



**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2013**

Peninsula Energy Limited and Controlled Entities

Interim Financial Report

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Company Particulars

Directors

John (Gus) Simpson	Executive Chairman
Alf Gillman	Executive Technical Director
Warwick Grigor	Non-Executive Director
Neil Warburton	Non-Executive Director

Company Secretary

Jonathan Whyte

Registered and Principal Office

Level 2, 100 Railway Road
Subiaco WA 6008

Telephone: (08) 9380 9920
Facsimile: (08) 9381 5064

Website

www.pel.net.au

Auditors

Somes Cooke
Chartered Accountants
Level 2
35 Outram St
West Perth WA 6005

Share Registry

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

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

Stock Exchange

ASX Code	Shares:	PEN
	Options:	PENOC

Directors Report

Your Directors submit the financial report of the economic entity for the half-year ended 31 December 2013.

DIRECTORS

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

John (Gus) Simpson	Executive Chairman
Alf Gillman	Executive Technical Director
Warwick Grigor	Non-Executive Director
Neil Warburton	Non-Executive Director
Michael Barton	Non-Executive Director (resigned 30 January 2014)

REVIEW OF OPERATIONS

WYOMING, USA – LANCE URANIUM PROJECTS

Peninsula Energy Ltd 100%

The six months ended 31 December 2013 saw significant progress in a number of areas for the Lance Uranium Projects, including:

- Commencement of site earthworks and construction;
- Placement of orders, and commencement of fabrication, for long lead equipment items;
- Progression of permitting and licensing activities; and
- Completion of the wellfield optimization study that further reduces the estimated development and ongoing operating costs.

Earthworks and Construction

Peninsula has previously obtained the requisite permits and licenses required to commence certain site construction activities within the Ross Permit Area (RPA) of the Lance Projects. During the period Peninsula's wholly owned subsidiary Strata Energy Inc (Strata) commenced site earthworks for the construction of the main access roads, building sites for the central processing plant (CPP) and administration offices within the RPA boundary area.

Top soil stripping was completed for the CPP and administration areas, and the site access road was installed and brought to final grade. Locations for the CPP and administration building were levelled and brought to final grade. Site drainage was substantially completed.

In December excavation commenced for the installation of the Containment Barrier Wall (CBW), located along the south side of the planned building and pond locations. The CBW is a key part of site construction and on-site groundwater management. It will cause ground water to be directed via a drainage system into a vertical sump for subsequent pumping into an above ground diversion ditch.

Long-Lead Equipment Items

Off-site fabrication of long lead items including the Ion Exchange vessels and other pressure vessels commenced during the period, with fabrication of these items now significantly advanced. Peninsula has also initiated the ordering of certain other long lead equipment items for the CPP including the yellowcake drying equipment.

Permitting

During the period, Peninsula continued to work with the US Nuclear Regulatory Commission (NRC) as the NRC finalized its evaluation of the licence application made by Peninsula in 2011. As part of the permitting process and the desire by the Company to engage with its stakeholders, Peninsula continued to actively work with bodies such as the Wyoming Department of Environment Quality, local community groups and landowners.

Directors Report

Subsequent to the end of the period, on 28 February 2014 the NRC issued the final Supplemental Environmental Impact Statement (SEIS) to the Company (refer to subsequent events note for further details). The issuance of the SEIS represents a major milestone for Peninsula as it represents, among other things, the conclusion of the evaluation by the NRC of the potential environmental impacts, technical basis and safety evaluation at the Lance CPP and RPA. Importantly, the NRC concluded that there are no environmental impacts that preclude the licensing of the project and the safety aspects of the project comply with NRC regulations.

Following the issue of the SEIS, Peninsula expects the NRC to issue the Combined Source and 11e.(2) Byproduct Source Material License (SML) for the RPA on 31 March 2014. Issuance of the SML will mark the culmination of the licensing and permitting process and will mark an historic moment in the evolution of the Company as it brings its first mining operation into production.

Wellfield Optimisation Study

During the period Peninsula completed a Wellfield Optimisation Study (WOS) which followed the CPP Optimisation Study (OS) completed in March 2013. The WOS and OS were both carried out as part of Peninsula's value engineering work undertaken in advance of construction of the Lance Projects.

The OS delivered significant capital cost savings in the CPP while the WOS delivered a significant reduction in wellfield capital and ongoing operating costs, along with an increased rate of wellfield production.

Two factors were instrumental in driving the WOS outcomes. The first was the completion of the detailed design for the first mining unit within the RPA. The parameters used in this detailed design were then able to be applied across the total resource base. This resulted in a reduction in the total number of wells to be developed decreasing both the wellfield capital and wellfield closure costs.

The second factor was the incorporation of the results of further metallurgical testwork to optimise the lixiviant solution that is to be cycled through the injection wells. These test results have demonstrated that the pregnant lixiviant can be extracted with a higher head grade than previously forecast. The revised head grade is consistent with other mature ISR operations in the Powder River Basin.

As a result of the increased wellfield production capacity for each production unit, the inclusion of the Barber Production Unit was able to be deferred until the point in time when wellfields in the RPA commences their natural production decline.

SOUTH AFRICA – URANIUM/MOLYBDENUM EXPLORATION

Peninsula Energy Ltd 74%/BEE Groups 26%

ARSA Assets Acquisition Completed

On 19 December 2013, the Company announced that all conditions precedent had been met that enabled the completion of the acquisition of the South African uranium assets held by ARSA. The purchase comprised an additional 36 Prospecting Rights (PRs) in the Karoo Basin that are complimentary to the existing 6 PRs held by Peninsula prior to the acquisition.

Satisfaction of the US\$4m payable at the time of completion was met through the issue of 206,483,154 shares in the Company to the vendor.

Development Progress

During the period a scoping study was completed on the Eastern Sector of the Karoo Projects by South African based engineering, procurement and construction consultants DRA Mineral Projects (Pty) Ltd (DRA).

Based on the positive results of the scoping study the Company commenced a Pre-Feasibility Study (PFS) based on an alkaline processing route for the project. The Company appointed Mintek, a South African based global leader in mineral and metallurgical test work to undertake validation metallurgical test work on five discreet mineral samples from five mining areas within the Eastern Sector.

Directors Report

During December 2013 all of the samples were sized and prepared for treatment with the leaching test work which commenced in early 2014.

CORPORATE

BlackRock Debt Drawdown

In October 2013 Peninsula advised that the second key condition precedent had been met that allowed drawdown under notes issued to funds managed by BlackRock Financial Management, Inc (BlackRock).

Placement to Sophisticated Investors

During the period Peninsula completed a placement to institutional and sophisticated investors to raise \$2 million through the issue of 80 million new shares at 2.5 cents per share. Participants in the placement received one free attaching listed option (PENOC) exercisable at 3 cents on or before 31 December 2015 for every two new shares subscribed in the placement. Under the terms of the existing share subscription agreement, BlackRock subscribed to their pro-rata entitlement.

The new investors were introduced by Hartleys Limited and Canaccord Genuity (Australia) Limited.

Subsequent to the end of the period, on 7 March 2014 the Company completed another placement to JP Morgan Asset Management, issuing 161.29 million new shares at 3.1 cents per share raising \$5,000,000 (before costs).

Cost Reductions

The period saw a notable reduction in expenses as compared to the comparative period ended 31 December 2012. Two significant factors contributed to the reduction. In the comparative period, external costs for professional service providers were incurred for the negotiation, establishment and issuance of the debt notes to BlackRock. All of these costs were expensed to the profit and loss statement during the 6 months ended 31 December 2012.

The second factor contributing to the reduction in expenses is the reduced reliance by Peninsula on external consultants. As part of the preparatory work toward the transition to mining operations, new personnel employed by Peninsula have brought a broader skill set to the company, reducing the dependency on higher cost professional service providers. In addition, all members of the executive staff and directors took Peninsula shares in lieu of normal cash salary remuneration.

The Group's cash position, including commercial bills but excluding security deposits and performance bonds as at 31 December 2013 was \$8,983,639. The Company had 3,252,030,235 shares on issue as at 31 December 2013 and also 759,149,499 listed options, 98,000,000 unlisted options and 177,000,000 performance shares.

ROUNDING OF AMOUNTS

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 7 of this report.

Signed in accordance with a resolution of the Board of Directors



John (Gus) Simpson
Executive Chairman
13 March 2014

Auditor's Independence Declaration

To the Board of Directors of Peninsula Energy Limited

As auditor for the review of Peninsula Energy Limited for the period ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
Partner
13 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	31 December 2013 \$	31 December 2012 \$
Revenue		121,519	181,493
Other income – profit on sale of fixed assets		329,418	-
Employee benefits expense		(1,600,113)	(2,323,196)
Share based payment expense – debt facility fee		-	(2,160,000)
Other share based payments expense	6	(1,034,725)	(1,285,343)
Interest expense		(24,976)	(96,693)
Depreciation expense		(115,801)	(141,454)
General and administrative expenses		(972,157)	(1,427,481)
Professional fees	3	(267,047)	(824,710)
Foreign exchange gain/(loss)		(34,165)	(97,006)
Impairment expense		(69,134)	-
LOSS BEFORE INCOME TAX		(3,667,181)	(8,174,390)
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS		(3,667,181)	(8,174,390)
Other comprehensive income:			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign controlled entities		2,229,431	(1,225,467)
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR		(1,437,750)	(9,399,857)
EARNINGS PER SHARE			
Basic earnings per share (cents per share)		(0.12)	(0.31)
Diluted earnings per share (cents per share)		(0.12)	(0.31)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2013

	Note	31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents		8,983,639	5,184,760
Trade and other receivables		3,096,113	6,773,259
TOTAL CURRENT ASSETS		12,079,752	11,958,019
NON-CURRENT ASSETS			
Trade and other receivables		-	948,494
Investment accounted for using equity method	11	5,441,664	-
Financial assets		3,263	3,263
Property, plant and equipment		4,016,978	5,123,389
Mineral exploration evaluation and development	7	88,625,561	77,398,934
TOTAL NON-CURRENT ASSETS		98,087,466	83,474,080
TOTAL ASSETS		110,167,218	95,432,099
CURRENT LIABILITIES			
Trade and other payables		2,087,017	1,294,520
Borrowings	8	10,706,760	2,805,000
Provisions		31,854	18,847
TOTAL CURRENT LIABILITIES		12,825,631	4,118,367
NON-CURRENT LIABILITIES			
Borrowings	8	600,828	676,335
TOTAL NON-CURRENT LIABILITIES		600,828	676,335
TOTAL LIABILITIES		13,426,459	4,794,702
NET ASSETS		96,740,759	90,637,397
EQUITY			
Issued capital	9	133,192,492	126,749,105
Reserves		13,297,519	9,970,363
Accumulated losses		(49,749,252)	(46,082,071)
TOTAL EQUITY		96,740,759	90,637,397

The Consolidated Statement of Financial Position should be read in conjunction with the notes.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital	Accumulated Losses	Option & SBP Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance 1 July 2012	106,522,715	(31,906,416)	6,530,918	(7,505,159)	73,642,058
Shares issued during the half year	15,559,211	-	-	-	15,559,211
Share-based payments expense	1,129,800	-	155,543	-	1,285,343
Exercise of options	4,641,371	-	-	-	4,641,371
Issue of options under debt facility agreement	-	-	2,160,000	-	2,160,000
Issue of options under equity facility agreement	(373,333)	-	373,333	-	-
Transaction costs	(842,021)	-	-	-	(842,021)
Other comprehensive income	-	-	-	(1,225,467)	(1,225,467)
Loss for the half-year	-	(8,174,390)	-	-	(8,174,390)
Balance 31 December 2012	126,637,743	(40,080,806)	9,219,794	(8,730,626)	87,046,105

	Issued Capital	Accumulated Losses	Option & SBP Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance 1 July 2013	126,749,105	(46,082,071)	9,849,297	121,066	90,637,397
Shares issued during the half year	6,493,172	-	-	-	6,493,172
Share-based payments expense	137,000	-	897,725	-	1,034,725
Salary sacrifice program	133,215	-	-	-	133,215
Issue of options under equity facility agreement	(160,000)	-	160,000	-	-
Transaction costs	(160,000)	-	40,000	-	(120,000)
Other comprehensive income	-	-	-	2,229,431	2,229,431
Loss for the half-year	-	(3,667,181)	-	-	(3,667,181)
Balance 31 December 2013	133,192,492	(49,749,252)	10,947,022	2,350,497	96,740,759

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013	31 December 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(2,606,292)	(4,523,762)
Interest paid	(24,976)	(96,693)
Interest received	73,519	181,493
Net cash (used in) operating activities	(2,557,749)	(4,438,962)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for mineral exploration, evaluation and development	(7,501,787)	(6,498,530)
Payments for interest on capitalised borrowing costs	(1,370,408)	-
Proceeds from the sale of property, plant & equipment	2,634,461	-
(Payments for)/proceeds from mineral exploration performance bonds and rental bonds	928,169	(1,400,127)
Purchase of property, plant and equipment	(1,314,434)	(747,610)
Net cash (used in) investing activities	(6,623,999)	(8,646,267)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,000,000	14,610,718
Equity raising transaction costs	(120,000)	(842,021)
Proceeds from application to exercise options	-	1,515,632
Proceeds from borrowings	10,631,253	-
Net cash provided by/(used in) financing activities	12,511,253	15,284,329
Net (decrease)/increase in cash held	3,329,505	2,199,100
Cash at the beginning of financial year	5,184,760	14,155,136
Effects of exchange rate fluctuations on cash held	469,374	(929,443)
Cash at the end of period	8,983,639	15,424,793

The Consolidated Statement of Cash Flows should be read in conjunction with the notes.

Notes to the Consolidated Financial Statements

NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The half-year report has been prepared on an accruals and historical cost basis.

This interim report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and operating and financing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Peninsula Energy Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report was approved by the Board of Directors on 13 March 2014.

The interim financial report has been prepared on the going concern basis that contemplates normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The half year financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2013 annual financial statements contained within the annual report of Peninsula Energy Limited, with the exception of the following new accounting standards which became effective from 1 July 2013:

- (i) AASB 10 'Consolidated Financial Statements', which is a replacement of AASB 127 'Consolidated and Separate Financial Statements';
- (ii) AASB 11 'Joint Arrangements', which is a replacement of IASB 131 'Joint Ventures';
- (iii) AASB 13 'Fair Value Measurement'; and
- (iv) Amendments to AASB 119 'Employee Benefits'.

Application of the above new accounting standards had no impact on the comparative figures to this financial report.

The consolidated entity has also changed its Mineral Exploration, Evaluation and Development Expenditure policy from 1 July 2013 such that all costs associated with Strata Energy's activities in Wyoming, USA, are now being capitalised as pre-production development costs. The impact of this change to the comparative figures is not material to the financial report.

NOTE 2: DIVIDENDS

The Company has not paid or provided for dividends during the half-year ended 31 December 2013.

NOTE 3: PROFESSIONAL FEES

	31 December 2013 \$	31 December 2012 \$
Auditor's remuneration	34,014	31,000
Legal and consulting services (i)	216,989	763,367
Taxation services	3,826	25,893
Other	12,218	4,450
	267,047	824,710

- (i) External costs for professional service providers includes expenditure incurred for the negotiation, establishment and issuance of the debt notes to BlackRock. All of these costs were expensed to the profit and loss statement during the 6 months ended 31 December 2012.

Notes to the Consolidated Financial Statements

NOTE 4: 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

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.

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.

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.

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.

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 Consolidated Financial Statements

Segment Performance

The following table present information regarding the Group's operating segments for the half-year ended 31 December 2013:

31 December 2013	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	Raki Raki Fiji \$	Australia \$	Total \$
Revenue					
External Sales	-	-	-	48,000	48,000
Inter-segment sales:	-	-	-	4,003,535	4,003,535
Interest revenue:	10,301	418	-	62,800	73,519
Total Segment Revenue	10,301	418	-	4,114,335	4,125,054
Inter-Segment elimination	-	-	-	(4,003,535)	(4,003,535)
Total Segment Revenue	10,301	418	-	110,800	121,519
Other Income and Expenses					
Unallocated					
Employee benefits expense	-	-	-	-	(1,600,113)
Gain on sale of fixed assets	-	-	-	-	329,418
Share-based payments expense	-	-	-	-	(1,034,725)
Interest expense	-	-	-	-	(24,976)
Depreciation expense	-	-	-	-	(115,801)
General and administrative expenses	-	-	-	-	(972,157)
Professional fees	-	-	-	-	(267,047)
Foreign exchange loss	-	-	-	-	(34,165)
Impairment expense	-	-	-	-	(69,134)
Loss before and after income tax	-	-	-	-	(3,667,181)

The following table present information regarding the Group's operating assets as at 31 December 2013:

31 December 2013	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	Raki Raki Fiji \$	Australia \$	Total \$
Segment Assets					
Exploration, evaluation and development	77,005,455	9,561,681	2,058,425	-	88,625,561
Property, plant and equipment	3,934,077	23,349	-	59,552	4,016,978
Cash and cash equivalents	6,829,205	28,273	-	2,126,161	8,983,639
Trade and other receivables	2,377,772	25,583	-	692,758	3,096,113
Investment accounted for using equity method	-	5,441,664	-	-	5,441,664
Available-for-sale financial assets	-	-	-	3,263	3,263
Total Assets	90,146,509	15,080,550	2,058,425	2,881,734	110,167,218

Notes to the Consolidated Financial Statements

The following table presents information regarding the Group's operating segments for the half-year ended 31 December 2012:

31 December 2012	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	Raki Raki Fiji \$	Australia \$	Total \$
Revenue					
External Sales	-	-	-	-	-
Inter-segment sales:	-	-	-	2,019,374	2,019,374
Interest revenue:	1,949	966	-	178,578	181,493
Total Segment Revenue	1,949	966	-	2,197,952	2,200,867
Inter-Segment elimination	-	-	-	(2,019,374)	(2,019,374)
Total Segment Revenue	1,949	966	-	178,578	181,493
Expenses					
Employee benefits expense	(371,778)	(16,354)	-	(1,935,064)	(2,323,196)
Depreciation	(68,038)	-	-	(73,416)	(141,454)
Allocated Segment Expenses	(439,816)	(16,354)	-	(2,008,480)	(2,464,650)
Unallocated					
Share-based payments expense	-	-	-	-	(1,285,343)
General and administrative expenses	-	-	-	-	(1,427,481)
Facility fee – share based	-	-	-	-	(2,160,000)
Interest expense	-	-	-	-	(96,693)
Professional fees	-	-	-	-	(824,710)
Foreign exchange loss	-	-	-	-	(97,006)
Loss before and after income tax	-	-	-	-	(8,174,390)
30 June 2013					
Segment Assets					
Exploration, evaluation and development	66,306,927	9,089,062	2,002,945	-	77,398,934
Property, plant and equipment	2,715,229	27,283	-	2,380,877	5,123,389
Cash and cash equivalents	107,955	90,801	-	4,986,004	5,184,760
Trade and other receivables	3,734,937	26,358	-	3,960,458	7,721,753
Available-for-sale financial assets	-	-	-	3,263	3,263
Total Assets	72,865,048	9,233,504	2,002,945	11,330,602	95,432,099

NOTE 5: CONTINGENT LIABILITIES

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

Notes to the Consolidated Financial Statements

NOTE 6: SHARE BASED PAYMENTS EXPENSES

Share based payment expenses for the half year to 31 December 2013 comprises:

	\$
Employee incentive shares issued (i)	137,000
Performance Rights granted (ii)	897,725
	<u>1,034,725</u>

- (i) 5,000,000 ordinary shares issued to employees under existing contracts during the period.
- (ii) During the year ended 30 June 2013, 177,000,000 Class D, E and F Performance Rights were issued. The Performance Rights are convertible into ordinary shares upon the satisfaction of various criteria which are set out in the Notice of Meeting released to the ASX on 27 October 2012. The fair value of the Performance Rights is being brought to account over their vesting periods.

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

At 31 December 2013, the Company had on issue 759,149,499 listed options and 98,000,000 unlisted options.

NOTE 7: MINERAL EXPLORATION, EVALUATION AND DEVELOPMENT

	Exploration and evaluation \$	Development \$	Total \$
Year to 30 June 2013			
Book value at 1 July 2012	9,951,274	48,659,034	58,610,308
Exploration and evaluation costs incurred	1,690,306	-	1,690,306
Development costs incurred	-	12,212,927	12,212,927
Foreign exchange translation	(549,573)	5,434,966	4,885,393
Book value at 30 June 2013	11,092,007	66,306,927	77,398,934
Half-year to 31 December 2013			
Book value at 1 July 2013	11,092,007	66,306,927	77,398,934
Exploration and evaluation costs incurred	795,027	-	795,027
Development costs incurred	-	8,671,543	8,671,543
Foreign exchange translation	(267,253)	2,027,310	1,760,057
Book value at 31 December 2013	11,619,781	77,005,780	88,625,561

Recovery of the carrying amount is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Notes to the Consolidated Financial Statements

NOTE 8: BORROWINGS

	31 December 2013 \$	31 December 2012 \$
CURRENT		
Borrowings – BlackRock facility (i)	10,641,688	-
Borrowings – office premises (ii)	-	2,805,000
Borrowings – Strata (iii)	65,072	-
Total Current	10,706,760	2,805,000
NON-CURRENT		
Borrowings – Strata (iii)	600,828	676,335
Total Non-Current	600,828	676,335

- (i) In October 2013 Peninsula advised that the second key condition precedent had been met that allowed drawdown under notes issued to funds managed by BlackRock. As at 31 December 2013, US\$9,444,000 has been drawn down and is due for repayment in December 2014. The coupon rate on the notes is 11% per annum.
- (ii) Balance related to a bank loan obtained to finance purchase of office premises. On 8 August 2013 Peninsula completed a sale and lease back agreement for the premises. The sale proceeds were \$2,700,000 exclusive of fees and charges. The lease agreement was for a term of 5 years on standard commercial terms.
- (iii) Balance consists of a mortgage over the Strata Energy Inc. office building and loans for company vehicles.

NOTE 9: ISSUED CAPITAL

	31 December 2013 \$	30 June 2013 \$
3,252,030,235 fully paid ordinary shares (June 2013: 2,955,495,084)	133,192,492	126,749,105

For the six months ended 31 December 2013

	Number	\$
Balance at 1 July 2013	2,955,495,084	126,749,105
Equity raising – Share Placement (i)	80,000,000	2,000,000
Employee incentive shares issued (Note 6)	5,000,000	137,000
Consideration to ARSA - project acquisition (ii)	206,483,154	4,493,172
Salary Sacrifice Scheme (iii)	5,051,997	133,215
Capital raising fees - equity facility agreement	-	(160,000)
Capital raising fees - other	-	(160,000)
Balance as at 31 December 2013	3,252,030,235	133,192,492

- (i) On 28 October 2013 a placement to sophisticated investors raised \$2,000,000.
- (ii) In accordance with the agreement with ARSA to acquire their portfolio of uranium and molybdenum projects in the Karoo Basin of South Africa, as announced on 19 December 2013, Peninsula paid the consideration of USD\$4,000,000 in fully paid ordinary shares in the capital of the Company to a subsidiary of ARSA, being 206,483,154 shares (based on 30 day PEN volume weighted average price (VWAP)). Refer to Note 11 for more details.

Notes to the Consolidated Financial Statements

- (iii) On 28 August 2013 the Company announced that Directors and senior executives had adopted a salary sacrifice program (SSP). Under the terms of the SSP, a proportion of Directors fees and senior executive remuneration was paid as equity; PEN ordinary fully paid shares. These are included as part of Employee Benefits Expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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

NOTE 10: CAPITAL AND LEASING COMMITMENTS

(a) Exploration of tenement Leases

	31 December 2013 \$	30 June 2013 \$
Exploration of tenement Leases (not greater than one year)	1,110,653	1,230,946

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

NOTE 11: INVESTMENT IN JV ENTITY

On 19 December 2013, Peninsula announced that all conditions precedent had been met that enabled the completion of the acquisition of the South African uranium assets held by ARSA. Peninsula acquired a 74% interest in Uramin-Lukisa JV Company (Pty) Ltd (BEE partner Lukisa Invest 100 (Pty) Ltd continues to hold the remaining 26% interest), which in turn holds a 100% interest in subsidiary Beaufort West Minerals (Pty) Ltd. Under the terms of an agreement, Peninsula and Lukisa Invest 100 (Pty) Ltd share joint control of Uramin-Lukisa JV Company (Pty) Ltd.

The consideration transferred and the fair value of the net assets acquired were:

Consideration transferred	\$
21,077,635 shares @ FV \$0.045 on 19 December 2012 (i)	948,494
206,483,154 shares @ FV \$0.022 on 19 December 2013 (i)	4,493,170
Total consideration	5,441,664
	Fair value acquired on acquisition
Assets	\$
Cash and cash equivalents	6,612
Receivables	298,153
Land and prospecting rights	5,266,127
	5,570,892
Liabilities	
Payables	(129,228)
	(129,228)
Total identifiable assets at fair value	5,441,664

- (i) The fair value of the ordinary shares issued is the VWAP of Peninsula shares over the 30 days immediately prior to the date of their issuance.

Notes to the Consolidated Financial Statements

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

On 28 February 2014 the US Nuclear Regulatory Commission (NRC) issued the final Supplemental Environmental Impact Statement (SEIS) for the Lance Projects Central Processing Plant and Ross Permit Area in Wyoming, USA (Lance Projects). With the SEIS issued, Peninsula anticipates the final Source and Byproduct Material License (SML) to be issued by the NRC on 31 March 2014. This will conclude the licensing process and subject to securing necessary financing Peninsula can proceed to construction completion and the commencement of production at the Lance Projects.

On 10 March 2014 Peninsula announced that it has placed 161.29 million new shares at 3.1 cents per share to raise \$5,000,000 (Placement).

The Placement has been taken up by funds managed by J.P. Morgan Asset Management (JPMAM). JPMAM is a leading global asset management with assets under management of \$1.5 trillion. RFC Ambrian is the Lead Manager to the Placement.

Except for the above, no matter or circumstance has arisen since 31 December 2013, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

The directors declare that:

1. The financial statements and notes, as set out on pages 8 to 19, are in accordance with the *Corporations Act 2001*, including
 - (a) complying with Australian Accounting Standard 134; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



John (Gus) Simpson
Executive Chairman

13 March 2014

Independent Auditor's Review Report

To the members of Peninsula Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Peninsula Energy Limited, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Peninsula Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

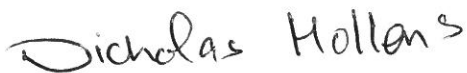
Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



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Nicholas Hollens

13 March 2014

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