

ANNUAL REPORT 2014



CORPORATE DIRECTORY

Directors

John Simpson	Executive Chairman
Alfred Gillman	Technical Director
Warwick Grigor	Non-Executive Director
Neil Warburton	Non-Executive Director
John Harrison	Non-Executive Director

Chief Operating Officer

Glenn Black

Chief Financial Officer

David Coyne

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

ABN

67 062 409 303



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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 2014.

There have been some notable achievements for the Company during the year, none more so than the receipt of the Source Materials License in April which completed the extensive four year licensing process for the Lance Projects in Wyoming, USA.

The Company was also able to complete all site civil works and other infrastructure in Wyoming in preparation for full construction, as well as complete the fabrication of key long lead plant and equipment items.

In a different market the value of such progress would have been better reflected in the share price but as everyone is aware, the mining sector has been hard hit in the broader markets and the uranium industry has been weathering an additional period of low commodity price. Pleasingly we are now seeing the price rebound and market differentiation of the low cost nature of ISR production. As the likelihood of production certainty spreads I believe it will lead to a positive re-rating of Peninsula.

Recently the Company announced the approval of a lower cost three stage scalable construction development plan which will significantly reduce the initial funding required to commence sustainable production in Wyoming. This plan also results in the existing U3O8 sales contract having a very positive effect on the initial sale contracts expected average price and allows the Company to defer most of the planned uranium production contracting until such time as the uranium price is at more attractive levels.

This staged ramp-up has been very well received by both funding groups and utilities with Peninsula now well advanced in negotiations to secure funding from a group of international institutions.

I would like to acknowledge the efforts of the ISR team in Wyoming who has been pivotal in the evolution of the new scalable construction plan and who have spent considerable time over the past 24 months further refining the process plant design, wellfield design, production plan and cost estimates for the Lance Projects. This has enabled Peninsula to adapt to the market and find an innovative solution that will see Peninsula become a uranium producer in 2015.

In South Africa, Peninsula completed the acquisition of AREVA's uranium portfolio in December 2013 and in March 2014 the Company announced an increase in the JORC compliant resource at the Karoo Projects to 57m pounds U3O8. A positive initial scoping study has been completed and the Company is now progressing through a Pre-Feasibility Study.

Future development of a mining operation in South Africa remains a key priority of Peninsula and we remain cognisant of the needs of major nuclear power generating utilities who are seeking long-term supply relationships across multiple operations and politically stable jurisdictions.

On the funding front, the year has seen the Company welcome J.P.Morgan Asset Management to the register and along with the continued support from BlackRock, the Company has been able to keep progressing both the Lance Projects and our South African assets.

I would like to take this opportunity to again welcome John Harrison to the Board. He brings a wealth of capital markets experience to the Board and complements the existing skill set of the other Board members.

On behalf of the Board of Directors, I would like to extend our thanks to both our shareholders for their patient support and to our corporate staff for their dedicated and often unseen work over the past year. I believe we will see significant reward for all stakeholders effort in 2015 with Peninsula becoming the next ASX-listed uranium producer.

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 2014.

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, or who have served as a Director during the year, are:

- » John Simpson Executive Chairman
- » Alfred Gillman Technical Director
- » Warwick Grigor Non-Executive Director (Independent)
- » Neil Warburton Non-Executive Director (Independent)
- » John Harrison Non-Executive Director (appointed 1 September 2014)
- » Michael Barton Non-Executive Director (resigned 29 January 2014)

The Directors believe that having an Executive Chairman is in the best interests of the shareholders whilst the Company is in pre-production stage. Because this is a departure from Corporate Governance Recommendations, the matter is reviewed annually.

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.

GENDER DIVERSITY

The Company is focusing on the participation of women on its Board and within senior management. The Board will determine appropriate measurable objectives for achieving gender diversity prior to the commencement of production from its first mining operation.

Women Employees, Executives and Board Members

The Company and its consolidated entities have seven (7) female employees/executives:

- » an accountant
- » an executive assistant
- » a personal assistant
- » a wellfield construction supervisor
- » a land administrator
- » a land access specialist
- » a field technician

whom represent approximately 28% of the total employees, executives and/or board members of the Company and its consolidated entities. There are currently no female members on 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 two Non-Executive Directors, a departure from the ASX Corporate Governance Council recommendations, but appropriate given the 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 Chief Financial Officer 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.

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, performance rights 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. Performance Rights with market based vesting conditions are valued independently using a hybrid employee share option pricing model that simulates the share price of Peninsula as at the expiry date using a Monte-Carlo model.

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 for Directors 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 2014.

DIRECTORS

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

- » John Simpson
- » Alfred Gillman
- » Warwick Grigor
- » Neil Warburton
- » John Harrison (appointed 1 September 2014)
- » Michael Barton (resigned 29 January 2014)

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 2014 amounted to \$6,814,826 (2013: \$14,563,655).

REVIEW OF OPERATIONS 2014

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

An overview of operations during the year is as follows:

WYOMING, USA – LANCE URANIUM PROJECTS

(Peninsula Energy 100%)

BACKGROUND

The Lance Projects are located on the North-East flank of the Powder River Basin in Wyoming. 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 metres. A proprietary database of the historic drilling and pilot plant data was acquired by Peninsula in 2007, defining a then relatively unknown uranium district of which Peninsula is now the dominant mineral rights holder.

The Lance Projects have 312 line kilometres of identified roll fronts and an exploration target of 158-217mlbs U₃O₈ (169-196mt@426-530ppm U₃O₈) inclusive of JORC Code-compliant resource. These roll fronts stretch over 50 kilometres north-south and are open to the north, south and west. The Company has explored only part of this area in the last five years and has successfully delineated over 53.7mlbs U₃O₈ JORC Code-compliant resource¹.

¹ JORC Table 1 included in an announcement to the ASX presentation released on 27th March 2014: "Company Presentation – Mines and Money Hong Kong". Peninsula confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

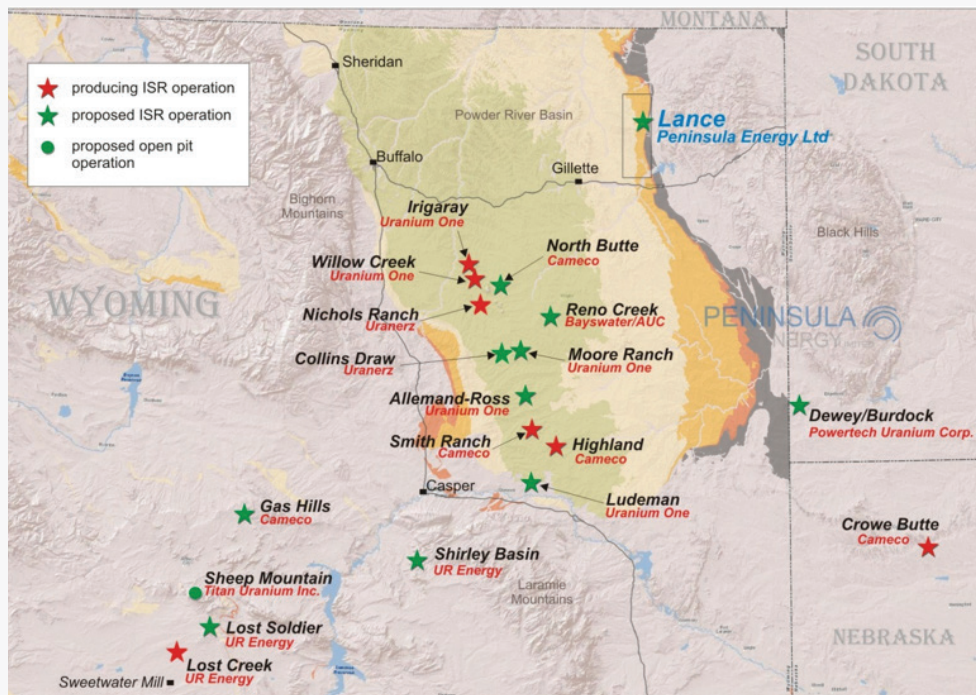


Figure 1: Lance Project Location, Wyoming, USA

PERMITTING

Source Material License Received and Conclusion of Licensing Process

In April 2014 the United States Nuclear Regulatory Commission (NRC) issued the Combined Source and 11e. (2) Byproduct Materials License (SML) to Peninsula's wholly-owned subsidiary Strata Energy Inc. (Strata) for the Central Processing Plant (CPP) and Ross Permit Area (RPA) in Wyoming, USA.

Issuance of the SML authorises the construction and operation of the three million pound per annum capacity CPP and the RPA. Peninsula now has the ability to produce uranium from the largest JORC Code-compliant in-situ recovery resource in the USA. The SML is the culmination of a four-year permitting process involving multiple local, state and federal regulatory agencies.

Supplemental Environmental Impact Statement Received

During the year the NRC issued the final Supplemental Environmental Impact Statement (SEIS) for the Lance CPP and RPA.

The SEIS is a comprehensive review of the project-specific environmental aspects and mitigation measures of the CPP and RPA as required under the National Environmental Policy Act (NEPA). It analyses the environmental effects of the proposed action at the RPA, the environmental impacts of alternatives to the proposed action, and mitigation measures to either reduce or avoid adverse effects of the proposed action. Impacts assessed include land use; historical and cultural resources; visual and scenic resources; climatology, meteorology and air quality; geology, minerals and soils; water resources; ecological resources; socioeconomics; environmental justice; noise; traffic and transportation; public and occupational health and safety; and waste management.

Programmatic Agreement Approved

In April 2014 the Programmatic Agreement (PA) for Section 106 consultations was signed by the NRC, the United States Bureau of Land Management, Advisory Council on Historic Preservation, Wyoming State Historic Preservation Officer and Strata.

Section 106 consultations are a process designed to ensure that vested historical and cultural stakeholders are engaged in the development of protocols that are designed to protect sites of historical and cultural significance that may reside within a project area. The process involved regular consultation with relevant Native American Tribes.

CONSTRUCTION

In October 2013 Peninsula began site preparation for the CPP, fabrication of long lead time plant and equipment and the construction of access roads and other infrastructure.

All site civil works have been completed in preparation for pouring of the concrete pad for the CPP, including site drainage works to divert surface water around the CPP and associated support services buildings.

Fabrication of the long lead pressure vessels (i.e., ion exchange columns and elution tanks) is now complete. The Company was also able to secure two suitable used dryers in lieu of purchasing new dryers, resulting in cost savings of approximately \$0.5 million during the year.



Figure 2: Earthworks for the CPP, November 2013, Wyoming, USA



Figure 3: Completed Ion Exchange Column for the CPP

WELLFIELD OPTIMISATION STUDY

In September 2013, Peninsula announced the completion of the Lance Wellfield Optimisation Study (WOS) which follows the Lance CPP Optimisation Study (OS) completed in March 2013. The WOS and OS were both undertaken as part of Peninsula's value engineering in preparation for the Lance Projects construction.

The OS delivered significant capital cost savings in the CPP while the WOS has delivered a sizable reduction in wellfield capital and operating costs along with an increased rate of wellfield production. The combined effect of this optimisation process adds substantial economic value to the project.

The WOS focused on the detailed wellfield design for the first mining unit within the RPA. The parameters derived from the review were then applied over 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.

Whilst undertaking the value engineering on the CPP the Company completed further metallurgical test work to optimise the lixiviant solution that is to be cycled through the injection wells. These test results 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 and provides the following benefits to the project:

- » Enables a faster rate of mineral extraction from the ore body, decreasing the overall life of mine by 4 years whilst maintaining life of mine production at over 28mlbs (based on the existing JORC Code-compliant resources only);
- » Enables the project to achieve a steady-state production rate of 2.3mlbs per annum from two production units concurrently, as opposed to three previously; and
- » Allows the inclusion of the Barber Production Unit to be deferred until the Ross Production Unit commences its stage of natural decline, deferring capital expenditure at the Barber Production Unit.

The WOS and OS were conducted by senior development and production staff at Strata, in conjunction with the engineering and construction contractor TREC Inc. (TREC). This production team includes geologists and engineers with extensive ISR process-well field design, plant construction and production experience.

PROJECT FINANCING

Peninsula is continuing discussions with several international funding parties and continues the development of a project financing package to fund the construction of the Lance Projects. Whilst this activity has been ongoing, the Company's experienced ISR team continues to focus on further reducing the initial capital expenditure requirements and ongoing wellfield development costs.

Finalisation of the project financing package is aided by the existing offtake contract that the Company has in place. The offtake contract was entered into in February

2011 with a commencement price of US\$61.80/lb, subject to annual escalation factors consistent with uranium industry norms. Taking escalation into account, the current price under the offtake agreement is approximately US\$40/lb higher than the spot price for uranium.

SOUTH AFRICA - KAROO URANIUM- MOLYBDENUM EXPLORATION PROJECTS

(Peninsula Energy 74%, BEE Group 26%)

BACKGROUND

Peninsula has a 74% interest in a total of 41 prospecting rights (PR's) covering 7,774 km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin (Figure 4). The residual 26% interest remains with BEE partners as required by South African law.

The Karoo Projects are categorized into the Eastern and Western Sectors as shown in the diagram below. In the Eastern Sector, Peninsula has freehold ownership over an area of 322 km² which covers a significant proportion of the reported resource and allows unlimited surface access.

ACQUISITION COMPLETION

Satisfaction of the US\$4 million consideration payable at the transfer of the former AREVA held mineral properties was met through the issue of 206,483,154 shares in December 2013.

Further consideration of US\$45 million remains payable upon completion of a Bankable Feasibility Study on the Karoo Projects and the securing of a minimum 50% debt financing for the funding required to develop the projects to production.

CURRENT WORK

The Mining Licence Application (MLA) for the Karoo Projects, comprising 16 mining rights, was submitted to the Department of Mineral Resources (DMR) on 16 May 2014.

Prospecting rights held by the Company span three of the nine provinces in South Africa, namely the Northern, Western and Eastern Cape provinces. In accordance with South African requirements, the MLA requires input and involvement from DMR offices in all three provinces during the review and approval process. As at the end of the financial year, letters acknowledging the acceptance of 13 applications for mining rights had been received from the DMR offices in the Western and Eastern Cape provinces. Confirmation of acceptance of three mining right applications in the Northern Cape province were received during July 2014.

The Company has engaged South African company, Ferret Mining and Environmental Services, to assist with the environmental management impact assessment as part of the MLA. An Environmental Management Plan initiation meeting was held in May 2014. Public participation meetings commenced during June 2014 with interested and affected parties, and these are continuing during the 3rd quarter of 2014.

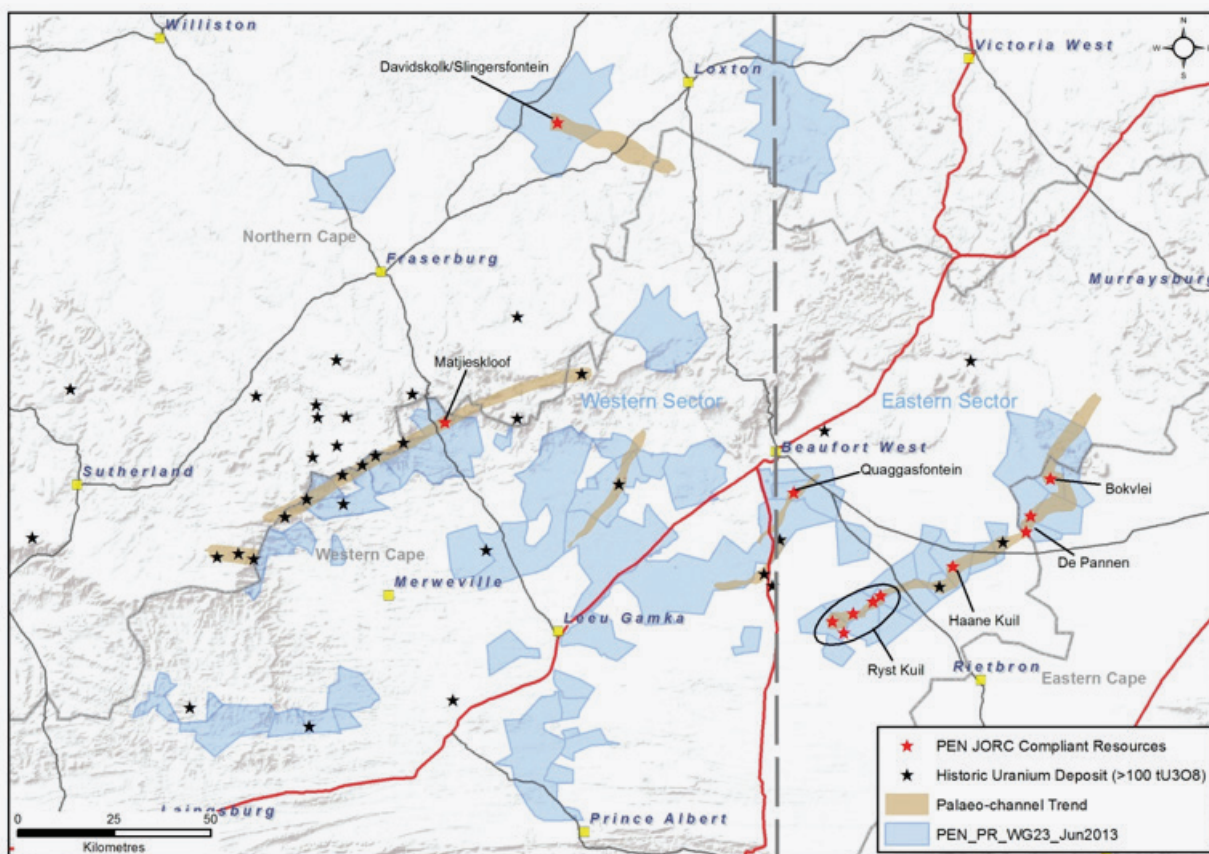


Figure 4: Karoo Uranium / Molybdenum Project Locations, South Africa

DEVELOPMENT PROGRESS

In September 2013, Peninsula released the results of the initial Scoping Study carried out on the Karoo Projects. The Scoping Study was performed by DRA Mineral Projects (Pty) Ltd (DRA). Results from the initial Scoping Study were positive and enabled the commencement of the Pre-Feasibility Study (PFS) in the second half of 2013. As part of the PFS, Mintek in South Africa were engaged to undertake more extensive metallurgical test work.

Subsequent to the finalisation of the Mintek metallurgical test work in April 2014, DRA were commissioned to re-run an alkaline versus acid trade off study to determine the optimal treatment solution and way forward through PFS and the Bankable Feasibility Study.

This review was completed at the end of June 2014, and the results indicated that better recovery efficiencies were consistently achieved using acid leaching across all 5 sample areas. The results showed the average recovery efficiency for acid of 90.8% compared to 83.1% for alkaline.

From an operating cost perspective, the result of this review also indicated that ongoing operating costs per pound of uranium produced would be materially lower using an acid leach processing route as compared to an alkaline processing route.

Results from initial radiometric test work undertaken during 2014 have been encouraging, and discussions are continuing with DRA and Mintek to optimise a possible radiometric sorting option for the Karoo Projects.

Information obtained from the work undertaken in the

first half of 2014 by both DRA and Mintek shall be incorporated in the PFS for the Karoo Projects that is currently in progress. It is expected that the PFS will further demonstrate that the deposits within the Karoo Projects offer several potential large-scale development options, including simultaneous open pit, adit-access and decline-access mining operations feeding through to a single central processing plant.

Note: A Scoping Study is based on low-level technical and economic assessment. It is insufficient to support estimation of Ore Reserves, to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. The Scoping Study is partially supported by Indicated Resources (56.4%) with the remainder supported by Inferred Resources (43.6%).

RESOURCE EXPANSION AND UPGRADE

In March 2014 Peninsula announced an updated JORC Code-compliant Mineral Resource estimate of 56.9Mlbs eU_3O_8 at the Karoo Projects.

This includes an increased indicated resource of 21.9Mlbs with an increased grade of 1,242ppm eU_3O_8 (cut off of 600ppm eU_3O_8), which represented a 30% increase.

The increase in the Karoo resource is the result of the inclusion of data from the 2013 drill program and the adoption of a revised block model reporting methodology in line with the Local Uniform Conditioning formalism, with the most significant increase related to the Ryst Kuil deposit.



The updated resource estimate, as shown in Table 1, is based on 7,230 drill holes from a database comprising 9,343 drill holes, which includes 1,245 holes drilled or re-logged by Peninsula since 2011 (including 16 diamond holes and 801 reverse circulation holes). During 2013 Peninsula completed 67 holes at the De Pannen prospect and re-logged 291 holes in the Ryst Kuil area.

Table 1: Classified JORC-Compliant Resource Estimate, Karoo Projects: eU_3O_8 ¹

Classification	eU_3O_8 (ppm) CUT-OFF	Tonnes (millions)	eU_3O_8 (ppm)	eU_3O_8 (million lbs)
Indicated	600	8.0	1,242	21.9
Inferred	600	15.3	1,038	35.0
Total	600	23.3	1,108	56.9

¹ JORC Table 1 is included in announcement to the ASX released on 11th March 2014 – “13% Resource Expansion and Upgrade at Karoo Projects”. Peninsula confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

The resource estimate was carried out by Optiro Pty Ltd. Mineral resources have been classified on the basis of confidence in geological and grade continuity using the drilling density, geological model, modelled grade continuity and conditional bias measures (kriging efficiency).

The historic and current drilling is distributed over two main areas – the Western and Eastern Sectors and includes results for more than 4,000 mineralised intervals. Drill-spacing varies from 100m x 100m to 25m x 25m with the majority of indicated resources drilled at an average spacing of 50m x 50m. Inferred Mineral Resources have been defined in areas of 100m x 100m up to 400m by 400m drill spacing. A bulk density of 2.67 t/m³ was applied to derive the resource tonnage (based on 1,425 representative sample determinations).

The Eastern Sector covers the majority of the reported resources including the Ryst Kuil Channel and Quaggasfontein (Site 29). The Western Sector encompasses the Matjieskloof (Site 22) and Davidskolk/Slingersfontein (Site 45) resources together with the majority of the Exploration Targets. Total resources by Sector are detailed in Table 2.

Table 2: Detailed Classified JORC-Compliant Resource Estimate, Karoo Project: eU_3O_8

Classification	Sector	eU_3O_8 (ppm) CUT-OFF	Tonnes (millions)	eU_3O_8 (ppm)	eU_3O_8 (million lbs)
Indicated	Eastern	600	7.1	1,206	18.7
	Western	600	0.9	1,657	3.2
Inferred	Eastern	600	11.8	1,046	27.2
	Western	600	3.5	1,019	7.8
Total	Total	600	23.3	1,108	56.9

Note: Totals may not sum exactly due to rounding.

RAKIRAKI 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).

TRENCHING

Assays received from trenching at the Qalau prospect (Rakiraki JV) have identified a 15 metre-wide zone of gold mineralisation spanning across three trenches over a strike of 200m. Intercepts include 3m at 3.75g/t Au, 2m @ 3.36g/t Au, 15m at 0.28g/t Au, and 12m @ 0.24g/t Au.

The mineralisation is hosted in a zone of quartz veining within a sequence of olivine-basalts and volcanoclastics and is coincident with a low rise hill within cane fields. Extensions of this low rise can be seen, slightly offset, to the south of the trenching.

Follow-up trenching is planned to be completed over the potential extension to the south of the trenching and any structures identified as potential hosts to mineralisation from the magnetic survey.

GROUND MAGNETIC SURVEY

A ground magnetic survey has been completed over a 1.5km² area centred on the Qalau prospect, aimed at identifying the structural framework of the prospect area. This program will enable the identification of the orientation and potential extensions of the mineralised structures within the trenching, as well as any parallel, potentially mineralised structures worthy of trenching.

CORPORATE

BLACKROCK DEBT DRAWDOWN

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

Under the terms of the notes two material CP's were required to be met before debt funds under the notes could be made available for allowable initial site construction and project development activities.

The first material CP was the grant by the Wyoming Department of Environmental Quality Permit to Mine (PTM), which was granted in late 2012.

The second material CP was that Peninsula entered into a U₃O₈ sales agreement on terms satisfactory to BlackRock. Amongst other standard procedural items the terms required the sales agreement to have a net present value equal to or greater than the principal amount of the notes and to include clauses allowing it to be used as security in the unlikely event that Strata defaulted on the repayment of the notes. Amendments made to an existing sales agreement enabled this CP to be met.

The amount drawn on the BlackRock Notes at 30 June 2014 was US\$12.444 million (A\$13.183 million) leaving US\$9.556 million (A\$10.124 million) undrawn at the end of the financial year. Subsequent to year end, a further US\$2.0 million was drawn under the BlackRock Notes.

PLACEMENT TO SOPHISTICATED INVESTORS

In October 2013 the Company completed a placement to institutional and sophisticated investors to raise up to \$2 million through the issue of 80 million new shares at 2.5 cents per share (Placement). Participants in the Placement received one free attaching listed option (PENOC) exercisable at \$0.03 on or before 31 December 2015 for every two new shares subscribed.

Funds received from the Placement were used to progress feasibility studies at the Karoo Projects in South Africa, general activities at the Lance Projects and for working capital.

PLACEMENT TO JP MORGAN ASSET MANAGEMENT

In March 2014 Peninsula placed 161.29 million new shares at 3.1 cents per share to raise \$5,000,000 (pre-costs) to 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 was the Lead Manager for this placement.

Funds received from the placement are being used for the ongoing construction activities at the Lance Projects in Wyoming, to progress feasibility studies at the Karoo Projects in South Africa and for general working capital purposes.

The allotment of the placement shares was not subject to shareholder approval and fell within the Company's 10% placement capacity under ASX LR 7.1A.

FINANCIAL POSITION

The net assets of the consolidated group have increased by \$3,746,838 from 30 June 2013 to \$94,384,235 in 2014. A significant proportion of expenditure during the year was for development and evaluation activity at the Lance and Karoo Projects. At the end of the financial year, Peninsula had a cash balance of \$7.0 million, an increase of \$1.8 million over the cash balance at 30 June 2013.

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:

- » In April 2014 the United States NRC issued the SML to Peninsula's wholly owned subsidiary Strata for the CPP and RPA at the Lance Projects in Wyoming, USA, representing the conclusion of a four year permitting process.
- » Satisfaction of the US\$4 million consideration payable at the transfer of the former AREVA held mineral properties was met through the issue of 206,483,154 shares in December 2013. Further consideration of US\$45 million remains payable upon completion of a Bankable Feasibility Study on the Karoo Projects and the securing of a minimum 50% debt financing for the funding required to develop the projects to production.

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 2014.

AFTER BALANCE DATE EVENTS

On 1 September 2014 the Company appointed Mr John Harrison as a Non-Executive Director.

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.

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 and penalties under relevant jurisdictions in relation to its conduct of exploration and development 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. 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 – 52,716,277 ordinary shares, 7,003,101 listed options exercisable at 3 cents on or before 31 December 2015, 12,000,000 Class D Performance Rights, 12,000,000 Class E Performance Rights and 12,000,000 Class F Performance Rights.

Mr Alfred Gillman B.Sc(Hons), Fellow of AusIMM 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 served 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 is a Director of ASX Listed Triton Minerals Limited. Mr Gillman has the following interest in Shares and Options in the Company as at the date of this report – 10,976,731 ordinary shares, 875,000 listed options exercisable at 3 cents on or before 31 December 2015, 4,000,000 Class D Performance Rights, 4,000,000 Class E Performance Rights and 4,000,000 Class F Performance Rights.

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. Mr Grigor left to be the



foundering 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 mining company financier and corporate adviser. Mr Grigor was also a founding partner and former Chairman of Canaccord Genuity Australia Limited, an Australian based stockbroking organisation with offices in Melbourne, Sydney and Hong Kong, owned 50% by Canaccord Genuity Limited. 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 – 10,622,899 ordinary shares, 11,462,060 listed options exercisable at 3 cents on or before 31 December 2015, 2,000,000 Class D Performance Rights, 2,000,000 Class E Performance Rights and 2,000,000 Class F Performance Rights.

Mr Neil Warburton Assoc MinEng WASM, MAusIMM, FAICD

Non-Executive Director

Mr Warburton has over 34 years' experience in all areas of mining operation. Over the period 2000-2012 Mr Warburton held senior positions with Barminto Limited culminating in being the Chief Executive Officer. He successfully grew Barminto into Australia and West Africa's largest underground mining contractor with annual revenues of more than \$800m. Prior to joining Barminto, Mr Warburton held several senior corporate positions, this included serving as Managing Director of Coolgardie Gold NL. Mr Warburton is a graduate from the Western Australia School of Mines with an Associate Degree in Mining Engineering. He is a Fellow of the Australian Institute of Company Directors (FAICD) and Member of the Australian Institute of Mining and Metallurgy. Mr Warburton currently serves as Non-Executive Chairman of ASX Listed Red Mountain Mining Limited and is a Non-Executive Director of ASX Listed Australian Mines Limited and Sirius Resources NL. Mr Warburton has the following interest in Shares and Options in the Company as at the date of this report – 225,168 ordinary shares, 2,000,000 Class D Performance Rights, 2,000,000 Class E Performance Rights and 2,000,000 Class F Performance Rights.

Mr John Harrison

Non-Executive Director

Mr Harrison brings to Peninsula a wealth of experience and resource sector knowledge acquired over a 45 year career including 20 years of investment banking in London. During this time Mr Harrison has developed an extensive international contact base advising companies across a range of commodities, (including uranium) and raising more than £500m in equity capital in the process. Prior to joining RFC Ambrian and following a successful career in the Lloyd's reinsurance market, Mr Harrison was Managing Director at Numis Securities Ltd where he worked on the development and listing of the then-new Lloyd's corporate underwriting vehicles, an activity upon which the Numis corporate finance franchise was built.

Mr Harrison is currently Non-Executive Chairman (UK) of international advisory and broking firm RFC Ambrian Ltd and Non-Executive Chairman of UK coking coal development company West Cumbria Mining PLC. Mr Harrison has nil interest in Shares and Options in the Company as at the date of this report.

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 (CA) and has extensive corporate, company secretarial financial accounting experience across a number of listed and unlisted resource sector companies. Mr Whyte is currently Company Secretary of ASX listed Quest Petroleum NL. Mr Whyte previously worked in the investment banking sector in London over a period of 6 years for Credit Suisse and Barclays Capital Plc. Mr Whyte has the following interest in Shares and Options in the Company as at the date of this report – 7,363,514 ordinary shares, 3,000,000 Class D Performance Rights, 3,000,000 Class E Performance Rights and 3,000,000 Class F Performance Rights.

MEETINGS OF DIRECTORS

During the financial year seven 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
Warwick Grigor	7	7	1	1	1	1
Michael Barton*	4	4	1	1	1	1
Neil Warburton	7	7	-	-	-	-
John Simpson	7	7	-	-	-	-
Alfred Gillman	7	7	-	-	-	-

* Upon Mr Michael Barton's resignation on 29 January 2014, Mr Neil Warburton filled the vacant positions on the Audit Committee and Remuneration Committee.

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	764,149,499
Various	31/12/2015	\$0.04	8,000,000
19/12/2012	31/12/2017	\$0.08	90,000,000

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 2014, there were no ordinary shares of Peninsula issued on the exercise of options granted.

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 RIGHTS

At 30 June 2014 there were 177,000,000 Performance Rights on issue as follows:

Grant Date	Date of Expiry	Number on Issue
Class D	13/10/2014	58,900,000
Class E	13/10/2015	59,000,000
Class F	13/10/2016	59,100,000
Total		177,000,000

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 2011. The fair value of the Performance Rights is being brought to account over their vesting periods. The purpose of the Performance Rights 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 and Officer 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 or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the

Company. The amount of the premium was \$23,255 to insure the Directors and Officers of the Company.

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 2014:

Service	\$
Corporate Services	300
Total	300

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 26 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 and shareholder value. 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 base remuneration (which is based on factors such as length of service and experience), superannuation, fringe benefits where applicable and performance incentives;
- » Incentives paid in the form of options or rights are intended to align the interests of the Directors, executives 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 2014.

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 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, where applicable, receive a superannuation guarantee contribution required by the government, which is currently 9.50% 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, performance rights and option arrangements to align their 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, i.e. 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.

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 were paid as equity; Peninsula fully paid ordinary shares. The effective commencement date of the SSP was 1 July 2013 and continued until interim financing for the Lance Projects had been secured. These cash saving measures were undertaken to ensure funds are directed to the Company's key priority, the advancement of the Lance Projects to production. At the election of each individual, the salary sacrifice arrangement could continue post securing interim financing.

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 performance rights to all of the directors and executives to encourage the alignment of personal and shareholder interests. Details of these performance rights are listed below.

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 2014.

Group Key Management Personnel	Position held at 30 June 2014	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration not Related to Performance		
		Non-Salary Cash Based Incentives %	Equity Based Incentives %	Fixed Salary/ Fees – Share Based %	Fixed Salary/ Fees – Cash Based %	Total %
John Simpson	Executive Chairman	-	30.27	5.12	64.61	100.00
Alfred Gillman	Technical Director	-	19.24	3.26	77.50	100.00
Warwick Grigor	Director (Non-Executive)	-	59.41	6.70	33.89	100.00
Michael Barton	N/A	-	85.52	4.83	9.65	100.00
Neil Warburton	Director (Non-Executive)	-	80.29	13.14	6.57	100.00
Glenn Black	Chief Operating Officer	-	29.85	4.20	65.95	100.00
David Coyne	Chief Financial Officer	6.63	9.87	3.22	80.28	100.00
Ralph Knode	Chief Executive Officer (Strata Energy Inc.)	9.00	22.26	2.23	66.51	100.00
Jonathan Whyte	Company Secretary	-	25.39	0.62	73.99	100.00

SERVICE CONTRACTS

The employment terms and conditions of key management personnel 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. On termination notice by the Company, any rights that have vested, or that will vest during the notice period, will be released. Rights that have not yet vested will be forfeited.

Mr John Simpson, Executive Chairman

- » Consultancy agreement, 2 years commencing 1 July 2013.
- » Daily rate of \$3,000 per day, up to a maximum annual fee of A\$750,000.
- » Notice period 3 months.
- » Termination benefit is equivalent to a maximum of one year's annual average base salary for the 3 years preceding termination date.

Mr Alfred Gillman, Technical Director

- » Terms of agreement – no fixed term.
- » Base director fees, exclusive of superannuation of A\$36,000.
- » Notice period 3 months.
- » No termination benefit is specified in the agreement.

Mr Warwick Grigor, Director (Non-Executive)

- » Terms of agreement – no fixed term.
- » Base director fees, exclusive of superannuation of A\$36,000.
- » Notice period 3 months.
- » No termination benefit is specified in the agreement.

Mr Neil Warburton, Director (Non-Executive)

- » Terms of agreement – no fixed term.
- » Base director fees, exclusive of superannuation of A\$36,000.
- » Notice period 3 months.
- » No termination benefit is specified in the agreement.

Mr John Harrison, Director (Non-Executive)

- » Terms of agreement – no fixed term.
- » Base director fees, exclusive of superannuation of A\$36,000.
- » Notice period 3 months.
- » No termination benefit is specified in the agreement.

Mr Glenn Black, Chief Operating Officer

- » Consultancy agreement with no fixed term.
- » Hourly rate of US\$150 per hour to a maximum of 80 hours per month (amended March 2014).
- » Notice period 3 months.
- » 14 month termination benefit.

Mr David Coyne, Chief Financial Officer

- » Terms of agreement – 3 years commencing 17 June 2013.
- » Base salary, exclusive of superannuation of A\$350,000.
- » Notice period 3 months.
- » No termination benefit is specified in the agreement.

Mr Ralph Knode, Chief Executive Officer - Strata Energy Inc.

- » Terms of agreement – no fixed term.
- » Base salary, exclusive of superannuation of US\$300,000.
- » Notice period 3 months.
- » 14 month termination benefit.

Mr Jonathan Whyte, Company Secretary

- » Consultancy agreement – 2 year term commencing 1 June 2014.
- » Daily rate of \$1,300 per day.
- » Notice period 1 month.
- » No termination benefit is specified in the agreement.



TABLE OF BENEFITS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2014

		Short-Term Benefits: Salary & Fees			Post-Employment Benefits	Equity Settled Share-based Payments		
Group Key Management Personnel		Cash based \$	Share based ^(e) \$	Bonuses \$	Super-annuation \$	Rights ^(d) \$	Shares \$	Total \$
Directors								
Warwick Grigor	2014	27,000	9,000	-	3,330	53,167	-	92,497
	2013	36,000	-	-	3,240	45,306	-	84,546
Michael Barton ^(b)	2014	6,000	3,000	-	-	53,167	-	62,167
	2013	36,000	-	-	-	45,306	-	81,306
Neil Warburton ^(a)	2014	3,000	33,000	-	-	36,667	-	72,667
	2013	12,000	-	-	-	14,889	-	26,889
John Simpson	2014	681,000	54,000	-	-	319,000	-	1,054,000
	2013	756,000	-	-	-	670,833	-	1,426,833
Malcolm James ^(b)	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	358,400	-	-	2,160	158,569	-	519,129
Alfred Gillman	2014	425,070	18,000	-	3,330	106,333	-	552,733
	2013	482,400	-	-	3,240	266,611	-	752,251
Other Executives								
Glenn Black	2014	234,980	14,957	-	-	106,333	-	356,270
	2013	269,788	-	-	-	90,611	-	360,399
David Coyne ^(c)	2014	338,333	14,583	30,000	25,000	44,667	-	452,583
	2013	13,611	-	-	972	-	-	14,583
Ralph Knode ^(f)	2014	308,200	10,640	42,990	9,566	106,333	-	477,729
	2013	328,017	-	-	9,841	286,473	-	624,331
Jonathan Whyte	2014	232,399	1,950	-	-	79,750	-	314,099
	2013	234,349	-	-	-	210,458	-	444,807
Total	2014	2,255,982	159,130	72,990	41,226	905,417	-	3,434,745
	2013	2,526,565	-	-	19,453	1,789,056	-	4,335,074

- (a) Mr Neil Warburton was appointed as Non-Executive Director effective 27 February 2013.
- (b) Mr Malcolm James resigned as Executive Director effective 27 February 2013. Mr Michael Barton resigned as Non-Executive Director effective 29 January 2014.
- (c) Mr David Coyne was appointed as Chief Financial Officer effective 17 June 2013. He was issued 1,373,614 ordinary shares on 16 May 2014 after electing to take his annual bonus in shares in lieu of cash.
- (d) On various dates since 28 November 2012, 132,000,000 Class D, E and F Performance Rights were issued to Key Management Personnel. 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 2011. The fair value of the Performance Rights is being brought to account over their vesting periods.
- (e) On 28 August 2013 the Company announced that directors and senior executives had adopted a Salary Sacrifice Program. Under the terms of the program a proportion of directors' fees and senior executive remuneration were paid as equity; Peninsula fully paid ordinary shares. Totals include SSP shares owed to Mr Neil Warburton and Mr Warwick Grigor totalling \$27,000 and \$3,000 respectively which are to be issued subject to shareholder approval at the next general meeting.
- (f) Mr Ralph Knode received a bonus of \$42,990 for the year ended 30 June 2014.

SECURITIES RECEIVED THAT ARE NOT PERFORMANCE RELATED

On 28 August 2013 the Company announced that directors and senior executives had adopted a Salary Sacrifice Program. Under the terms of the program a proportion of directors' fees and senior executive remuneration were paid as equity; Peninsula fully paid ordinary shares. Shares granted are detailed below:

SHARES AND PERFORMANCE RIGHTS GRANTED

Group Key Management Personnel	Grant Details			For the Financial Year Ended 30 June 2014			Overall		
	Date	Number	Value \$	Converted No.	Converted \$	Vested No.	Fair Value Brought to Account %	Fair Value Not Yet Brought to Account %	Lapsed %
Performance Rights^(a)									
<i>Directors</i>									
Warwick Grigor	28/11/12	6,000,000	128,000	-	-	-	76.93	23.07	-
Michael Barton	28/11/12	6,000,000	128,000	-	-	-	76.93	23.07	-
Neil Warburton	27/02/13	6,000,000	74,000	-	-	-	69.67	30.33	-
John Simpson	28/11/12	36,000,000	768,000	-	-	-	76.93	23.07	-
Alfred Gillman	28/11/12	12,000,000	256,000	-	-	-	76.93	23.07	-
<i>Executives</i>									
Glenn Black	28/11/12	12,000,000	256,000	-	-	-	76.93	23.07	-
David Coyne	21/06/13	12,000,000	80,000	-	-	-	55.83	44.17	-
Ralph Knode	28/11/12	12,000,000	256,000	-	-	-	76.93	23.07	-
Jonathan Whyte	28/11/12	9,000,000	192,000	-	-	-	76.93	23.07	-
Total		111,000,000	2,138,000	-	-	-	75.89	24.11	-
Ordinary Shares^(b)									
<i>Directors</i>									
Warwick Grigor	22/11/13	225,168	6,000	N/A	N/A	225,168	100.00	-	-
Michael Barton	22/11/13	110,745	3,000	N/A	N/A	110,745	100.00	-	-
Neil Warburton	22/11/13	225,168	6,000	N/A	N/A	225,168	100.00	-	-
John Simpson	22/11/13	2,025,778	54,000	N/A	N/A	2,025,778	100.00	-	-
Alfred Gillman	22/11/13	676,731	18,000	N/A	N/A	676,731	100.00	-	-

Group Key Management Personnel	Grant Details			For the Financial Year Ended 30 June 2014			Overall		
	Date	Number	Value \$	Converted No.	Converted \$	Vested No.	Fair Value Brought to Account %	Fair Value Not Yet Brought to Account %	Lapsed %
<i>Executives</i>									
Glenn Black	16/09/13	577,754	14,957	N/A	N/A	577,754	100.00	-	-
David Coyne ^(c)	16/09/13	557,088	14,583	N/A	N/A	557,088	100.00	-	-
	16/05/14	1,373,614	30,000	N/A	N/A	1,373,614	100.00		
Ralph Knode	18/10/13	413,717	10,640	N/A	N/A	413,717	100.00	-	-
Jonathan Whyte	18/10/13	71,984	1,950	N/A	N/A	71,984	100.00	-	-
Total		6,257,747	159,130	N/A	N/A	6,257,747	100.00	-	-

- (a) On various dates since 28 November 2012, 132,000,000 Class D, E and F Performance Rights were issued to Key Management Personnel (see Note 21 to the financial statements for valuation details). 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 2011. The fair value of the Performance Rights is being brought to account over their vesting periods.
- (b) On 28 August 2013 the Company announced that directors and senior executives had adopted a Salary Sacrifice Program. Under the terms of the program a proportion of directors' fees and senior executive remuneration were paid as equity; Peninsula fully paid ordinary shares. Totals include shares owed to Mr Neil Warburton and Mr Warwick Grigor totalling \$27,000 and \$3,000 respectively which are to be issued pending approval at the next AGM.
- (c) Mr David Coyne was issued 1,373,614 ordinary shares on 16 May 2014 after electing to take his annual bonus in shares in lieu of cash.

NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL 30 JUNE 2014

	Balance at 1 July 2013	On-Market Trades	Options Exercised	Net Change Other ^(a)	Balance at 30 June 2014
John Simpson	50,690,499	-	-	2,025,778	52,716,277
Alfred Gillman	10,300,000	-	-	676,731	10,976,731
Warwick Grigor	10,397,731	-	-	225,168	10,622,899
Michael Barton ^(b)	-	-	-	-	N/A
Neil Warburton	-	-	-	225,168	225,168
Glenn Black	-	-	-	577,754	577,754
David Coyne ^(c)	-	-	-	1,930,702	1,930,702
Ralph Knode	6,068,966	-	-	413,718	6,482,684
Jonathan Whyte	7,291,530	-	-	71,984	7,363,514
Total	84,748,726	-	-	6,147,003	90,895,729

- (a) On 28 August 2013 the Company announced that directors and senior executives had adopted a Salary Sacrifice Program. Under the terms of the program a proportion of directors' fees and senior executive remuneration were paid as equity; Peninsula fully paid ordinary shares.
- (b) Mr Michael Barton resigned from the group effective 29 January 2014.
- (c) Mr David Coyne was issued 1,373,614 ordinary shares on 16 May 2014 after electing to take his annual bonus in shares in lieu of cash.

NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL 30 JUNE 2013

	Balance at 1 July 2012	On-Market Trades	Options Exercised	Net Change Other ^(d)	Balance at 30 June 2013
John Simpson	50,690,499	(7,000,000)	-	7,000,000	50,690,499
Malcolm James ^(a)	21,496,571	-	-	(21,496,571)	N/A
Alfred Gillman	6,300,000	-	-	4,000,000	10,300,000
Warwick Grigor	10,397,731	-	-	-	10,397,731
Michael Barton	-	-	-	-	-
Neil Warburton ^(b)	N/A	-	-	-	-
Glenn Black	-	-	-	-	-
David Coyne ^(c)	N/A	-	-	-	-
Ralph Knode ^(e)	-	-	-	6,068,966	6,068,966
Jonathan Whyte	5,500,000	(708,470)	-	2,500,000	7,291,530
Total	94,384,801	(7,708,470)	-	(1,927,605)	84,748,726

(a) Mr Malcolm James resigned from the group effective 27 February 2013.

(b) Mr Neil Warburton was appointed effective 27 February 2013.

(c) Mr David Coyne was appointed effective 19 June 2013.

(d) 13,500,000 Performance Rights Class C vested on 1 July 2012 and were converted into ordinary shares on 3 July 2012.

(e) Mr Ralph Knode was issued 4,000,000 ordinary shares on 3 July 2012 as a signing bonus under his employment contract. He was issued 2,068,966 shares on 11 June 2013 after electing to take his annual bonus in shares in lieu of cash.

NUMBER OF OPTIONS HELD BY KEY MANAGEMENT PERSONNEL 30 JUNE 2014

	Balance at 1 July 2013	Granted as Remuneration	Options Exercised	Net Other Changes	Balance at 30 June 2014	Total Vested
John Simpson	7,003,101	-	-	-	7,003,101	7,003,101
Alfred Gillman	875,000	-	-	-	875,000	875,000
Warwick Grigor	11,462,060	-	-	-	11,462,060	11,462,060
Michael Barton	-	-	-	-	N/A	N/A
Neil Warburton	-	-	-	-	-	-
Glenn Black	-	-	-	-	-	-
David Coyne	-	-	-	-	-	-
Ralph Knode	-	-	-	-	-	-
Jonathan Whyte	-	-	-	-	-	-
Total	19,340,161	-	-	-	19,340,161	19,340,161

NUMBER OF OPTIONS HELD BY KEY MANAGEMENT PERSONNEL 30 JUNE 2013

	Balance at 1 July 2012	Granted as Remuneration	Options Exercised	Net Other Changes	Balance at 30 June 2013	Total Vested
John Simpson	7,003,101	-	-	-	7,003,101	7,003,101
Malcolm James	3,271,464	-	-	(3,271,464)	N/A	N/A
Alfred Gillman	875,000	-	-	-	875,000	875,000
Warwick Grigor	11,462,060	-	-	-	11,462,060	11,462,060
Michael Barton	-	-	-	-	-	-
Neil Warburton	N/A	-	-	-	-	-
Glenn Black	-	-	-	-	-	-
David Coyne	N/A	-	-	-	-	-
Ralph Knode	-	-	-	-	-	-
Jonathan Whyte	1,000,000	-	-	(1,000,000)	-	-
Total	23,611,625	-	-	(4,271,464)	19,340,161	19,340,161

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.

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.



John Simpson (Executive Chairman)

Dated this 25th day of September 2014

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 Jim Guilinger. Mr Guilinger is a Member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (Member of Mining and Metallurgy Society of America and SME Registered Member of the Society of Mining, Metallurgy and Exploration Inc). Mr Guilinger is Principal of independent consultants World Industrial Minerals. Mr Guilinger has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

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 George van der Walt. 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. Mr van der Walt 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 Competent Persons as defined in the 2012 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 Mr Steven Whitehead, Member of the Australasian Institute of Mining and Metallurgy. Mr Whitehead is Exploration Manager for Geopacific Resources NL. Mr Whitehead has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

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

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FINANCIAL STATEMENTS

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AUDITOR'S INDEPENDENCE DECLARATION



35 Outram St
West Perth
WA 6005

PO Box 709
West Perth
WA 6872

T 08 9426 4500 F 08 9481 5645
W somescooke.com.au
E info@somescooke.com.au

Chartered Accountants (Aus)
Business Consultants
Financial Advisors

Auditor's Independence Declaration

To those charged with the governance of Peninsula Energy Limited

As auditor for the audit of Peninsula Energy Limited and Controlled Entities for the year ended 30 June 2014, 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 audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

Nicholas Hollens
Partner
25 September 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE
INCOME FOR YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
Revenue	2	183,900	386,653
Other income – profit on sale of fixed assets		329,418	-
Employee benefits expense		(2,998,975)	(4,089,331)
Share-based payment expense – debt facility fees	21	(296,500)	(2,160,000)
Other share-based payments expense	21	(1,691,955)	(2,414,208)
Interest expense	3	(19,108)	(1,626,508)
Depreciation expense	10	(214,097)	(314,389)
Professional fees		(527,011)	(2,043,019)
General and administrative expenses		(1,461,082)	(2,304,387)
Foreign exchange gain/(loss)		(48,107)	3,710
Impairment expense		(71,309)	(2,176)
Loss Before Income Tax	3	(6,814,826)	(14,563,655)
Income tax expense	4	-	-
Loss From Continuing Operations		(6,814,826)	(14,563,655)
Other Comprehensive Income:			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign controlled entities		(2,688,574)	7,626,225
Total Comprehensive Income for the Year		(9,503,400)	(6,937,430)
Basic loss per share (cents per share)	22	(0.22)	(0.53)
Diluted loss per share (cents per share)	22	(0.22)	(0.53)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	7,021,593	5,184,760
Trade and other receivables	6	3,068,948	6,773,259
TOTAL CURRENT ASSETS		10,090,541	11,958,019
NON-CURRENT ASSETS			
Trade and other receivables	6	-	948,494
Investment accounted for using equity method	7	5,441,664	-
Other financial assets	8	1,088	3,263
Property, plant and equipment	10	4,768,360	5,123,389
Mineral exploration, evaluation, and development	11, 12	90,554,308	77,398,934
TOTAL NON-CURRENT ASSETS		100,765,420	83,474,080
TOTAL ASSETS		110,855,961	95,432,099
CURRENT LIABILITIES			
Trade and other payables	13	838,432	1,294,520
Borrowings	14	14,536,533	2,805,000
Provisions	15	34,705	18,847
TOTAL CURRENT LIABILITIES		15,409,670	4,118,367
NON-CURRENT LIABILITIES			
Borrowings	14	795,730	676,335
Provisions	15	266,326	-
TOTAL NON-CURRENT LIABILITIES		1,062,056	676,335
TOTAL LIABILITIES		16,471,726	4,794,702
NET ASSETS		94,384,235	90,637,397
EQUITY			
Issued capital	16	138,326,267	126,749,105
Reserves	17	8,954,865	9,970,363
Accumulated losses		(52,896,897)	(46,082,071)
TOTAL EQUITY		94,384,235	90,637,397

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *FOR YEAR ENDED 30 JUNE 2014*

	Notes	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 July 2012		106,522,715	(31,906,416)	6,530,918	(7,505,159)	73,642,058
Transactions With Owners						
Shares issued during the year	16(b)	15,559,211	-	-	-	15,559,211
Share-based payment expense	21	1,241,162	-	1,173,046	-	2,414,208
Exercise of options	16(b)	4,641,371	-	-	-	4,641,371
Options lapsed		-	388,000	(388,000)	-	-
Issue of options under debt facility agreement		-	-	2,160,000	-	2,160,000
Issue of options under equity facility agreement	16(b)	(373,333)	-	373,333	-	-
Transaction costs	16(b)	(842,021)	-	-	-	(842,021)
Total Transactions With Owners		20,226,390	388,000	3,318,379	-	23,932,769
Comprehensive Income						
Other comprehensive income		-	-	-	7,626,225	7,626,225
Loss for the year		-	(14,563,655)	-	-	(14,563,655)
Total Comprehensive Income		-	(14,563,655)	-	7,626,225	(6,937,430)
Balance at 30 June 2013		126,749,105	(46,082,071)	9,849,297	121,066	90,637,397
Transactions With Owners						
Shares issued during the year	16(b)	11,493,172	-	-	-	11,493,172
Share-based payment expense	21	236,879	-	1,455,076	-	1,691,955
Salary Sacrifice Program shares	16(b)	133,215	-	18,000	-	151,215
Issue of shares under debt facility agreement	21	296,500	-	-	-	296,500
Issue of options under equity facility agreement	16(b)	(160,000)	-	160,000	-	-
Transaction costs	16(b)	(422,604)	-	40,000	-	(382,604)
Total Transactions With Owners		11,577,162	-	1,673,076	-	13,250,238
Comprehensive Income						
Other comprehensive income		-	-	-	(2,688,574)	(2,688,574)
Loss for the year		-	(6,814,826)	-	-	(6,814,826)
Total Comprehensive Income		-	(6,814,826)	-	(2,688,574)	(9,503,400)
Balance at 30 June 2014		138,326,267	(52,896,897)	11,522,373	(2,567,508)	94,384,235

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *FOR THE YEAR ENDED 30 JUNE 2014*

		2014	2013
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(4,992,202)	(8,770,290)
Interest paid		(19,108)	(1,626,508)
Interest received		111,900	386,653
Net cash (used in) operating activities	30	(4,899,410)	(10,010,145)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mineral exploration, evaluation and development		(12,403,646)	(13,730,931)
Payments for interest on capitalised borrowings costs		(2,593,409)	-
Proceeds from/(payments for) mineral exploration performance bonds and rental bonds		960,363	(1,786,991)
Proceeds from sale of property, plant & equipment		2,634,461	-
Purchase of property, plant and equipment		(2,164,112)	(467,470)
Net cash (used in) investing activities		(13,566,343)	(15,985,392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	16	7,000,000	14,610,717
Equity raising transaction costs		(382,604)	(842,021)
Proceeds from application to exercise options		-	1,515,632
Proceeds from borrowings		13,819,888	-
Net cash provided by financing activities		20,437,284	15,284,328
Net increase/(decrease) in cash held		1,971,531	(10,711,209)
Cash at the beginning of financial year		5,184,760	14,155,136
Effects of exchange rate fluctuations on cash held		(134,698)	1,740,833
Cash at the End of Financial Year	5	7,021,593	5,184,760

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 (AASB) 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 9 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) Going Concern

The accounts have been prepared on the basis that the consolidated entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and realise assets and liabilities in the ordinary course of business.

The consolidated entity incurred a loss of \$6,814,826 for the year ended 30 June 2014 (2013: \$14,563,655) and incurred negative operating cash outflows of \$4,899,410 (2013: \$10,010,145). The net working capital deficit of the consolidated entity at 30 June 2014 was \$5,319,129 (2013: surplus of \$7,839,652) and the net increase in cash held during the year was \$1,971,531 (2013: decrease of \$10,711,209).

The ability of the Company and the consolidated entity to continue to pay its debts as and when they fall due is dependent upon the Company successfully obtaining funding and ultimately developing one of its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration and development projects, the Directors believe that the additional capital required can be raised in the debt and equity markets;
- Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.
- The existing offtake contract used as security for debt instruments has a market value well above the debt repayment obligation amount. If monetised, the surplus between the market value and debt repayment flows to the Company.

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

In the event that the consolidated entity is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in this financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern.

(c) 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.

(d) 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 profit and loss and other comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit and loss and other 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 profit and loss and other 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	3-20 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 profit and loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) 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 where rights to the area of interest are current and 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.

All costs associated with Strata's activities in Wyoming, USA, are currently being capitalised as pre-production development costs, except where these costs relate to the purchase or construction of 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. For ISR operations where a reserve (by definition under the relevant JORC-Code), cannot be determined until a sufficient period of economic operations have occurred, the rate of depletion shall be based on economically recoverable resources.

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 resources 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.

(f) 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.

(g) 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 (i.e., 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.

(vi) *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.

(vii) *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 profit and loss and other comprehensive income.

(viii) *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.

(ix) *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.

(h) 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 profit and loss and other 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.

(i) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The consolidated group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the consolidated group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(j) 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 profit and loss and other 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 profit and loss and other 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.

(k) 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

Australian employees receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

(l) 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.

(m) 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.

(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.

(n) **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 is ascertained as the market bid price. The fair value of performance shares is ascertained independently using a hybrid option pricing model, with the expected share price at the expiry date simulated using a Monte-Carlo model. 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, where expectations relate to non-market performance conditions, 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.

(o) **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.

(p) **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.

(q) **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).

(r) **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.

(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.

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

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.

(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 fair value less costs to sell calculations which incorporate various key assumptions and estimations. Estimations are required of resource and development potential, future market prices, discount rate, exchange rates, rehabilitation, capital and production costs in order to assist in the judgement of the recoverable amount.

(ii) 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 recoverable resources.

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.

(iii) Taxation

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors and take into account the financial performance and position of the consolidated group as they pertain to current income tax legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the best estimate, pending assessment by the tax authorities.

(iv) Rehabilitation and Decommissioning Provision

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 resources 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.

(v) *Share Based Payments*

Share-based payment transactions, in the form of options and performance shares, are valued using the pricing models as outlined in Note 1(n). Models use assumptions and estimates as inputs.

(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 consolidated group. The consolidated group has decided not to early adopt any of the new and amended pronouncements. The consolidated group's assessment of the new and amended pronouncements that are relevant to the consolidated group but applicable in future reporting periods is set out below:

- (i) *AASB 9: Financial Instruments* (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

These standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the consolidated group on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact of the consolidated group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- (ii) *AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the consolidated group's financial statements.

- (iii) *Interpretation 21: Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the consolidated group's financial statements.

- (iv) *AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014)

This Standard amends the disclosure requirements in *AASB 136: Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the consolidated group's financial statements.

- (v) *AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to *AASB 139: Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedge instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

- (vi) *AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends *AASB 10: Consolidated Financial Statements* to define an 'investment entity' and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9: *Financial Instruments* and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. REVENUE AND OTHER INCOME

	2014 \$	2013 \$
Revenue from continuing operations		
Interest received	111,900	386,653
Management fees	72,000	-
Total revenue from continuing operations	183,900	386,653

3. LOSS FOR THE YEAR

	2014 \$	2013 \$
Loss before income tax includes the following specific expenses:		
Employee Benefits Expense		
- defined contribution superannuation expense	72,546	63,100
Rental expense on operating leases		
- minimum lease payments	274,146	6,944

Effective 1 July 2013, the Company has capitalised borrowing costs directly attributable to the development and construction activities of its Lance Projects in Wyoming USA in accordance with the accounting policy described in Note 1(s).

4. INCOME TAX

	2014 \$	2013 \$
(a) The major components of income tax expense comprise:		
Income Statement		
Current income tax	-	-
Current income tax charge/(benefit)	-	-
Deferred Income Tax		
Relating to origination and reversal of timing differences	-	-
Income tax (benefit)/expense	-	-

(b) Numerical reconciliation between tax expense and pre-tax net loss:

	2014 \$	2013 \$
Accounting loss before income tax	(6,814,826)	(14,563,655)
At the group's statutory income tax rate of 30%	(2,044,448)	(4,369,097)
Add tax effect of:		
Share based payments - facility fees	88,950	648,000
Share based payments - other	507,587	724,262
Mineral exploration, evaluation and development costs	(4,825,997)	(4,170,970)
	(6,273,908)	(7,167,805)
Benefit of tax losses not brought to account as an asset	6,273,908	7,167,805
Income tax (benefit)/expense	-	-

(c) As at 30 June 2014, the group has estimated tax losses of approximately \$107,005,957 (2013: \$86,092,930), 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 in the jurisdictions in which the group operates. The deferred tax asset attributable to tax losses, net of deferred tax liabilities, has not been brought to account in these financial statements because the directors believe it is not presently appropriate to regard realisation of the future income tax benefits as probable.

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

5. CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Cash at bank and in hand	3,715,314	525,830
Short-term bank deposits	3,306,279	4,658,930
	7,021,593	5,184,760

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

	2014 \$	2013 \$
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	7,021,593	5,184,760
	7,021,593	5,184,760

6. TRADE AND OTHER RECEIVABLES

	2014 \$	2013 \$
CURRENT		
Sundry receivables	296,775	233,200
Security term deposits ^(a)	-	2,805,000
Other receivables ^(b)	2,772,173	3,735,059
	3,068,948	6,773,259
NON-CURRENT		
Prepayment – ARSA Projects ^(c)	-	948,494
	-	948,494

(a) Prior year balance related to a security term deposit held with bank (100% cash security for office purchase loan – Note 14). On 8 August 2013, Peninsula completed a sale and lease back agreement of its Head Office premises in Perth. The sale proceeds were \$2,700,000 exclusive of fees and charges. The lease agreement is for a term of 5 years on standard commercial terms.

(b) Consists of the Permit to Mine Bond and Environmental Performance Bonds for the construction activities at the Lance Projects in Wyoming, USA and rental bond for office premises.

(c) 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 11 December 2012, Peninsula paid the initial consideration of USD\$1,000,000 in fully paid ordinary shares in the capital of the Company to a subsidiary of ARSA, being 21,077,635 shares (based on 30 day PEN VWAP). Peninsula issued the remaining USD\$4,000,000 in fully paid shares to complete the acquisition on 19 December 2013.

No receivables are past due or impaired.

7. 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, since renamed to Tasman-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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	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.

8. OTHER FINANCIAL ASSETS

	2014 \$	2013 \$
NON-CURRENT		
Available-for-sale financial assets (i)	1,088	3,263
Total Non-Current Assets	1,088	3,263

- (i) Available-for-sale financial assets as at 30 June 2014 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 2014 was \$0.002 per share giving a market value as at 30 June 2014 of \$1,088.

9. CONTROLLED ENTITIES

a) Controlled Entities Consolidated

Percentage Ownership (%)

	Country of Incorporation	2014	2013
Parent Entity			
Peninsula Energy Limited	Australia		
Subsidiaries of Peninsula Energy Limited			
Tasman Pacific Minerals Limited	Australia	100%	100%
Tasman RSA Holdings (Pty) Ltd	South Africa	100%	100%
Tasman Mmakau JV Company (Pty) Ltd	South Africa	100%	100%
PM Prospecting Pty Ltd	Australia	100%	100%
PM Energy Pty Ltd	Australia	100%	100%
Peninsula USA Holdings Inc.	USA	100%	100%
Strata Energy Inc.	USA	100%	100%
RCM (SA) Pty Ltd	Australia	100%	100%
Trove Resources Pty Ltd	Australia	100%	100%
Imperial Mining (Fiji) NL	Australia	100%	100%
Pen Limited	Jersey	100%	100%

b) Acquisition and Disposal of Controlled Entities

There were no acquisitions or disposals of controlled entities during the year.

c) Acquisition and Disposal of Jointly-Controlled Entities

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, since renamed to Tasman-Lukisa JV Company (Pty) Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10. PROPERTY, PLANT & EQUIPMENT

	Consolidated Group	
	2014	2013
	\$	\$
Plant and Equipment		
- At cost	3,022,331	793,952
- Accumulated depreciation	(373,780)	(237,171)
Total Plant and Equipment	2,648,551	556,781
Land and Buildings		
- At cost	2,278,796	4,901,909
- Accumulated depreciation	(158,987)	(335,301)
Total Land and Buildings	2,119,809	4,566,608
Total Property, Plant and Equipment	4,768,360	5,123,389

	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	556,781	4,566,608	5,123,389
Additions	2,234,117	-	2,234,117
Disposals	-	(2,375,049)	(2,375,049)
Depreciation expense	(142,347)	(71,750)	(214,097)
Carrying Amount at the End of the Year	2,648,551	2,119,809	4,768,360

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

11. MINERAL EXPLORATION, EVALUATION AND DEVELOPMENT

	Exploration and evaluation \$	Development \$	Total \$
30 June 2013			
Opening net book value	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
Closing net book value	11,092,007	66,306,927	77,398,934
30 June 2014			
Opening net book value	11,092,007	66,306,927	77,398,934
Exploration and evaluation costs incurred	1,692,114	-	1,692,114
Development costs incurred	-	14,394,542	14,394,542
Foreign exchange translation	(870,011)	(2,061,271)	(2,931,282)
Closing net book value	11,914,110	78,640,198	90,554,308

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

At the end of each reporting period, the consolidated group assesses whether there is any indication that the carrying value of exploration, evaluation and development costs may be impaired. 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

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

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 profit or loss and other comprehensive income.

Currently, the recoverable amount is determined using the fair value less cost to sell method. Fair value less cost to sell has been determined using a discounted cash flow model. The model is most sensitive to the following key assumptions:

- Future uranium prices
- Production and capital costs
- Discount rate
- Ore reserves and mineral resources

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.

12. JOINT ARRANGEMENTS

Interest in Joint Operations	2014 \$	2013 \$
The consolidated group's share of assets employed in joint operations that are included in the consolidated financial statements 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	2,088,391	2,002,945
Mmakau (RSA) Joint Venture		
Peninsula Energy has a 74% interest in the Mmakau Joint Venture, whose principal activity is uranium/molybdenum exploration in the Karoo region of the Republic of South Africa. BEE partner Mmakau Mining (Pty) Ltd holds a 26% interest.		
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	8,317,839	8,788,036
Interest in Joint Ventures		
The following separate joint venture entities are accounted for using the equity method:		
Lukisa (RSA) Joint Venture		
Peninsula Energy acquired a 74% interest in the Lukisa Joint Venture on 19 December 2013, whose principal activity is uranium/molybdenum exploration in the Karoo region of the Republic of South Africa. BEE partner Lukisa Invest 100 (Pty) Ltd holds a 26% interest. Set out below is the summarised financial information for the joint venture as at 30 June 2014:		
CURRENT ASSETS		
Cash and cash equivalents	6,160	-
Trade and other receivables	287,383	-
TOTAL CURRENT ASSETS	293,543	-
NON-CURRENT ASSETS		
Property, plant and equipment	6,674,995	-
Exploration and evaluation expenditure	1,821,058	-
TOTAL NON-CURRENT ASSETS	8,496,053	-

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

CURRENT LIABILITIES		
Trade and other payables	169	-
Borrowings	1,670,907	-
TOTAL CURRENT LIABILITIES	1,671,076	-
NET ASSETS	7,118,520	-
Group's share (%)	74	-
Group's share of joint venture assets	5,267,705	-

There was no comprehensive income recognised in the joint venture for the period.

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.

13. TRADE AND OTHER PAYABLES

	2014 \$	2013 \$
CURRENT		
Trade payables	838,432	1,294,520
Total Trade and Other Payables	838,432	1,294,520

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.

14. BORROWINGS

	2014 \$	2013 \$
CURRENT		
Borrowings – BlackRock facility ^(a)	14,348,514	-
Borrowings - office premises ^(b)	-	2,805,000
Borrowings - Strata ^(c)	188,019	-
Total Current Financial Liabilities	14,536,533	2,805,000
NON-CURRENT		
Borrowings - Strata ^(c)	795,730	676,335
Total Non-Current Financial Liabilities	795,730	676,335

(a) 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 30 June 2014, US\$12,444,000 has been drawn down and is due for repayment in December 2014, together with a US\$1,100,000 redemption fee. The coupon rate on the notes is 11% per annum. The notes are secured by a first ranking charge over all of the assets of Strata Energy Inc and the right to sell an existing contract that Strata Energy Inc has for the sale of 1,050,000 pounds of uranium between 2015 and 2020.

(b) Prior year 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.

(c) Balances consist of the current and non-current portions of a mortgage over the Strata Energy Inc. office building, Nuclear Regulatory Commission Promissory Note and loans for company vehicles.

15. PROVISIONS

	2014 \$	2013 \$
CURRENT		
Employee Entitlements - Annual Leave	34,705	18,847
Total Current Provisions	34,705	18,847
NON-CURRENT		
Rehabilitation Provision ^(a)	266,326	-
Total Non-Current Provisions	266,326	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- (a) A provision for restoration is recognised in relation to the exploration and development activities for costs associated with the restoration of various sites. Estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs. In determining the restoration provision, the Company has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration in the future.

16. ISSUED CAPITAL

A reconciliation of the movement in capital and reserves for the consolidated group can be found in the Statement of Changes in Equity.

	2014 \$	2013 \$
3,426,402,505 fully paid ordinary shares (2013: 2,955,495,084)	138,326,267	126,749,105

(a) Ordinary Shares

	2014 No	2013 No
At the beginning of the reporting year	2,955,495,084	2,385,447,312
<i>Shares issued during the year</i>		
- Share placement - equity raising 1 (i)	80,000,000	-
- Share placement - equity raising 2 (ii)	161,290,323	-
- Share placement - BlackRock	-	293,004,848
- Share placement - Pala Investment Holdings Limited	-	71,888,075
- Consideration to ARSA - project acquisition (iii)	206,483,154	21,077,635
- Performance rights vested and converted to ordinary shares (Note 21)	-	13,500,000
- Salary Sacrifice Scheme	5,051,997	-
- BlackRock facility fees (Note 21)	9,500,000	-
- Employee incentive shares issued (Note 21)	8,581,947	15,368,966
- Shares issued on exercise of options	-	154,708,248
- Other shares issued	-	500,000
Total at the end of the year	3,426,402,505	2,955,495,084

(b) Ordinary Shares

	2014 \$	2013 \$
At the beginning of the reporting year	126,749,105	106,522,715
<i>Shares issued during the year</i>		
- Share placement - equity raising 1 (i)	2,000,000	-
- Share placement - equity raising 2 (ii)	5,000,000	-
- Share placement - BlackRock	-	11,720,194
- Share placement - Pala Investment Holdings Limited	-	2,875,523
- Consideration to ARSA - project acquisition (iii)	4,493,172	948,494
- Performance rights vested and converted to ordinary shares (Note 21)	-	717,500
- Salary Sacrifice Scheme	133,215	-
- BlackRock facility fees (Note 21)	296,500	-
- Employee incentive shares issued (Note 21)	236,879	523,662
- Shares issued on exercise of options	-	4,641,371
- Other shares issued	-	15,000
- Capital raising fees – equity facility agreement	(160,000)	(373,333)
- Capital raising fees – share-based payment	(40,000)	-
- Capital raising fees – other	(382,604)	(842,021)
Total at the end of the year	138,326,267	126,749,105

(i) On 28 October 2013 a placement to sophisticated investors raised \$2,000,000.

(ii) On 14 March 2014 a placement to funds managed by J.P. Morgan Asset Management raised \$5,000,000.

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

(iii) 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 7 for more details.

c) Options and Performance Rights

The total number of options on issue at 30 June 2014 was 862,149,499. The options include 764,149,499 listed PENOC options on issue exercisable at 3 cents on or before 31 December 2015, 8,000,000 unlisted options exercisable at 4 cents on or before 31 December 2015 and 90,000,000 unlisted options exercisable at 8 cents on or before 31 December 2017.

The total number of Performance Rights on issue at 30 June 2014 was 177,000,000. There were 58,900,000 Class D Performance Rights, 59,000,000 Class E Performance Rights and 59,100,000 Class F Performance Rights. Refer to Note 21 for more details.

A reconciliation of the total options on issue as at 30 June 2014 is as follows:

	PENOC	UNLISTED
At the beginning of the year	696,371,721	106,000,000
Issued during the year	67,777,778	-
Expired during the year	-	(8,000,000)
Exercised during the year	-	-
Total at the end of the year	764,149,499	98,000,000

For information relating to share options and performance rights issued to key management personnel during the financial year, refer to Note 21 Share Based Payments.

d) Capital Management

Management controls the capital of the consolidated group in order to maintain an appropriate debt to equity ratio 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 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.

17. RESERVES

(a) Share Based Payments Reserve

The share based payments reserve records items recognised as expenses on valuation of employee share options and performance rights

(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 Share Based Payments Reserve and Foreign Currency Translation Reserve during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18. AUDITORS' REMUNERATION

	2014 \$	2013 \$
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	62,000	56,500
- Other services	300	4,450
Total Auditors' Remuneration	62,300	60,950

19. KEY MANAGEMENT PERSONNEL COMPENSATION

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)
Alfred Gillman	Technical Director
Warwick Grigor	Director (Non-Executive)
Neil Warburton	Director (Non-Executive)
Glenn Black	Chief Operating Officer
David Coyne	Chief Financial Officer
Ralph Knode	Chief Executive Officer - Strata Energy Inc.
Jonathan Whyte	Company Secretary
Michael Barton	Director (Non-Executive) (resigned 29 January 2014)

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 2014.

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

	2014 \$	2013 \$
Short-term employee benefits	2,488,102	2,526,565
Post-employment benefits	41,226	19,453
Share-based payments	905,417	1,789,056
	3,434,745	4,335,074

20. EVENTS AFTER THE BALANCE SHEET DATE

On 1 September 2014 the Company appointed Mr John Harrison as a Non-Executive Director.

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.

21. SHARE-BASED PAYMENTS

Share-based payment expenses for the year to 30 June 2014 comprises:

	\$
BlackRock facility fees (i)	296,500
Total share-based payments expense - debt facility fee	296,500
Employee incentive shares issued (ii)	236,879
Performance Rights expense (iii)	1,410,076
Options issued under consulting agreement	45,000
Total other share-based payments expense	1,691,955

- (i) 9,500,000 ordinary shares issued to BlackRock under terms of the note purchase agreement during the period.
- (ii) 8,581,947 ordinary shares issued to employees under existing contracts during the period.

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

- (iii) In previous financial years, 177,000,000 Class D, E and F Performance Rights were issued. Of these, 132,000,000 were issued to key management personnel. 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 2011. The fair value of the Performance Rights is being brought to account over their vesting periods. The following table sets out the assumptions made in determining the fair value of the Rights granted.

Performance Rights - Valuations and Assumptions

Tranche 1	Class D	Class E	Class F
Number issued	48,000,000	48,100,000	48,200,000
Effective grant date	28 Nov 2012	28 Nov 2012	28 Nov 2012
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	85%	85%	85%
Risk-free interest rate	2.72%	2.63%	2.63%
Exercise price	Nil	Nil	Nil
Expected life (years)	1.87	2.87	3.87
Share price on effective date of grant	\$0.041	\$0.041	\$0.041
Tranche 2	Class D	Class E	Class F
Number issued	2,000,000	2,000,000	2,000,000
Effective grant date	27 Feb 2013	27 Feb 2013	27 Feb 2013
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	80%	80%	80%
Risk-free interest rate	2.63%	2.70%	2.74%
Exercise price	Nil	Nil	Nil
Expected life (years)	1.62	2.62	3.62
Share price on effective date of grant	\$0.032	\$0.032	\$0.032
Tranche 3	Class D	Class E	Class F
Number issued	4,900,000	4,900,000	4,900,000
Effective grant date	29 May 2013	29 May 2013	29 May 2013
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	80%	80%	80%
Risk-free interest rate	2.56%	2.59%	2.67%
Exercise price	Nil	Nil	Nil
Expected life (years)	1.38	2.38	3.38
Share price on effective date of grant	\$0.024	\$0.024	\$0.024
Tranche 4	Class D	Class E	Class F
Number issued	4,000,000	4,000,000	4,000,000
Effective grant date	21 Jun 2013	21 Jun 2013	21 Jun 2013
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	80%	80%	80%
Risk-free interest rate	2.55%	2.70%	2.83%
Exercise price	Nil	Nil	Nil
Expected life (years)	1.31	2.31	3.31
Share price on effective date of grant	\$0.025	\$0.025	\$0.025

All Performance Rights granted to key management personnel are convertible into ordinary shares in Peninsula Energy Limited upon the achievement of performance hurdles, which confer a right of one ordinary share for every Performance Right held.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Performance Rights granted to Key Management Personnel are as follows:

Grant Date	Class	Granted	Vested as at 30 June 2014	Converted to Ordinary Shares to 30 June 2014	Lapsed to 30 June 2014	Balance at 30 June 2014
28 November 2012	D	38,000,000	-	-	-	38,000,000
27 February 2013	D	2,000,000	-	-	-	2,000,000
21 June 2013	D	4,000,000	-	-	-	4,000,000
28 November 2012	E	38,000,000	-	-	-	38,000,000
27 February 2013	E	2,000,000	-	-	-	2,000,000
21 June 2013	E	4,000,000	-	-	-	4,000,000
28 November 2012	F	38,000,000	-	-	-	38,000,000
27 February 2013	F	2,000,000	-	-	-	2,000,000
21 June 2013	F	4,000,000	-	-	-	4,000,000
Total		132,000,000	-	-	-	132,000,000

Options granted to Key Management Personnel are as follows:

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.

22. 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	2014 \$	2013 \$
Loss	(6,814,826)	(14,563,655)
Earnings used to calculate basic and dilutive EPS	(6,814,826)	(14,563,655)
b) Weighted average number of ordinary shares outstanding during the year	2014 No.	2013 No.
Weighted average number of ordinary shares used in calculating basic and dilutive EPS	3,167,628,153	2,760,557,302

All options on issue (Note 16) 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.

23. CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2014 \$	2013 \$
a) Exploration Tenement Leases		
Payable - Exploration Tenement Leases (not later than one year)	1,645,609	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 year. Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.		
b) Capital Commitments		
Payable – Equipment Items (not later than one year)	701,323	-

As part of the construction of the CPP, Strata has capital commitments to a fabricator of equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

c) Office Building Lease

Payable – Commercial Lease (not later than one year)	279,248	216,288
Payable – Commercial Lease (later than one year and not later than five years)	951,283	1,230,531
	1,230,531	1,446,819

On 8 August 2013, Peninsula completed a sale and lease back agreement of its Head Office premises in Perth. The lease agreement is for a term of 5 years on standard commercial terms.

d) Photocopier Lease

Payable – Operating Lease (not later than one year)	6,944	6,944
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24. 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, notes issued to debt providers, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
Cash and Cash Equivalents		
- A Rated	7,021,593	5,184,760
	<u>7,021,593</u>	<u>5,184,760</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.

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

	Within 1 Year		1-5 Years		Over 5 Years		Totals	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets								
Cash assets & cash equivalents	7,021,593	5,184,760	-	-	-	-	7,021,593	5,184,760
Trade and other receivables	3,068,948	6,773,259	-	948,494	-	-	3,068,948	7,721,753
Other financial assets	-	-	1,088	3,263	-	-	1,088	3,263
Total Financial Assets	10,090,541	11,958,019	1,088	951,757	-	-	10,091,629	12,909,776
Financial Liabilities								
Trade and other payables	838,432	1,294,520	-	-	-	-	838,432	1,294,520
Borrowings	14,536,533	2,805,000	795,730	676,335	-	-	15,332,263	3,481,335
Total Financial Liabilities	15,374,965	4,099,520	795,730	676,335	-	-	16,170,695	4,775,855

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			
	2014	2013	2014	2013
Maturity of Amounts	%	%	\$	\$
Less than 1 year	1.66	2.33	7,959,909	11,172,631
1 to 2 years	-	-	-	-
2 to 5 years	-	-	-	-
Total Financial Assets			7,959,909	11,172,631
	2014	2013	2014	2013
Maturity of Amounts	%	%	\$	\$
Less than 1 year	6.20	7.32	188,019	2,805,000
1 to 2 years	5.81	6.52	795,730	676,335
2 to 5 years	-	-	-	-
Total Financial Liabilities*			983,749	3,481,335

* Total excludes BlackRock Notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Interest Rate Risk - BlackRock Notes

	2014	2013	2014	2013
Maturity of Amounts	%	%	\$	\$
Less than 1 year	11.00	-	23,306,800	-
1 to 2 years	-	11.00	-	24,054,580
2 to 5 years	-	-	-	-
Total Notes Financial Liability			23,306,800	24,054,580

On 10 December 2012 Peninsula announced that it has executed a series of definitive agreements with funds managed by BlackRock Financial Management, Inc. providing for the issuance of US\$22 million in senior secured notes.

The Notes were issued by Strata Energy Inc. at an issue price of 100% of their face value, mature two years from the date of issue and have a coupon of 11%. Proceeds from the issuance of the Notes were placed in an escrow account pending Strata meeting certain conditions precedent to enable the funds to be released from escrow. The release from escrow was conditional upon certain conditions precedent being met, with US\$12,440,000 released to 30 June 2014.

(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 2014 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 2013.

	Equity	Profit or loss
	\$	\$
2014		
USD	(7,724,650)	-
2013		
USD	(7,697,490)	-

A 10.00% weakening of AUD against the above currencies at 30 June 2014 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 8, 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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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:

2014

	Level 1	Level 2	Level 3	Total
Financial Assets	\$	\$	\$	\$
Available-for-sale financial assets:				
- Listed investments	1,088	-	-	1,088
Total Financial Assets	1,088	-	-	1,088

2013

	Level 1	Level 2	Level 3	Total
Financial Assets	\$	\$	\$	\$
Available-for-sale financial assets:				
- Listed investments	3,263	-	-	3,263
Total Financial Assets	3,263	-	-	3,263

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.

25. 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 exploration, evaluation and development expenses, and general and administrative expenses incurred by its subsidiaries. These expenses are charged to the subsidiaries through inter-company loans.

Service Agreements

Peninsula Energy Limited charged its wholly owned subsidiaries, Tasman Pacific Minerals Limited and 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 \$3,941,769 (2013: \$3,834,130).

Peninsula Energy Limited charged a related party, Quest Petroleum NL, for the provision of financial management and administrative functions totalling \$72,000 for the year ended 30 June 2014.

26. 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 Executive Chairman (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.

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

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 Executive Chairman, 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.

Segment Performance

30 June 2014	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	RakiRaki Fiji \$	Australia \$	Total \$
Revenue					
External sales	-	-	-	72,000	72,000
Inter-segment sales:	-	-	-	3,941,769	3,941,769
Inter-segment interest:	-	-	-	2,543,980	2,543,980
Interest revenue:	11,051	402	-	100,447	111,900
Gain on sale of fixed assets	-	-	-	329,418	329,418
Total Segment Revenue	11,051	402	-	6,987,614	6,999,067
Inter-segment elimination	-	-	-	(6,485,749)	(6,485,749)
Total Segment Revenue	11,051	402	-	501,865	513,318
Expenses					
Depreciation and amortisation	(183,710)	(5,377)	-	(25,010)	(214,097)
Allocated Segment Expenses	(183,710)	(5,377)	-	(25,010)	(214,097)
Unallocated					
Employee benefits expense	-	-	-	-	(2,998,975)
Share-based payment - debt facility fees	-	-	-	-	(296,500)
Other share-based payments	-	-	-	-	(1,691,955)
Interest expense	-	-	-	-	(19,108)
General and administrative expenses	-	-	-	-	(1,461,082)
Professional fees	-	-	-	-	(527,011)
Foreign exchange loss	-	-	-	-	(48,107)
Impairment expense	-	-	-	-	(71,309)
Loss after income tax	-	-	-	-	(6,814,826)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Segment Assets

Exploration, evaluation & development	78,640,198	9,825,719	2,088,391	-	90,554,308
Property, plant and equipment	4,694,094	19,296	-	54,970	4,768,360
Cash and cash equivalents	3,094,268	11,675	-	3,915,650	7,021,593
Trade and other receivables	2,344,623	23,835	-	700,490	3,068,948
Investment - equity method	-	5,441,664	-	-	5,441,664
Other financial assets	-	-	-	1,088	1,088
Total Assets	88,773,183	15,322,189	2,088,391	4,672,198	110,855,961

	Lance Projects Wyoming, USA \$	Karoo Projects South Africa \$	RakiRaki Fiji \$	Australia \$	Total \$
30 June 2013					
Revenue					
External sales	-	-	-	-	-
Inter-segment sales:	-	-	-	3,834,130	3,834,130
Interest revenue:	3,382	1,103	-	382,168	386,653
Total Segment Revenue	3,382	1,103	-	4,216,298	4,220,783
Inter-segment elimination	-	-	-	(3,834,130)	(3,834,130)
Total Segment Revenue	3,382	1,103	-	382,168	386,653

Expenses

Employee benefits expense	(877,233)	(991)	-	(3,211,107)	(4,089,331)
Depreciation and amortisation	(168,251)	(1,798)	-	(144,340)	(314,389)
Allocated Segment Expenses	(1,045,484)	(2,789)	-	(3,355,447)	(4,403,720)

Unallocated

Share-based payment - debt facility fees	-	-	-	-	(2,160,000)
Other share-based payments	-	-	-	-	(2,414,208)
Interest expense	-	-	-	-	(1,626,508)
General and administrative expenses	-	-	-	-	(2,304,387)
Professional fees	-	-	-	-	(2,043,019)
Foreign exchange loss	-	-	-	-	3,710
Impairment expense	-	-	-	-	(2,176)
Loss after income tax	-	-	-	-	(14,563,655)

Segment Assets

Exploration, evaluation & 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
Other financial assets	-	-	-	3,263	3,263
Total Assets	72,865,048	9,233,504	2,002,945	11,330,602	95,432,099

27. 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 2014.

NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 30 JUNE 2014*

28. PARENT ENTITY INFORMATION

	2014 \$	2013 \$
Current Assets	4,598,437	7,996,971
Total Assets	120,907,224	109,708,545
Current Liabilities	310,004	3,194,361
Total Liabilities	310,004	3,194,361
Issued Capital	138,326,267	126,749,105
Accumulated Losses	(29,757,146)	(30,084,218)
Reserves	12,028,099	9,849,297
Total Equity	120,597,220	106,514,184
Profit/(Loss) of Parent Entity	327,072	(6,987,532)
Other Comprehensive Income	-	-
Total Comprehensive Profit/(Loss) of the Parent Entity	327,072	(6,987,532)

29. 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.

30. CASH FLOW INFORMATION

a) Reconciliation of Cash Flow From Operations With Profit After Income Tax	2014 \$	2013 \$
Loss after income tax	(6,814,826)	(14,563,655)
Non-cash flows in profit:		
Profit on sale of fixed assets	(329,418)	-
Depreciation	214,097	314,389
Impairment expense	71,309	2,176
Share-based payment – debt facility fees	296,500	2,160,000
Other share-based payments expense	1,691,955	2,414,208
Salary Sacrifice Shares	133,215	-
Change in assets and liabilities		
Decrease/(increase) in trade and other receivables relating to operating activities	-	(1,843,173)
(Decrease)/increase in trade and other payables	(456,088)	(1,107,355)
Increase in provisions relating to operating activities	15,858	-
Movement in trade and other payables relating to investment activities	277,988	2,613,265
Cash Flow from Operations	(4,899,410)	(10,010,145)

b) Acquisition and Disposal of Entities

During the financial year the group did not acquire or dispose of any entities that materially affected cash flows.

c) Non Cash Investing and Financing Activities

During the financial year, Peninsula issued 206,483,154 shares to complete the acquisition of ARSA's assets in South Africa (Note 7).

During the financial year, Peninsula made a number of share based payments, which are outlined at Note 16.

DIRECTORS' DECLARATION *FOR THE YEAR ENDED 30 JUNE 2014*

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 profit or loss and other 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 2014 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 2014 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 2014.
- (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



John Simpson
Executive Chairman

Perth, 25 September 2014

INDEPENDENT AUDITOR'S REPORT



35 Outram St
West Perth
WA 6005

PO Box 709
West Perth
WA 6872

T 08 9426 4500 F 08 9481 5645
W somescooke.com.au
E info@somescooke.com.au

Chartered Accountants (Aus)
Business Consultants
Financial Advisors

Independent Auditor's Report

To the members of Peninsula Energy Limited and Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of Peninsula Energy Limited and Controlled Entities, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statements of changes in equity and the statements 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 company and the consolidated entity.

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 gives a true and fair view and 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 company'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 company'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*.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion:

- (a) the financial report of Peninsula Energy Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter- Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1(b) to the financial report which outlines that the ability of Peninsula Energy Limited and Controlled Entities to continue as a going concern is dependent upon Peninsula Energy Limited and controlled entities successfully obtaining funding and ultimately developing one of its mineral properties.

As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on the Peninsula Energy Limited's ability to continue as a going concern, and therefore whether it will realise its asset and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Our opinion is not qualified in respect of this matter.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 23 of the directors' report for the year ended 30 June 2014. The directors of Peninsula Energy Limited 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 2014, complies with section 300A of the *Corporations Act 2001*



Simes Cooke



Nicholas Hollens
Partner

25 September 2014

Level 2, 35 Outram Street
West Perth,
WA 6005

ASX ADDITIONAL INFORMATION

a) Distribution of Shareholders (as at 24 September 2014)

Spread of Holdings	Number of Ordinary Shareholders	Number of Shares
1 - 1,000	301	90,393
1,001 - 5,000	570	1,812,584
5,001 - 10,000	768	6,202,404
10,001 - 100,000	4,098	184,758,216
100,001 - and over	2,963	3,245,399,123
TOTAL	8,700	3,438,262,720

b) Top Twenty Shareholders (as at 24 September 2014)

Name	Number of Ordinary Shares held	%
Citicorp Nominees Pty Limited	462,557,451	13.45
National Nominees Limited	277,971,960	8.08
Uramin Inc	227,560,789	6.62
JP Morgan Nominees Australia Limited <Cash Income A/C>	210,727,870	6.13
HSBC Custody Nominees (Australia) Limited	97,021,466	2.82
Mr Gavin McPherson	32,307,856	0.94
HSBC Custody Nominees (Australia) Limited – A/C 3	20,000,001	0.58
Pre-Emptive Trading Pty Ltd	17,500,000	0.51
Geohen Investments Pty Ltd	16,795,834	0.49
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	14,522,328	0.42
Etchell Capital Pty Ltd	14,000,000	0.41
Mr David Eric Bartley & Ms Sarah Jane Mitchell <The David Bartley A/C>	13,361,804	0.39
Mr Paul Woodman	12,500,000	0.36
Mr John Gerard McLean	12,000,000	0.35
Helen Ma Pty Ltd <Steve Ma Super Fund A/C>	11,809,166	0.34
Etchell Capital Pty Ltd <Simpson Superannuation A/C>	11,597,405	0.34
Mr Wally Michael Yuryevich	11,000,000	0.32
Skeggs Goldstien Planners Pty Ltd <The Reynolds Family A/C>	10,500,000	0.31
Pan Australian Nominees Pty Ltd	10,340,000	0.30
Etchell Capital Pty Ltd	10,323,038	0.30
Total Top 20	1,494,396,968	43.46
Other Shareholders	1,943,865,752	56.54
Total Ordinary Shares on Issue	3,438,262,720	100.00

The number of shareholders holding less than a marketable parcel of shares is 2,415, totalling 19,207,546 ordinary shares.

ASX ADDITIONAL INFORMATION

c) Distribution of PENOC Option Holders (as at 24 September 2014)

Spread of Holdings	Number of Ordinary Shareholders	Number of Options
1 - 1,000	95	39,434
1,001 - 5,000	232	674,085
5,001 - 10,000	159	1,167,564
10,001 - 100,000	598	24,051,501
100,001 - and over	499	738,216,915
TOTAL	1,583	764,149,499

d) Top Twenty PENOC Option Holders (as at 24 September 2014)

Name	Number of Ordinary Shares held	%
Citicorp Nominees Pty Limited	157,014,564	20.55
National Nominees Limited	136,259,718	17.83
HSBC Custody Nominees (Australia) Limited	28,817,192	3.77
Mr Richard Simpson	22,455,218	2.94
Pre-Emptive Trading Pty Ltd	14,000,000	1.83
Mr Gavin McPherson	13,133,463	1.72
Merriwee Pty Ltd	10,883,881	1.42
Gregorach Pty Ltd	10,762,060	1.41
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	9,812,500	1.28
Habibie Pty Ltd <The Skanks Investment A/C>	8,400,000	1.10
JP Morgan Nominees Australia	8,113,662	1.06
Etchell Capital Pty Ltd <Simpson Superannuation A/C>	7,003,101	0.92
Mr Peter Paul Kozlowski	6,088,621	0.80
Mr David Russell Gordon & Mrs Laurentia Maria Gordon	5,520,000	0.72
LSA Distributors (QLD) Pty Ltd	5,000,000	0.65
Mr Peter Jack Walravens & Mrs Madeleine Louise Walravens <Walravens Family S/F A/C>	4,816,200	0.63
LSA Distributors (QLD) Pty Ltd	4,614,534	0.60
Mr James Chau	4,307,315	0.56
Mr Kiril Ruvinsky	4,200,000	0.55
Wysime Pty Ltd <The McCubbery Staff S/F A/C>	4,180,000	0.55
Total Top 20	465,382,029	60.90
Other PENOC Option holders	298,767,470	39.10
Total PENOC Options on Issue	764,149,499	100.00

e) Unlisted Options:

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. There are 90,000,000 unlisted options over unissued shares on issue, in the class exercisable at 8 cents per share on or before 31 December 2017. 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) 25	74%
Karoo Uranium, South Africa	PR (WC) 33	74%
Karoo Uranium, South Africa	PR (WC) 34	74%
Karoo Uranium, South Africa	PR (WC) 35	74%
Karoo Uranium, South Africa	PR (WC) 47	74%
Karoo Uranium, South Africa	PR (WC) 59	74%
Karoo Uranium, South Africa	PR (WC) 60	74%
Karoo Uranium, South Africa	PR (WC) 61	74%
Karoo Uranium, South Africa	PR (WC) 80	74%
Karoo Uranium, South Africa	PR (WC) 81	74%
Karoo Uranium, South Africa	PR (WC) 127	74%
Karoo Uranium, South Africa	PR (WC) 137	74%
Karoo Uranium, South Africa	PR (WC) 151	74%
Karoo Uranium, South Africa	PR (WC) 152	74%
Karoo Uranium, South Africa	PR (WC) 153	74%
Karoo Uranium, South Africa	PR (WC) 154	74%
Karoo Uranium, South Africa	PR (WC) 156	74%
Karoo Uranium, South Africa	PR (WC) 158	74%
Karoo Uranium, South Africa	PR (WC) 162	74%
Karoo Uranium, South Africa	PR (WC) 167	74%
Karoo Uranium, South Africa	PR (WC) 168	74%
Karoo Uranium, South Africa	PR (WC) 170	74%
Karoo Uranium, South Africa	PR (WC) 177	74%
Karoo Uranium, South Africa	PR (WC) 178	74%
Karoo Uranium, South Africa	PR (WC) 179	74%
Karoo Uranium, South Africa	PR (WC) 180	74%
Karoo Uranium, South Africa	PR (WC) 187	74%
Karoo Uranium, South Africa	PR (WC) 188	74%
Karoo Uranium, South Africa	PR (WC) 207	74%
Karoo Uranium, South Africa	PR (WC) 208	74%
Karoo Uranium, South Africa	PR (WC) 228	74%
Karoo Uranium, South Africa	PR (WC) 257	74%
Karoo Uranium, South Africa	PR (EC) 07	74%
Karoo Uranium, South Africa	PR (EC) 08	74%
Karoo Uranium, South Africa	PR (EC) 09	74%
Karoo Uranium, South Africa	PR (EC) 12	74%
Karoo Uranium, South Africa	PR (EC) 13	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%

ASX ADDITIONAL INFORMATION

<u>Fiji</u>		
RakiRaki (Geopacific JV)	SPL 1231	50%
RakiRaki (Geopacific JV)	SPL 1373	50%
RakiRaki (Geopacific JV)	SPL 1436	50%

Location/Project Name	Tenement	Percentage
<u>Wyoming, USA (Strata Energy Inc.)</u>		
Private Land (FEE) – Surface Access Agreement	Approx 26,856 acres	100%
Private Land (FEE) – Mineral Rights	Approx 9,375 acres	100%
Federal Mining Claims – Mineral Rights	Approx 12,006 acres	100%
State Leases – Mineral Rights	Approx 10,590 acres	100%

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PENINSULA ENERGY LIMITED

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

www.pel.net.au