and evaluation costs are dependent on a number of factors, including whether the consolidated group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Development activities commence after commercial viability and technical feasibility of the project is established. Judgement is applied in determining when a project is commercially viable and technically feasible. In exercising this judgement, management is required to make certain estimates and assumptions as to the future events. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to profit and loss.

(x) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- (i) AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- (a) simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- (b) simplifying the requirements for embedded derivatives;
- (c) removing the tainting rules associated with held-to-maturity assets;
- (d) removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- (e) allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- (f) requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- (g) requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- (ii) AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012). This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

- (iii) AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

- (a) AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.
- (b) AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of

the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

- (c) AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- (iv) AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- (a) inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- (b) enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

- (v) AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

- (vi) AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- (a) for an offer that may be withdrawn – when the employee accepts;
- (b) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- (c) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2. REVENUE AND OTHER INCOME

	2012 \$	2011 \$
Revenue from continuing operations		
Interest received	852,635	806,559
	<u>852,635</u>	<u>806,559</u>
Other income		
Rental income	-	23,442
Other income	-	1,523
	<u>-</u>	<u>24,965</u>
Total revenue and other income from continuing operations	852,635	831,524

3. LOSS FOR THE YEAR

	2012 \$	2011 \$
Loss before income tax includes the following specific expenses:		
Employee Benefits Expense		
- defined contribution superannuation expense	36,772	26,169
Rental expense on operating leases		
- minimum lease payments	30,015	63,015

4. INCOME TAX

	2012 \$	2011 \$
(a) The major components of income tax expense comprise:		
Income Statement		
Current income tax	-	-
Current income tax charge/(benefit)	<u>-</u>	<u>-</u>
Deferred Income Tax		
Relating to origination and reversal of timing differences	<u>-</u>	<u>-</u>
Income tax (benefit)/expense	<u>-</u>	<u>-</u>
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:		
Accounting loss before income tax	<u>(7,142,145)</u>	<u>(7,218,315)</u>
At the group's statutory income tax rate of 30%	(2,142,644)	(2,165,495)
Add tax effect of:		
Mineral exploration written off	49	74,300
Share based payments	525,090	726,900
Mineral exploration expenses incurred	<u>(4,236,866)</u>	<u>(3,344,874)</u>
	<u>(5,854,371)</u>	<u>(4,709,169)</u>
Benefit of tax losses not brought to account as an asset	5,854,371	4,709,169
Income tax (benefit)/expense	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

(c) As at 30 June 2012, the consolidated entity has estimated tax losses of approximately \$62,200,247 (2011: \$42,685,677), which may be available to be offset against taxable income in future years. The availability of these losses is subject to satisfying taxation legislative requirements. The deferred tax asset attributable to tax losses has not been brought to account in these financial accounts because the directors believe it is not presently appropriate to regard realisation of the future income tax benefits as probable.

5. CASH AND CASH EQUIVALENTS

	2012 \$	2011 \$
Cash at bank and in hand	10,322,262	6,099,798
Short-term bank deposits	3,832,874	20,623,226
	14,155,136	26,723,024

Bank bills and other money market investments are typically held for 30 to 90 days and earn interest at the prevailing rates.

Reconciliation of Cash

	2012 \$	2011 \$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	14,155,136	26,723,024
	14,155,136	26,723,024

6. TRADE AND OTHER RECEIVABLES

	2012 \$	2011 \$
CURRENT		
Sundry receivables	203,377	161,874
Other receivables ^(a)	1,921,709	1,079,564
	2,125,086	1,241,438
NON-CURRENT		
Other receivables ^(b)	2,805,000	-
	2,805,000	-

(a) Consists of Environmental Performance Bonds for the current drill program at the Ross, Kendrick and Barber projects in Wyoming, USA.

(b) Balance relates to a security term deposit held with bank (100% cash security for office purchase loan – Note 13).

No receivables are past due or impaired.

7. OTHER FINANCIAL ASSETS

	Note	2012 \$	2011 \$
NON-CURRENT			
Available-for-sale financial assets	7(a)	5,438	7,069
Total Non-Current Assets		5,438	7,069

(a) Available for sale financial asset comprise

Listed investments, at fair value - shares in listed corporations	5,438	7,069
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Available-for-sale financial assets as at 30 June 2012 comprised a holding of 543,750 shares in Terrain Minerals Limited (ASX:TMX). There were no fixed returns or fixed maturity date attached to these investments. The price of Terrain ordinary shares as at 30 June 2012 was \$0.01 per share giving a market value as at 30 June 2012 of \$5,438.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

8. CONTROLLED ENTITIES

a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Ownership (%)	
		2012	2011
Parent Entity			
Peninsula Energy Limited	Australia		
Subsidiaries of Peninsula Energy Limited			
Tasman Pacific Minerals Limited	Australia	100%	100%
PM Prospecting Pty Ltd*	Australia	100%	100%
RCM (SA) Pty Ltd	Australia	100%	100%
Trove Resources Pty Ltd	Australia	100%	100%
Imperial Mining (Fiji) NL	Australia	100%	100%

* PM Prospecting Pty Ltd holds the entire issued share capital of PM Energy Pty Ltd which in turn holds the entire issued share capital of Strata Energy Inc (a Delaware company incorporated in the USA).

b) Acquisition and Disposal of Controlled Entities

The parent entity did not acquire or dispose of any entities during the financial year.

9. PROPERTY, PLANT & EQUIPMENT

	Consolidated Group	
	2012 \$	2011 \$
Plant and Equipment		
- At cost	588,746	420,556
- Accumulated depreciation	(168,680)	(140,429)
Total Plant and Equipment	420,066	280,127
Land and Buildings		
- At cost	4,034,860	348,245
- Accumulated depreciation	(160,953)	(24,481)
Total Land and Buildings	3,873,907	323,764
Total Property, Plant and Equipment	4,293,973	603,891

	Plant and Equipment \$	Land and Buildings \$	Total \$
a) Movement in Carrying Amounts			
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.			
Balance at the beginning of the year	280,127	323,764	603,891
Additions	282,936	3,686,615	3,969,551
Disposals	(59,406)	-	(59,406)
Depreciation expense	(83,591)	(136,472)	(220,063)
Carrying amount at the end of the year	420,066	3,873,907	4,293,973

The groups land and buildings were valued by independent valuer immediately prior to the time of purchase. The valuation was made on the basis of open market value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

10. MINERAL EXPLORATION, EVALUATION AND DEVELOPMENT

	Exploration and evaluation \$	Development \$	Total \$
30 June 2011			
Opening net book value	39,922,312	-	39,922,312
Exploration and evaluation costs incurred	11,149,580	-	11,149,580
Exploration expenditure written off	(247,667)	-	(247,667)
Foreign exchange translation	(7,251,987)	-	(7,251,987)
Closing net book value	43,572,238	-	43,572,238
30 June 2012			
Opening net book value	43,572,238	-	43,572,238
Exploration and evaluation costs incurred	10,089,481	-	10,089,481
Transfer to development (Lance Projects) (i)	(42,921,084)	42,921,084	-
Development costs incurred	-	4,033,407	4,033,407
Exploration expenditure written off	(163)	-	(163)
Foreign exchange translation	(789,198)	1,704,543	915,345
Closing net book value	9,951,274	48,659,034	58,610,308

(i) During the year ended 30 June 2012, the Company completed a Feasibility Study and Expanded Economic Study leading to the conclusion that the Lance Projects are technically and economically viable. In April 2012, the Company resolved to commence commercial mining operations at the Lance Projects. As a result, accumulated exploration and evaluation costs associated with the Lance Projects were transferred to 'Development'.

Recoverability of the above carrying amounts is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The consolidated groups operations are subject to significant environmental regulation under international legislation in relation to its conduct of evaluation of uranium deposits. The Directors are of the opinion that sufficient procedures and reporting processes have been established to enable the consolidated group to meet its responsibilities.

11. JOINT VENTURES

Interest in Joint Ventures	2012 \$	2011 \$
The consolidated group's share of assets employed in the joint ventures are as follows:		
Geopacific(Fiji) Joint Venture		
Peninsula Energy has a 50% interest in the Geopacific Resources NL Joint Venture, whose principal activity is gold exploration.		
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	2,002,945	1,865,360
Uranium/Molybdenum (RSA) Joint Venture		
Peninsula Energy has a 74% interest in the Uranium/Molybdenum Joint Venture, whose principal activity is uranium/molybdenum exploration in the Karoo region of the Republic of South Africa. BEE partner Makau Mining (Pty) Ltd holds a 26% interest.		
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	7,948,329	6,075,023

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

12. TRADE AND OTHER PAYABLES

	2012 \$	2011 \$
CURRENT		
Trade payables	2,401,875	1,484,401
GST payable	-	22,510
Sundry payables and accrued expenses	-	3,810
Total Trade and Other Payables	2,401,875	1,510,721

Trade and other payables are non-interest bearing and generally settled on 30 day terms. Due to their short-term nature, their carrying amount is assumed to approximate their fair value.

13. OTHER LIABILITIES

	2012 \$	2011 \$
CURRENT		
Funds held in Trust – Options Exercised applicants ^(a)	3,125,739	-
Total Current Financial Liabilities	3,125,739	-
NON-CURRENT		
Borrowings - office premises ^(b)	2,805,000	-
Total Non-Current Financial Liabilities	2,805,000	-

(a) Balance related to funds received prior to 30 June 2012 for the exercise of PENOA options, which were subsequently exercised and issued in July 2012 (Note 19).

(b) Balance relates to a bank loan obtained to finance purchase of office premises. The interest rate on the loan is the variable bank bill business rate plus 2.4%. The loan is secured by a term deposit (Note 6).

14. PROVISIONS

	2012 \$	2011 \$
Employee Entitlements		
Annual Leave	20,269	9,327
Total Provisions	20,269	9,327

15. ISSUED CAPITAL

	2012 \$	2011 \$
A reconciliation of the movement in capital and reserves for the consolidated group can be found in the Statement of Changes in Equity.		
2,385,447,312 fully paid ordinary shares (2011: 2,095,337,752)	106,522,715	97,847,017
(a) Ordinary Shares	2012 No	2011 No
At the beginning of the reporting year	2,095,337,752	1,628,130,261
<i>Shares issued during the year</i>		
- Share Placement	-	421,651,310
- Exercise of Options (various dates)	257,209,560	27,056,181
- Conversion of Performance Shares (various dates)	26,000,000	6,000,000
- Other Shares Issued ⁽ⁱ⁾	6,900,000	12,500,000
Total at the end of the year	2,385,447,312	2,095,337,752

(b) Ordinary Shares	2012 \$	2011 \$
At the beginning of the reporting year	97,847,017	64,507,526
<i>Shares issued during the year</i>		
- Share Placement	-	31,623,848
- Exercise of Options (various dates)	7,796,287	840,546
- Share Based Payments – Performance Shares	1,101,000	664,500
- Other Share Based Payments ⁽ⁱ⁾	507,300	830,500
Less Transaction Costs/Other	(728,889)	(626,138)
Total at the end of the year	106,522,715	97,847,017

(i) Peninsula issued 6,900,000 ordinary shares to employees during the year under existing contract obligations.

c) Options and Performance Rights

- (i) The total number of options on issue at 30 June 2012 was 662,557,871 including 154,708,248 listed PENOA options on issue exercisable at 3 cents on or before 30 June 2012 that were subsequently issued in July 2012. The remaining options include 483,849,623 listed PENOC options on issue exercisable at 3 cents on or before 31 December 2015, 4,000,000 unlisted options exercisable at 10 cents on or before 18 September 2012, 4,000,000 unlisted options exercisable at 12.5 cents on or before 18 September 2012, 8,000,000 unlisted options exercisable at 4 cents on or before 31 December 2015, 4,000,000 unlisted options exercisable at 7.2 cents on or before 18 September 2013 and 4,000,000 unlisted options exercisable at 9 cents on or before 18 September 2013. There were 13,500,000 Performance Rights on issue as at 30 June 2012 with expiry date 30 June 2014. These performance shares were converted to ordinary shares on 3 July 2012. Note: Shareholder approval was received for the grant of further performance shares to the Directors at the AGM held 24 November 2011, however as the applicable hurdles have not been achieved these have not yet been issued at the date of this report.

A reconciliation of the total options on issue as at 30 June 2012 is as follows:

	PENOA	PENOC	UNLISTED
At the beginning of the year	406,538,244	465,451,409	28,000,000
Issued during the year	-	19,777,778	-
Expired during the year	-	-	-
Exercised during the year	(251,829,996)	(1,379,564)	(4,000,000)
Total at the end of the year	154,708,248*	483,849,623	24,000,000

* The outstanding PENOA options on issue as at 30 June 2012 were all exercised in July 2012, with the exception of 49,049,150 PENOA options that remained unexercised (Shortfall). Pursuant to Peninsula's underwriting agreement with Pala Investment Holdings Limited, Pala subscribed for 43,000,000 of the Shortfall. The balance of the Shortfall, being 6,049,150, was issued to clients of Hartleys Limited and Canaccord BGF Limited pursuant to the underwriting agreement announced on 13 June 2012.

- (ii) For information relating to share options and performance rights issued to key management personnel during the financial year, refer to Note 20 Share Based Payments.

d) Capital Management

Management controls the capital of the consolidated group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated group can fund its operations and continue as a going concern. The consolidated group currently has no long term debt and there are no externally imposed capital requirements.

Management effectively manages the consolidated group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated group since the prior year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

16. RESERVES

(a) Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options. In addition, net funds raised through the 2010 Option Entitlement Issue have been recorded in the option reserve.

(b) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign operations.

Refer to the Statement of Changes in Equity for a reconciliation of movements in the Option Reserve and Foreign Currency Translation Reserve during the year.

17. AUDITORS' REMUNERATION

	2012 \$	2011 \$
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	62,747	35,000
- Taxation services	14,150	10,671
- Other services	4,750	250
Total Auditors' Remuneration	81,647	45,921

KEY MANAGEMENT PERSONNEL COMPENSATION

- (a) Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management	Position
John Simpson	Chairman (Executive)
Malcolm James	Director (Executive)
Warwick Grigor	Director (Non-Executive)
Alan Marlow	Director (Non-Executive Technical) (resigned 30 September 2011)
Michael Barton	Director (Non-Executive)
Anthony Simpson	Chief Operating Officer (resigned 30 November 2011)
Alf Gillman	Director (Executive Technical) (appointed 3 October 2011)
Glenn Black	Chief Operating Officer (appointed 1 May 2012)
Jonathan Whyte	Company Secretary

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the consolidated group's key management personnel for the year ended 30 June 2012.

The totals of remuneration paid to key management personnel of the Company and the consolidated group during the year are as follows:

	2012 \$	2011 \$
Short-term employee benefits	2,387,807	2,022,117
Post-employment benefits	9,720	9,720
Share-based payments	1,178,000	788,000
	3,575,527	2,819,837

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

(b) Options and Rights Holdings

Number of Options Held by Key Management Personnel 30 June 2012

	Balance at 1 July 2011	Granted as Remuneration	PENOA options exercised	Net Other Changes	Balance at 30 June 2012	Total Vested
Malcolm James	6,682,178	-	(3,410,714)	-	3,271,464	3,271,464
Warwick Grigor	15,041,607	-	(3,579,547)	-	11,462,060	11,462,060
John Simpson	15,881,201	-	(8,878,100)	-	7,003,001	7,003,001
Alan Marlow (i)	5,832,793	-	-	(5,832,793)	N/A	N/A
Michael Barton	-	-	-	-	-	-
Anthony Simpson (ii)	3,500,442	-	-	(3,500,442)	N/A	N/A
Glenn Black	N/A	-	-	-	-	-
Alf Gillman	875,000	-	-	-	875,000	875,000
Jonathan Whyte	4,000,000	-	-	(3,000,000)	1,000,000	1,000,000
Total	51,813,221	-	(15,868,361)	(12,333,235)	23,611,525	23,611,525

(i) Mr Alan Marlow resigned from the group effective 30 September 2011.

(ii) Mr Anthony Simpson resigned from the group effective 30 November 2011.

Number of Options Held by Key Management Personnel 30 June 2011

	Balance at 1 July 2010	Granted as Remuneration	Other Changes	Net Change Other ⁽ⁱ⁾	Balance at 30 June 2011	Total Vested
Malcolm James	3,410,714	-	-	3,271,464	6,682,178	6,682,178
Warwick Grigor	3,579,547	-	-	11,462,060	15,041,607	15,041,607
John Simpson	8,878,100	-	-	7,003,101	15,881,201	15,881,201
Alan Marlow	5,228,896	-	-	603,897	5,832,793	5,832,793
Michael Barton	N/A	-	-	-	-	-
Anthony Simpson	5,000,000	-	(4,999,558)	3,500,000	3,500,442	3,500,442
Melvin Campbell	-	-	-	-	N/A	N/A
Alf Gillman	-	-	(900,000)	1,775,000	875,000	875,000
Jonathan Whyte	3,000,000	-	-	1,000,000	4,000,000	4,000,000
Total	29,097,257	-	(5,899,558)	28,615,522	51,813,221	51,813,221

(i) All Peninsula directors took up their full entitlement in the Option Entitlement Issue which closed 7 October 2010. In addition, two directors sub-underwrote a portion of the Entitlement Issue.

(c) Shareholdings

Number of Shares Held by Key Management Personnel 30 June 2012

	Balance at 1 July 2011	On-Market Trades	Options Exercised	Net Change Other ⁽ⁱ⁾	Balance at 30 June 2012
Malcolm James	13,085,857	2,000,000	3,410,714	3,000,000	21,496,571
Warwick Grigor	3,818,184	-	3,579,547	3,000,000	10,397,731
John Simpson	28,012,399	3,800,000	8,878,100	10,000,000	50,690,499
Alan Marlow	3,915,585	-	-	1,500,000	N/A
Michael Barton	-	-	-	-	-
Anthony Simpson	4,000,000	-	-	4,000,000	N/A
Alf Gillman	3,000,000	300,000	-	3,000,000	6,300,000
Jonathan Whyte	3,000,000	-	-	2,500,000	5,500,000
Total	58,832,025	6,100,000	15,868,361	27,000,000	94,384,801

(i) Net Change Other primarily refers to Performance Shares Class A & B that were converted into ordinary shares during the year. 13,500,000 Performance Shares Class C vested on 1 July 2012 and were converted into ordinary shares on 3 July 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Number of Shares Held by Key Management Personnel 30 June 2011

	Balance at 1 July 2010	Received as Compensation	Options Exercised	Net Change Other ⁽ⁱ⁾	Balance at 30 June 2011
Malcolm James	13,085,857	-	-	-	13,085,857
Warwick Grigor	3,818,184	-	-	-	3,818,184
John Simpson	28,012,399	-	-	-	28,012,399
Alan Marlow	2,415,585	-	-	1,500,000	3,915,585
Michael Barton	N/A	-	-	-	-
Anthony Simpson	2,000,000	-	-	2,000,000	4,000,000
Melvin Campbell	-	3,500,000	-	-	N/A
Alf Gillman	1,500,000	-	-	1,500,000	3,000,000
Jonathan Whyte	2,000,000	-	-	1,000,000	3,000,000
Total	52,832,025	3,500,000	-	6,000,000	58,832,025

- (i) Net Change Other refers to Performance Shares Class A that were converted into ordinary shares during the year. 20,000,000 Performance Shares Class B vested on 1 July 2011. A total of 3,000,000 Performance Shares Class A and 13,000,000 Performance Shares Class B were converted into ordinary shares on 28 July 2011.

Other Key Management Personnel Transactions

Key Management Personnel were issued Performance Shares during the 2010 financial year. A percentage of these vested during the current year. For further details refer to the Remuneration Report.

All equity transactions with specified directors and specified executives have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

18. EVENTS AFTER THE BALANCE SHEET DATE

Class C Performance Shares granted to key management personnel in 2009 and 2010 became convertible into fully paid ordinary shares in the capital of the company on 1 July 2012. As a result \$1,002,500 was debited to the Statement of Comprehensive Income on this date, and were subsequently converted on 3 July 2012.

The remaining 154,708,248 PENOA options on issue as at 30 June 2012 were all exercised in July 2012, with the exception of 49,049,150 PENOA options that remained unexercised (Shortfall). Pursuant to Peninsula's underwriting agreement with Pala Investment Holdings Limited, Pala subscribed for 43,000,000 of the Shortfall. The balance of the Shortfall, being 6,049,150, was issued to clients of Hartleys Limited and Canaccord BGF Limited pursuant to the underwriting agreement announced on 13 June 2012.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

19. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2012:

Ordinary Shares Granted to Key Management Personnel are as follows:

On 28 July 2011 1,000,000 ordinary fully paid shares were granted to key management personnel of the Company.

Grant Date	Number
28 July 2011	1,000,000
Total	1,000,000

The weighted average fair value of those equity instruments, determined independently by reference to market price at the time of issue, was \$77,000. In addition 20,000,000 Performance Shares vested during the current financial year and thus become convertible to ordinary shares. The weighted average fair value of the Performance Shares that vested, determined by reference to market prices at the time of issue, was \$1,101,000. These shares were issued as compensation to key management of the consolidated group. Further details are provided in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Performance Shares Granted to Key Management Personnel are as follows:

On 30 November 2009 42,000,000 performance shares were granted to directors and key management personnel of the Company and on 12 April 2010 8,500,000 performance shares were granted to key management personnel of the Company, as follows:

Grant Date	Class	Granted	Vested as at 30 June 2012	Converted to Ordinary Shares to 30 June 2012	Lapsed to 30 June 2012	Balance at 30 June 2012
30 November 2009	A	10,500,000	10,500,000	(10,500,000)	-	-
12 April 2010	A	1,500,000	1,500,000	(1,500,000)	-	-
30 November 2009	B	17,000,000	17,000,000	(17,000,000)	-	-
12 April 2010	B	3,000,000	3,000,000	(3,000,000)	-	-
30 November 2009	C	14,500,000	-	-	(5,000,000) ⁽ⁱ⁾	9,500,000
12 April 2010	C	4,000,000	-	-	-	4,000,000
Total		50,500,000	32,000,000	(32,000,000)	(5,000,000)	13,500,000

(i) 5,000,000 Class C Performance Shares lapsed upon the resignation of Anthony Simpson on 30 November 2011.

The total value of these equity instruments, determined by reference to market price, was determined to be \$2,768,000. This share based payment expense is being recognised as and when the performance milestones are met and the performance shares vest. While the number of Performance Shares issued and the Share Price were known variables, the probability assigned to the achievement of the Performance Milestones attaching to these Performance Shares were deemed to be highly subjective and ultimately effected by a broad range of factors. Rather than make an assessment of the probability factor, a probability factor of 100% was used to disclose the maximum value of the Performance Shares should all the Performance Milestones be met. These shares were issued as compensation to key management personnel of the consolidated group. Further details are provided in the Remuneration Report.

Options Granted to Key Management Personnel are as follows:

There were no options granted to key management personnel during the year ended 30 June 2012.

A summary of the movements of options granted as compensation to Key Management Personnel is as follows:

	Number	Weighted Average Exercise Price
Options outstanding at 30 June 2010	29,097,257	\$0.03
Granted	-	
Forfeited	-	
Exercised	-	
Other	(6,499,558)	
Expired	-	
Options outstanding at 30 June 2011	22,597,699	\$0.03
Granted	-	
Forfeited	-	
Exercised	(15,868,361)	
Other	(6,729,338)	
Expired	-	
Options outstanding at 30 June 2012	-	-

All options granted to key management personnel were for ordinary shares in Peninsula Energy Limited, which confer a right of one ordinary share for every option held. There were no options granted to key management personnel during the year.

All options granted and outstanding to key management personnel were listed (PENOA) options exercisable at \$0.03 per share expiring on 30 June 2012. These were all exercised prior to year end.

The majority of the 'Other' movement of 6,729,338 represents PENOA options held by key management personnel no longer employed at Peninsula (i.e. derecognised upon resignation).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Included under share-based payment expense in the income statement is \$1,750,300 which relates to equity-settled share-based payment transactions (2011: \$2,423,000).

20. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

a) Reconciliation of earnings to loss	2012	2011
	\$	\$
Loss	(7,142,145)	(7,218,315)
Earnings used to calculate basic and dilutive EPS	(7,142,145)	(7,218,315)
b) Weighted average number of ordinary shares outstanding during the year	2012	2011
	No.	No.
Weighted average number of ordinary shares used in calculating basic and dilutive EPS	2,146,223,930	1,851,916,838

All options on issue (Note 15) are considered anti-dilutive and thus have not been included in the calculation of diluted loss per share. These options could potentially dilute earnings per share in the future.

21. CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2012	2011
	\$	\$
a) Exploration Tenement Leases		
Payable - Exploration Tenement Leases (not later than one year)	<u>1,619,998</u>	<u>1,933,087</u>

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 year. Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.

22. FINANCIAL RISK MANAGEMENT

The consolidated group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable, loans to subsidiaries, bills and leases.

Financial Risk Management Policies

The consolidated group manages its exposure to a variety of financial risks, market risk (including currency risk, commodity price risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the Risk and Audit Committee Charter and specific approved group policies. These policies are developed in accordance with the consolidated groups operational requirements. The consolidated group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of prevailing and forecast interest rate and foreign exchange rates. The consolidated group manages credit risk by only dealing with recognised, creditworthy third parties and liquidity risk is managed through the budgeting and forecasting process.

Specific Financial Risk Exposures and Management

The main risks the consolidated group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and equity price risk.

a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the consolidated group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from invoice date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Risk is also minimised by investing surplus funds in financial institutions that maintain a high credit rating.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The consolidated group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the consolidated group has significant credit risk exposures to the United States, South Africa and Australia given the substantial operations in those regions. Details with respect to credit risk of Trade and Other Receivables are provided in Note 6. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 6.

Credit risk related to balances with banks and other financial institutions are managed in accordance with approved Board policy. The consolidated group's current investment policy is aimed at maximising the return on surplus cash with the aim of outperforming the benchmark, within acceptable levels of risk return exposure and to mitigate the credit and liquidity risks that the consolidated group is exposed to through investment activities.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	2012 \$	2011 \$
Cash and Cash Equivalents		
- A Rated	11,031,937	16,764,462
- Unrated	2,853,199	9,958,562
	<u>14,155,136</u>	<u>26,723,024</u>

b) Liquidity Risk

Liquidity risk arises from the possibility that the consolidated group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The consolidated group's liquidity needs can be met through a variety of sources, including the issue of equity instruments and short or long term borrowings. The consolidated group also has access to a A\$100 million Equity Line Facility with Pala Investments Holdings Limited.

Alternative sources of funding in the future could include project debt financing and equity raisings, and future operating cash flow. These alternatives will be evaluated to determine the optimal mix of capital resources.

The following table details the consolidated group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial Asset and Financial Liability Maturity Analysis

Financial Assets	Within 1 Year		1-5 Years		Over 5 Years		Totals	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Cash assets & cash equivalents	14,155,136	26,723,024	-	-	-	-	14,155,136	26,723,024
Trade and other receivables	2,125,086	1,241,438	2,805,000	-	-	-	4,930,086	1,241,438
Investments	-	-	5,438	7,069	-	-	5,438	7,069
Total Financial Assets	16,280,222	27,964,462	2,810,438	7,069	-	-	19,090,660	27,971,531
Financial Liabilities								
Trade and other payables	2,401,875	1,510,721	-	-	-	-	2,401,875	1,510,721
Other financial liabilities	3,125,739	9,327	2,805,000	-	-	-	5,930,739	9,327
Total Financial Liabilities	5,527,614	1,520,048	2,805,000	-	-	-	8,332,614	1,520,048

c) Market Risk

(i) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The consolidated group does not use derivatives to mitigate these exposures.

At balance date, the details of outstanding contracts are as follows:

	Effective Average Fixed Interest Rate			
	2012	2011	2012	2011
Maturity of Amounts	%	%	\$	\$
Less than 1 year	4.72	6.32	6,637,874	20,623,226
1 to 2 years	-	-	-	-
2 to 5 years	-	-	-	-
Total Financial Assets			6,637,874	20,623,226

	2012	2011	2012	2011
	%	%	\$	\$
Maturity of Amounts				
Less than 1 year	-	-	-	-
1 to 2 years	7.80	-	2,805,000	-
2 to 5 years	-	-	-	-
Total Financial Liabilities			2,805,000	-

(ii) Foreign Exchange Risk

The consolidated group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the consolidated group's measurement currency. Any exposure to movements in US dollar currency is mitigated through the maintenance of a US dollar denominated position. The consolidated group has no hedging contracts in place as at the date of this report.

A 10.00% strengthening of the AUD against the following currencies at 30 June 2012 would have decreased equity and loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	Equity	Profit or loss
	\$	\$
2012		
USD	(5,532,410)	-
2011		
USD	(3,980,078)	-

A 10.00% weakening of AUD against the above currencies at 30 June 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iii) Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors of commodities. The consolidated group is also exposed to securities price risk on investments held for trading or for medium or longer terms. The value of the consolidated group's investments, as detailed in Note 7, is not material enough to be considered a risk at the reporting date.

Fair Value

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

- Cash and short-term investments – the carrying amount approximates fair value because of their short term to maturity;
- Trade receivables and trade creditors – the carrying amount approximates fair value;
- Listed investments: for financial instruments traded in organised financial markets fair value is the current quoted market bid price for an asset adjusted for transaction costs necessary to realise the asset; and
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

2012

	Level 1	Level 2	Level 3	Total
Financial Assets	\$	\$	\$	\$
Available-for-sale financial assets:				
- Listed investments	5,438	-	-	5,438
Total Financial Assets	5,438	-	-	5,438

2011

	Level 1	Level 2	Level 3	Total
Financial Assets	\$	\$	\$	\$
Available-for-sale financial assets:				
- Listed investments	7,069	-	-	7,069
Total Financial Assets	7,069	-	-	7,069

Included in Level 1 of the hierarchy are listed investments. The fair value of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

23. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

Ultimate Parent Entity

Peninsula Energy Limited is the ultimate parent entity. The parent entity has related party transactions with its subsidiaries whereby the parent funds and pays for the exploration and evaluation expenses, and general and administrative expenses incurred by its subsidiaries. These expenses are charged to the subsidiaries through inter-company loans.

The parent entity has cumulatively incurred the following exploration and evaluation and other expenses on behalf of its subsidiaries:

	2012	2011
	\$	\$
Tasman Pacific Minerals Limited	6,348,745	4,622,211
PM Prospecting Pty Ltd	45,233,862	27,621,035
	51,582,607	32,243,246

Service Agreement

Peninsula Energy Limited charged its wholly owned subsidiary, Strata Energy Inc, a management fee for the provision of corporate, financial management, administration and other services during the year. The total management fee charged was \$3,273,183 (2011: \$3,110,356).

24. OPERATING SEGMENTS

The consolidated group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors and Chief Executive Officer (chief operating decision makers) in assessing performance and determining the allocation of resources. Segments are identified on the basis of area of interest. Financial information about each segment is provided to the chief operating decision makers on at least a monthly basis.

The consolidated group has four reportable operating segments as follows:

- Lance Uranium Projects, Wyoming USA;
- Karoo Uranium/Molybdenum Projects, South Africa;
- RakiRaki Gold Project, Fiji; and
- Australia.

Basis of accounting for purposes of reporting by operating segments

a) Accounting Policies adopted

Unless otherwise stated, all amounts reported to the Board of Directors and Chief Executive Officer, being the chief decision makers 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 consolidated group.

b) Inter-segment transactions

Corporate charges are allocated to reporting segments based on an estimation of the likely consumption of certain head office expenditure that should be used in assessing segment performance.

c) Segment Assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives the majority asset economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d) Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of that segment. Borrowings and tax liabilities are generally considered to relate to the consolidated group as a whole and are not allocated. Segment liabilities include trade and other payables.

e) Unallocated items

The following items of revenue, expenditure, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Net gains on disposal of available-for-sale financial investments;
- Impairment of assets and other non-recurring items of revenue and expense;
- Other financial liabilities; and
- Retirement benefit obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Segment Performance

	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	RakiRaki Fiji \$	Australia \$	Total \$
30 June 2012					
Revenue					
External sales	-	-	-	-	-
Inter-segment sales:	-	-	-	3,273,183	3,273,183
Interest revenue:	6,086	1,266	-	845,283	852,635
Total Segment Revenue	6,086	1,266	-	4,118,466	4,125,818
Inter-segment elimination	-	-	-	(3,273,183)	(3,273,183)
Total Segment Revenue	6,086	1,266	-	845,283	852,635
Expenses					
Employee benefits expense	(578,271)	-	-	(3,509,318)	(4,087,589)
Depreciation and amortisation	(65,220)	-	-	(154,843)	(220,063)
Allocated Segment Expenses	(643,491)	-	-	(3,664,161)	(4,307,652)
Unallocated					
Share-based payments expense					(1,750,300)
Impairment of available-for-sale financial assets					(1,631)
Write-off of exploration expenditure					(163)
General and administrative expenses					(1,157,827)
Foreign exchange loss					131,899
Other expenses					(909,106)
Loss after Income Tax					(7,142,145)

Segment Assets

Exploration	48,658,968	7,948,395	2,002,945	-	58,610,308
Property, plant and equipment	1,760,998	-	-	2,532,975	4,293,973
Cash	122,876	167,085	-	13,865,175	14,155,136
Receivables	1,931,977	28,384	-	2,969,725	4,930,086
Available-for-sale financial assets	-	-	-	5,438	5,438
Total Assets	52,474,819	8,143,864	2,002,945	19,373,313	81,994,941

	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	RakiRaki Fiji \$	Australia \$	Total \$
30 June 2011					
External sales	802	721	-	23,442	24,965
Inter-segment sales:	-	-	-	3,110,356	3,110,356
Interest revenue:	18,118	168	-	788,273	806,559
Total Segment Revenue	18,920	889	-	3,922,071	3,941,880
Inter-segment elimination	-	-	-	(3,110,356)	(3,110,356)
Total Segment Revenue	18,920	889	-	811,715	831,524
Segment Expenses					
Employee benefits expense	(269,065)	-	-	(2,893,888)	(3,162,953)
Depreciation and amortisation	(53,102)	-	-	(38,033)	(91,135)
Allocated Segment Expenses	(322,167)	-	-	(2,931,921)	(3,254,088)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Unallocated

Share-based payments expense	(2,423,000)
Write-off of exploration expenditure	(247,667)
General and administrative expenses	(1,082,036)
Foreign exchange loss	(190,685)
Other expenses	(852,363)
Loss after Income Tax	(7,218,315)

Segment Assets

Exploration	35,631,855	6,075,023	1,865,360	-	43,572,238
Property, plant and equipment	506,910	-	-	96,981	603,891
Cash	111,000	2,805	-	26,609,219	26,723,024
Receivables	1,079,564	32,956	-	128,918	1,241,438
Available-for-sale financial assets	-	-	-	7,069	7,069
Total Assets	37,329,329	6,110,784	1,865,360	26,842,187	72,147,660

25. PARENT ENTITY INFORMATION

	2012 \$	2011 \$
Current Assets	14,029,824	26,715,552
Total Assets	95,751,454	83,558,371
Current Liabilities	3,377,507	560,487
Total Liabilities	6,182,507	560,487
Issued Capital	106,522,715	97,847,017
Accumulated Losses	(23,484,686)	(20,509,162)
Option Reserve	6,530,918	5,660,028
Total Equity	89,568,947	82,997,884
Loss of Parent Entity	(2,975,523)	(3,677,331)
Other Comprehensive Income	-	-
Total Comprehensive loss of the Parent Entity	(2,975,523)	(3,677,331)

26. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information which leads them to believe there are any material contingent liabilities outstanding as at 30 June 2012.

27. RETIREMENT BENEFIT OBLIGATIONS

a) Superannuation

The parent contributes to a non-company sponsored or controlled superannuation fund. Contributions are made to an accumulation fund and are at least the minimum required by law. There is no reason to believe that funds would not be sufficient to pay benefits as vested in the event of termination of the fund on termination of employment of each employee.

28. CASH FLOW INFORMATION

a) Reconciliation of Cash Flow from Operations with Profit after Income Tax	2012 \$	2011 \$
Loss after income tax	(7,142,145)	(7,218,315)
Non-cash flows in profit:		
Write-off of capitalised expenditure	163	247,667
Depreciation	220,063	91,135
Impairment of available-for-sale financial asset	1,631	-
Share options expensed	1,750,300	2,423,000
Change in assets and liabilities		
Decrease/(increase) in trade and other receivables	(883,648)	1,125,397
(Decrease)/increase in trade and other payables	891,154	(580,573)
Movement in trade and other payables relating to investment activities	441,077	659,499
Cash Flow from Operations	(4,721,405)	(3,252,190)

b) Acquisition and Disposal of Entities

During the financial year the Company did not acquire or dispose of any entities.

DIRECTORS DECLARATION FOR THE YEAR ENDED 30 JUNE 2012

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

- (1) (a) the financial statements, comprising the Statement of comprehensive income, Statement of financial position, Statement of cash flows, Statement of changes in equity, and accompanying notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated group's financial position at 30 June 2012 and of its performance for the year ended on that date: and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out in the Remuneration Report of the Directors' Report for the year ended 30 June 2012 comply with section 300A of the *Corporations Act 2001*.
- (2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2012.
- (3) The consolidated group has included in the notes to the financial statements and explicit and unreserved statement of compliance with International Financial Reporting Standards.

On behalf of the Board

A handwritten signature in dark ink, consisting of a large, stylized 'M' and 'J' intertwined, with a horizontal line extending to the right.

Malcolm James
Executive Director

Perth, 27 September 2012



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Chartered Accountants
Business Consultants
Financial Advisors

Independent Auditor's Report To the members of Peninsula Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Peninsula Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 AUDIT REPORT

Opinion

In our opinion:

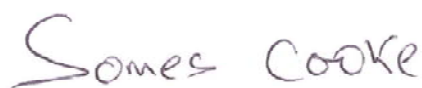
- (a) the financial report of Peninsula Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

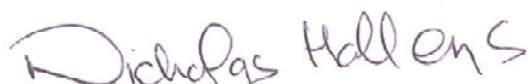
We have audited the Remuneration Report included in pages 25 to 29 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Peninsula Energy Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



Somes Cooke



Nicholas Hollens
27 September 2012
Perth

ASX ADDITIONAL INFORMATION

a) Distribution of Shareholders (as at 26 September 2012)

Spread of Holdings	Number of Ordinary Shareholders	Number of Shares
1 - 1,000	284	90,755
1,001 - 5,000	606	1,944,250
5,001 - 10,000	887	7,209,962
10,001 - 100,000	4,674	210,344,897
100,001 - and over	2,955	2,345,565,696
TOTAL	9,406	2,565,155,560

b) Top Twenty Shareholders (as at 26 September 2012)

Name	Number of Ordinary Shares held	%
Citicorp Nominees Pty Limited	528,242,014	20.59
HSBC Custody Nominees (Australia) Limited	49,674,528	1.94
JP Morgan Nominees Australia Limited <Cash Income A/C>	39,120,317	1.53
HSBC Custody Nominees (Australia) Limited – A/C 3	20,000,001	0.78
Giralia Resources NL	19,563,504	0.76
Geohen Investments Pty Ltd	16,795,834	0.65
JP Morgan Nominees Australia Limited	16,784,385	0.65
Mr David Eric Bartley & Ms Sarah Jane Mitchell <The David Bartley A/C>	15,394,231	0.60
Etchell Capital Pty Ltd	14,000,000	0.55
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	13,720,554	0.53
Etchell Capital Pty Ltd <Simpson Superannuation A/C>	11,597,405	0.45
Mr Garry John Sullivan	11,040,000	0.43
National Nominees Limited	10,020,083	0.39
Mr Wally Michael Yuryevich	8,500,000	0.33
Ms Gayle Maree Hutchins	8,480,000	0.33
Etchell Capital Pty Ltd	8,297,260	0.32
Terasse (WA) Pty Ltd <The Beach View A/C>	8,250,000	0.32
Maryfields Farming Pty Ltd	7,885,456	0.31
Neoman Pty Ltd <Jugun Super Fund A/C>	7,765,666	0.30
Simner Pty Ltd <Simon McDonnell Family A/C>	7,750,000	0.30
Total Top 20	822,881,238	32.06
Other Shareholders	1,742,274,322	67.94
Total Ordinary Shares on Issue	2,565,155,560	100.00

The number of shareholders holding less than a marketable parcel of shares is 2,583, totalling 20,303,190 ordinary shares.

c) Distribution of PENOC Option Holders (as at 26 September 2012)

Spread of Holdings	Number of Ordinary Shareholders	Number of Shares
1 - 1,000	92	38,742
1,001 - 5,000	247	714,473
5,001 - 10,000	169	1,247,618
10,001 - 100,000	683	27,569,304
100,001 - and over	498	454,279,486
TOTAL	1,689	483,849,623

ASX ADDITIONAL INFORMATION

d) Top Twenty PENOC Option Holders (as at 26 September 2012)

Name	Number of Ordinary Shares held	%
Citicorp Nominees Pty Limited	87,437,925	18.07
Mr Richard Simpson	21,455,218	4.43
Merriwee Pty Ltd	18,150,000	3.75
HSBC Custody Nominees (Australia) Limited	11,091,149	2.29
Slade Technologies Pty Ltd <Embrey Family Superfund A/C>	10,910,771	2.25
Gregorach Pty Ltd	10,762,060	2.22
General Research GMBH	9,812,500	2.03
Mr Robert John Pleydell	7,836,082	1.62
Etchell Capital Pty Ltd	7,003,101	1.45
Torre Services Limited	5,000,000	1.03
JP Morgan Nominees Australia Limited <Cash Income A/C>	4,241,300	0.88
Mr David Russell Gordon & Mrs Laurentia Maria Gordon	4,200,000	0.87
Mr Peter Paul Kozlowski	4,150,000	0.86
Wysime Pty Ltd <The McCubbery Staff S/F A/C>	4,005,000	0.83
LSA Distributors (QLD) Pty Ltd	3,614,534	0.75
FossimsJeanette Pty Ltd	3,143,621	0.65
Ms Tanya Dorothy Carmine	3,078,637	0.64
Habibie Pty Ltd <The Skanks Investment A/C>	3,000,000	0.62
Mrs Deborah Louise Whitechurch	2,701,214	0.56
Mr Mitchell Benjamin Sharp	2,600,000	0.54
Total Top 20	224,193,112	46.34
Other PENOC Option holders	259,656,511	53.66
Total PENOC Options on Issue	483,849,623	100.00

e) Unlisted options:

There are 4,000,000 unlisted options over unissued shares on issue, in the class exercisable at 7.2 cents per share on or before 18 September 2013. There is one holder in this class of option. There are 4,000,000 unlisted options over unissued shares on issue, in the class exercisable at 9 cents per share on or before 18 September 2013. There is one holder in this class of option. There are 8,000,000 unlisted options over unissued shares on issue, in the class exercisable at 4 cents per share on or before 31 December 2015. There is one holder in this class of option.

f) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

ASX ADDITIONAL INFORMATION

g) Schedule of Interests in Mining Tenements:

Location/Project Name	Tenement	Percentage Held
<u>South Africa (Tasman Pacific Minerals Limited)</u>		
Karoo Uranium, South Africa	PR (WC) 168	74%
Karoo Uranium, South Africa	PR (WC) 170	74%
Karoo Uranium, South Africa	PR (EC) 28	74%
Karoo Uranium, South Africa	PR (NC) 330	74%
Karoo Uranium, South Africa	PR (NC) 331	74%
Karoo Uranium, South Africa	PR (NC) 347	74%
<u>Fiji</u>		
Raki Raki (Geopacific JV)	SPL 1231	50%
Raki Raki (Geopacific JV)	SPL 1373	50%
Raki Raki (Geopacific JV)	SPL 1436	50%

Location/Project Name	Tenement	Location
<u>Wyoming, USA (Strata Energy Inc)</u>		
Private Land (FEE) – Surface Access Agreement	Approx 27,379 acres	Crook County
Private Land (FEE) – Mineral Rights	Approx 8,910 acres	Crook County
Federal Mining Claims – Mineral Rights	Approx 12,436 acres	Crook County
State Leases – Mineral Rights	Approx 10,589 acres	Crook County