PENINSULA ENERGY LIMITED

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Contents

Company Particulars

Directors

John Harrison	Non-Executive Chairman
John Simpson	Managing Director/CEO
Warwick Grigor	Non-Executive Director
Richard Lockwood	Non-Executive Director
Evgenij Iorich	Non-Executive Director
Harrison Barker	Non-Executive Director
Mark Wheatley	Non-Executive Director

Company Secretary

Jonathan Whyte

Registered and Principal Office

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Website

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Auditors

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38 Station Street
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Share Registry

Link Market Services Limited
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Perth WA 6000

Telephone: 1300 554 474
Facsimile: +61 2 9287 0303

Stock Exchange

ASX Code	Shares:	PEN
	Options:	PENOD

Directors' Report

The Directors of Peninsula Energy Limited (Company or Peninsula) submit the financial report of the economic entity for the half-year ended 31 December 2016.

DIRECTORS

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

John Harrison	Non-Executive Chairman
John Simpson	Managing Director/CEO
Warwick Grigor	Non-Executive Director
Richard Lockwood	Non-Executive Director
Evgenij Iorich	Non-Executive Director
Harrison Barker	Non-Executive Director
Mark Wheatley	Non-Executive Director

REVIEW OF OPERATIONS

WYOMING, USA – LANCE URANIUM PROJECTS

Peninsula Energy Ltd 100%

Peninsula's wholly-owned subsidiary Strata Energy Inc. (Strata) began in-situ uranium recovery operations from the Ross Permit Area at the Lance Projects in Wyoming, USA in December 2015.

Interim Operating Strategy

Due to the 2016 uranium price pull back the Company reviewed its operating plan and implemented an interim operating strategy in the second half of 2016 that will apply until uranium prices normalise. Peninsula's production is now aligned to complement delivery commitments under its existing term contracts, thereby maximising the value attained for the extracted resource. The implementation of the interim operating strategy means that the planned Stage 2 expansion at the Lance Projects, including the construction of drying facilities and rapid expansion of additional header houses to increase production to Stage 2 levels, has been placed on hold until a sustainable improvement in the uranium market occurs and additional term contracts are secured.

The Company will however continue with the roll out of additional header houses to replace natural mining depletion, as construction of header houses 8 through 10 will allow flowrates across all production wells to be optimised, reducing operating costs and increasing average uranium head-grade. Lower operating costs combined with existing high value term contracts should see Peninsula move to sustainable cash generation in the first half of 2017.

The Company implemented associated cost reduction measures during the review period including reducing the number of drilling rigs and contractors on site to reflect a lower level of ongoing wellfield development activity in 2017. While the Company will operate in line with the modified - low cost production plan on an interim basis, optionality has been preserved to enable Peninsula to expand quickly when the market improves.

Production for 6 months to 31 December 2016

Production for the 6 months ended 31 December 2016 was 84,000 pounds U_3O_8. Extreme weather conditions during November and December (temperatures as low as minus 30ºC) periodically hampered ongoing wellfield maintenance activities with staff unable to access the wellfield. Each header house experiences slightly different rates of ramp-up and during the previous 6 months, the Company noted that header houses 3 and 4 were taking longer to ramp-up than originally projected. Header house 4 is also considerably smaller than the other Stage 1 header houses due to its positioning near mine unit regulatory boundaries.

Inclement weather also affected the completion of construction and commissioning of header houses 5, 6 and 7 during the 6 month period. Header house 5 commenced sending uranium to the Central Processing Plant (CPP) in January 2017. Header house 6 commenced sending uranium to the CPP in February 2017 and header house 7 is scheduled to commence sending uranium to the CPP during March 2017.

Sales and Marketing

During the period, 112,500 pounds of U_3O_8 was sold at an average realised price of US$48.68 per pound U_3O_8. A further 100,000 pounds U_3O_8 was sold in early January 2017. Of these deliveries, 102,500 pounds U_3O_8 was from material sourced entirely from the Lance Projects and 110,000 pounds U_3O_8 was material that was purchased from the market.

Deliveries made during the period and in early January 2017 were made pursuant to long-term contracts at an average realised cash price of US$55 per pound U_3O_8.

With 100,000 pounds U_3O_8 delivered in the first half of January 2017, the Company has a further 300,000 pounds U_3O_8 to be delivered in CY 2017 which will generate significant cash from operations.

SOUTH AFRICA – KAROO URANIUM PROJECTS

Peninsula Energy Ltd 74% / BEE Groups 26%

Peninsula continued to implement the restructuring strategy embarked on during Q2 2016 aimed at reducing the Company's tenement landholdings. During the review period, after consultation with Peninsula's BEE partner, it was agreed to relinquish the Fraserburg and Loxton project areas in the Northern Cape province, neither of which contained any mineral resource. Subject to completion of the various regulatory processes, Peninsula's total tenement holding will amount to 3,818 km^2, of which 322 km^2 Peninsula has freehold ownership. BEE partners hold a 26% interest in all of our Karoo Projects assets (including freehold land), as required by South African law.

During the review period Peninsula continued to conduct the major activities in support of a Pre-Feasibility Study (PFS) for the Quaggasfontein, Ryst Kuil and Kareepoort mining right application areas. The PFS follows a preliminary technical and economic assessment concluded by DRA in late 2013 and subsequent metallurgical test work conducted.

Metallurgical tests required to support the full design of the processing plant were completed, which enabled finalisation of the process plant flow street, layout and in-plant infrastructure. Mine designs and layouts for both open pit and underground and all engineering works associated with the proposed mine and plant tailings storage facility continued. Preliminary designs and layouts were completed in early January 2017. Life of mine capital and operating cost estimates will now be prepared using this information.

Peninsula is currently in the process of renewing and restructuring its current mining and prospecting right applications, with a focus on extending the tenure of areas that contain known mineralisation and are considered the most prospective. This process includes reducing the size and spread of applications for mining rights to areas of near term production potential.

CORPORATE

A$8.5 Million Institutional Placement

In December 2016 the Company raised A$8.5 million through a placement of 17 million ordinary shares at an issue price of A$0.50 per share to key institutional and sophisticated investors, including A$5.1 million to existing shareholders Resource Capital Fund VI L.P. (RCF VI) and Pala Investments Limited (Pala) (Placement).

Proceeds from the Placement are being used to roll-out additional header houses at the Lance Projects, for general working capital purposes and/or to repay debt drawn on the Investec revolving loan facility.

Convertible Loan Facility - Additional Project Funding Secured

In April 2016 Peninsula entered into convertible loan agreements with major shareholders RCF VI and Pala for a total of US$15 million (Convertible Loans) which was drawn in full on the date that it was signed.

In October 2016 the convertible loan facility was increased from US$15 million to US$20 million. In November 2016, shareholders approved certain resolutions in support of the convertible loan facility. Peninsula announced in December 2016 that RCF VI and Pala had agreed to vary the convertible loan facility, subject to regulatory and shareholder approvals, whereby the term of the convertible loan facility would be extended by 12 months to April 2018 and the conversion price would be set at A$0.625 per share, a 25% premium to the price of the Placement.

Proceeds from the convertible loans were mainly used for general wellfield development activities at the Lance Projects, resource development drilling, final Stage 2 engineering design, and for general working capital purposes.

Assets and Capital

The Group's cash position, including commercial bills but excluding security deposits and performance bonds as at 31 December 2016 was US$5.46 million. The net assets of the Group have decreased by US$36 million from 30 June 2016 to US$96 million at 31 December 2016, due to a non-cash impairment charge of US$39 million to the Lance Projects Cash Generating Unit.

The Company had 197,128,047 shares on issue as at 31 December 2016, 43,333,436 PENOD listed options and 2,634,748 unlisted options.

EVENTS SUBSEQUENT TO REPORTING DATE

On 6 February 2017 Peninsula announced a fully underwritten share purchase plan (SPP) to raise A$6.5 million. The proceeds from the SPP will be applied towards the roll-out of additional header houses at the Lance Projects, for general working capital purposes and/or to repay debt drawn on the Investec revolving loan facility. The SPP, which closed on 3 March 2017, was heavily oversubscribed with a total of A$15.0 million in valid applications received. Due to the strength of demand, the Company elected to accept A$14.2 million of the valid applications which is the maximum amount that the Company could accept under ASX Listing Rule 7.1.

Peninsula announced in December 2016 that RCF VI and Pala had agreed to vary the convertible loan facility, subject to regulatory and shareholder approvals, whereby the term of the convertible loan facility would be extended by 12 months to April 2018 and the conversion price would be set at A$0.625 per share, a 25% premium to the price of the Placement. In February 2017, binding agreements were executed for the agreed variation. The effectiveness of the binding agreements is subject to the consent of Investec Bank plc and shareholders approving the terms of the variation at an extraordinary general meeting of shareholders expected to occur in April 2017.

Except for the above, no matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the consolidated group, the result of those operations, or the state of affairs of the consolidated group in subsequent financial years.

ASIC LEGISLATIVE INSTRUMENT 2016/191: ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Legislative Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 7 of this report.

Signed in accordance with a resolution of the Board of Directors.

John Harrison
Non-Executive Chairman
15 March 2017

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DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF PENINSULA ENERGY LIMITED

As lead auditor for the review of Peninsula Energy Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Peninsula Energy Limited and the entities it controlled during the period.

Wayne Basford

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	31 December 2016 US$000s	31 December 2015 US$000s
Continuing operations			
Revenue	2	5,477	-
Cost of sales		(8,040)	-
Gross profit/(loss)		**(2,563)**	**-**
Other income	2	1	38
Selling and marketing expenses		(447)	(499)
Administration expenses		(1,640)	(1,456)
Depreciation expense		(7)	(122)
Foreign exchange gain/(loss)		(923)	1,208
Non-cash impairment charge	9	(39,049)	-
Other expenses	3	(82)	(631)
Loss before interest and tax from continuing operations		**(44,710)**	**(1,462)**
Finance costs		(1,260)	-
Net loss before income tax		**(45,970)**	**(1,462)**
Income tax expense		-	-
Loss from continuing operations		**(45,970)**	**(1,462)**
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign controlled entities		1,767	(2,853)
Total comprehensive loss for the half-year		**(44,203)**	**(4,315)**
Loss from continuing operations attributable to:			
Equity holders of the Parent		(45,970)	(1,462)
Non-controlling interests		-	-
		(45,970)	**(1,462)**
Total comprehensive income attributable to:			
Equity holders of the Parent		(44,313)	(4,042)
Non-controlling interests		110	(273)
		(44,203)	**(4,315)**
Loss per share attributable to the members of Peninsula Energy Limited			
Basic loss per share (cents per share)		(25.66)	(0.84)

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

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

	Notes	31 December 2016 US$000s	30 June 2016 US$000s
CURRENT ASSETS			
Cash and cash equivalents		5,459	3,759
Trade and other receivables		5,770	3,672
Inventory	7	4,902	2,221
TOTAL CURRENT ASSETS		16,131	9,652
NON-CURRENT ASSETS			
Trade and other receivables		2,943	3,117
Property, plant and equipment		29,553	29,101
Mineral exploration and evaluation	8	9,690	8,181
Mineral development	9	83,324	110,737
Other financial assets		3	3
TOTAL NON-CURRENT ASSETS		125,513	151,139
TOTAL ASSETS		141,644	160,791
CURRENT LIABILITIES			
Trade and other payables		6,308	3,164
Borrowings	10	26,542	17,988
Deferred revenue		381	1,119
Provisions	11	165	70
TOTAL CURRENT LIABILITIES		33,396	22,341
NON-CURRENT LIABILITIES			
Borrowings	10	851	692
Provisions	11	10,992	5,234
TOTAL NON-CURRENT LIABILITIES		11,843	5,926
TOTAL LIABILITIES		45,239	28,267
NET ASSETS		**96,405**	**132,524**
EQUITY			
Issued capital	12	192,147	184,073
Reserves		4,904	3,237
Accumulated losses		(101,860)	(55,890)
Equity attributable to equity holders of the Parent		95,191	131,420
Non-controlling interest		1,214	1,104
TOTAL EQUITY		**96,405**	**132,524**

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital US$000s	Accumulated Losses US$000s	Option & SBP Reserve US$000s	Foreign Currency Translation Reserve US$000s	Total US$000s	Non-controlling interest US$000s	Total Equity US$000s
Balance 1 July 2015	**181,013**	**(52,361)**	**12,478**	**(5,407)**	**135,723**	**1,342**	**137,065**
Transaction With Owners							
Shares issued during the half year	175	-		-	175	-	175
Share-based payments expense	1,112	-	(418)	-	694	-	694
Salary sacrifice program	11	-	(11)	-	-	-	-
Transaction costs	(93)	-		-	(93)	-	(93)
Total Transactions With Owners	**1,206**	-	**(429)**	-	**776**	-	**776**
Comprehensive Income							
Other comprehensive income	-	-	-	(4,042)	(4,042)	(273)	(4,315)
Loss for the half-year	-	(1,462)	-	-	(1,462)	-	(1,462)
Total Comprehensive Income	-	**(1,462)**	**-**	**(4,042)**	**(5,504)**	**(273)**	**(5,777)**
Balance 31 December 2015	**182,218**	**(53,823)**	**12,049**	**(9,449)**	**130,995**	**1,069**	**132,064**
Balance 1 July 2016	**184,073**	**(55,890)**	**12,601**	**(9,364)**	**131,420**	**1,104**	**132,524**
Transaction With Owners							
Shares issued during the half year	7,433	-	-	-	7,433	-	7,433
Share-based payments expense	72	-	10	-	82	-	82
Issue of shares under debt facility agreement	825	-	-	-	825	-	825
Transaction costs	(256)	-	-	-	(256)	-	(256)
Total Transactions With Owners	**8,074**	**-**	**10**	**-**	**8,084**	**-**	**8,084**
Comprehensive Income							
Foreign exchange translation reserve	-	-	-	1,767	1,767	-	1,767
Non-controlling interest	-	-	-	(110)	(110)	110	-
Loss for the half-year	-	(45,970)	-	-	(45,970)	-	(45,970)
Total Comprehensive Income	**-**	**(45,970)**	**-**	**1,657**	**(44,313)**	**110**	**(44,203)**
Balance 31 December 2016	**192,147**	**(101,860)**	**12,611**	**(7,707)**	**95,191**	**1,214**	**96,405**

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016 US$000s	31 December 2015 US$000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,258	-
Payments to suppliers and employees	(8,582)	(2,373)
Interest paid	(222)	-
Interest received	1	38
Net cash (used in) operating activities	(5,545)	(2,335)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for mineral exploration and evaluation	(769)	(450)
Payments for mineral development	(6,513)	(15,124)
Proceeds from the sale of property, plant & equipment	-	337
Payments for mineral exploration performance bonds and rental bonds	-	(286)
Purchase of prospects	-	(21)
Purchase of property, plant and equipment	(175)	(7,391)
Net cash (used in) investing activities	(7,457)	(22,935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	6,404	-
Equity raising transaction costs	(256)	(93)
Proceeds from borrowings	8,614	1,469
Repayment of borrowings	(71)	(163)
Proceeds from applications to exercise options	-	1,331
Net cash provided by financing activities	14,691	2,544
Net (decrease)/increase in cash held	1,689	(22,726)
Cash at the beginning of financial year	3,759	24,990
Effects of exchange rate fluctuations on cash held	11	(204)
Cash at the end of period	**5,459**	**2,060**

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

NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with the requirements of the Corporations Act 2001, International Accounting Standards and other authoritative pronouncements of the International Accounting Standards Board (IASB). This interim financial report also complies with Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board (AASB). Compliance with International Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the IASB. Peninsula is a for-profit entity for the purpose of preparing financial statements.

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

This interim report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and operating and financing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Peninsula during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report was approved by the Board of Directors on 15 March 2017.

The half year financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2016 annual financial statements contained within the annual report of Peninsula.

Going concern

The accounts have been prepared on the basis that the consolidated group 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.

As at 31 December 2016, current liabilities of the Company exceeded current assets by $17.265 million. Included within current liabilities is a $19.881 million liability under the convertible loans with RCF and Pala. In December 2016, RCF and Pala have agreed to extend the term of the convertible loans by a further 12 months to April 2018, with the effectiveness of the 12 month extension subject to shareholder approval at a meeting of shareholders expected to be held during April 2017.

The consolidated group continues to ramp up production activities at its Lance ISR Uranium Project. Regular sales of uranium are now occurring under existing long term contracts. Proceeds from the December 2016 Placement (A$8.5 million) and the recently concluded Share Purchase Plan(A$14.2 million), combined with proceeds received from regular sales of uranium, ensure that the consolidated group is fully funded to implement its plans for the foreseeable future. Implementation of the interim operating plan announced in December 2016 significantly reduces expenditure requirements at the Lance Projects and also reduces expenditure through the remainder of the consolidated group.

With the convertible loan providers agreeing to extend the maturity date of the loans until April 2018 (subject to shareholder approval) and the A$14.2 million raised from the heavily oversubscribed Share Purchase Plan (refer to Note 13: Events Subsequent to Reporting Date), the Directors do not see a need to source any additional funds in order to continue to carry out the operating plans of the consolidated group during the next 12 months.

Accordingly, the Directors are satisfied the going concern basis of preparation for the interim financial statements is appropriate.

Rounding of amounts

The Consolidated Group has applied the relief available to it under ASIC Legislative Instrument 2016/191. Accordingly, amounts in the Financial Report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Consolidated Financial Statements

NOTE 2: REVENUE AND OTHER INCOME

	31 December 2016 US$000s	31 December 2015 US$000s
Revenue from continuing operations		
Sale of goods	5,477	-
Total revenue from continuing operations	**5,477**	**-**
Other income		
Interest received	1	38
Total other income	**1**	**38**

NOTE 3: OTHER EXPENSES

Other expenses includes share-based payments expense for the period to 31 December 2016:

	31 December 2016 US$000s
Share-based payments expense	
Shares issued under service agreement(i)	34
Employee incentive shares issued(ii)	38
Options issued to Directors(iii)	10
Total share-based payments	**82**

(i) On 22 September 2016 the Board approved the payment of and Long Term Incentive Plan (LTIP) incentives for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2016. 56,250 Restricted Share Units (RSUs) were issued under a service agreement during the period. RSUs are held on trust and vest over a three year period commencing on 1 July 2017. These amounts were accrued for at 30 June 2016 and subsequently adjusted for valuation movement prior to issue date.

(ii) 87,500 ordinary shares issued to employees under existing contracts during the period. Fair value of the shares issued was the market value on the date of issue.

(iii) Issue of 65,000 unlisted options to a Non-Executive Director as approved by shareholders in the Extraordinary General Meeting held on 28 November 2016. The options were valued independently using the Black & Scholes option model, refer to the Notice of Extraordinary General Meeting released on the ASX on 27 October 2016 for detailed valuation assumptions.

All options granted to Key Management Personnel are convertible into ordinary shares in Peninsula, which confer the right of one ordinary share for every option held.

NOTE 4: DIVIDENDS

The Company has not paid or provided for dividends during the half-year ended 31 December 2016.

NOTE 5: 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 Managing Director / CEO (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 three reportable operating segments as follows:

- Lance Uranium Projects, Wyoming USA;
- Karoo Uranium Projects, South Africa; and
- Corporate/Other.

Basis of accounting for purposes of reporting by operating segments

Unless otherwise stated, all amounts reported to the Board of Directors and Managing Director / CEO, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the consolidated group.

Inter-segment transactions

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

Segment assets

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

Segment liabilities

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

Unallocated items

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

- Net gains on disposal of available-for-sale financial investments;
- Other financial liabilities; and
- Retirement benefit obligations.

NOTE 5: OPERATING SEGMENTS (CONTINUED)

Segment Performance

The following table presents information regarding the Group's operating segments for the half-year ended 31 December 2016:

31 December 2016	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Revenue and Other Income				
External sales	738	-	4,739	5,477
Cost of sales	(6,140)	-	(1,900)	(8,040)
Gross (Loss)/Profit	**(5,402)**	**-**	**2,839**	**(2,563)**
Inter-segment sales	-	-	1,017	1,017
Inter-segment interest	-	-	2,153	2,153
Interest revenue	-	-	1	1
Total Other Income	**-**	**-**	**3,171**	**3,171**
Inter-Segment elimination	-	-	(3,170)	(3,170)
Gross (Loss)/Profit and Other Income	**(5,402)**	**-**	**2,840**	**(2,562)**
Expenses				
Depreciation and amortisation	-	(1)	(6)	(7)
Selling and marketing	-	-	(447)	(447)
Administration expenses	-	-	(1,640)	(1,640)
Non-cash impairment charge	(39,049)	-	-	(39,049)
Allocated Segment Expenses	**(39,049)**	**(1)**	**(2,093)**	**(41,143)**
Unallocated				
Foreign exchange gain/(loss)	-	-	-	(923)
Other expenses	-	-	-	(82)
Finance costs	-	-	-	(1,260)
Loss before and after income tax	**-**	**-**	**-**	**(45,970)**

The following table presents information regarding the Group's operating assets as at 31 December 2016:

31 December 2016	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Segment Assets				
Exploration and evaluation	-	9,690	-	9,690
Development	83,324	-	-	83,324
Property, plant and equipment	24,619	4,893	41	29,553
Cash and cash equivalents	995	39	4,425	5,459
Trade and other receivables	2,598	726	5,389	8,713
Inventory	4,902	-	-	4,902
Other financial assets	-	-	3	3
Total Assets	**116,438**	**15,348**	**9,858**	**141,644**

Notes to the Consolidated Financial Statements

NOTE 5: OPERATING SEGMENTS (CONTINUED)

The following table presents information regarding the Group's operating segments for the half-year ended 31 December 2015:

31 December 2015	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Revenue and Other Income				
External sales	-	-	-	-
Cost of sales	-	-	-	-
Gross Profit	**-**	**-**	**-**	**-**
Inter-segment sales	-	-	733	733
Inter-segment interest	-	-	1,422	1,422
Interest revenue	1	1	36	38
Total Other Income	**1**	**1**	**2,191**	**2,193**
Inter-Segment elimination	-	-	(2,155)	(2,155)
Gross Profit and Other Income	**1**	**1**	**36**	**38**
Expenses				
Depreciation and amortisation	(117)	(1)	(4)	(122)
Selling and marketing	-	-	(499)	(499)
Administration expenses	-	-	(1,456)	(1,456)
Allocated Segment Expenses	**(117)**	**(1)**	**(1,959)**	**(2,077)**
Unallocated				
Foreign exchange gain/(loss)	-	-	-	1,208
Other expenses	-	-	-	(631)
Loss before and after income tax	**-**	**-**	**-**	**(1,462)**

The following table presents information regarding the Group's operating assets as at 30 June 2016:

30 June 2016	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Segment Assets				
Exploration and evaluation	-	8,181	-	8,181
Development	110,737	-	-	110,737
Property, plant and equipment	24,604	4,451	46	29,101
Cash and cash equivalents	270	87	3,402	3,759
Trade and other receivables	6,050	223	516	6,789
Inventory	2,221	-	-	2,221
Other financial assets	-	-	3	3
Total Assets	**143,882**	**12,942**	**3,967**	**160,791**

NOTE 6: CONTINGENT LIABILITIES

In December 2013, the Company completed the acquisition of the South African uranium assets held by AREVA. As part of the commercial arrangements, an additional amount of US$45 million is to be paid to AREVA at the time that at least 50% of project development funding is secured. If 50% of project development funding is not secured within 25 years, no additional contingent payment is liable to be made. In order to achieve at least 50% of project development funding, additional exploration and delineation drilling is required, a bankable feasibility study needs to be completed and a mineral reserve to support the first five to seven years of mining operations is required. Until these activities are completed, it is improbable that this additional payment is required.

The Board is not aware of any other circumstances or information which leads them to believe there are any other material contingent liabilities outstanding as at 31 December 2016.

NOTE 7: INVENTORY

	31 December 2016 US$000s	30 June 2016 US$000s
Inventory		
Inventories of U_3O_8	10,660	2,578
Net Realisable Value write-down(i)	(5,758)	(357)
Carrying amount at the end of the year	**4,902**	**2,221**

(i) The carrying value of inventory was reviewed as at 31 December 2016. An expense has been recorded to write inventory down to the lower of cost and net realisable value (NRV) and included in Cost of Sales in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The NRV has been calculated using the average selling price of the Company's existing off-take agreements.

NOTE 8: MINERAL EXPLORATION AND EVALUATION

	31 December 2016 US$000s	30 June 2016 US$000s
Exploration and evaluation		
Balance at the beginning of the period	8,181	9,040
Exploration and evaluation costs incurred	811	816
Foreign exchange translation	698	(1,675)
Carrying amount at the end of the period	**9,690**	**8,181**

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.

NOTE 9: MINERAL DEVELOPMENT

	31 December 2016 US$000s	30 June 2016 US$000s
Development		
Balance at the beginning of the period	110,737	91,758
Development costs	7,929	24,722
Rehabilitation costs	5,759	4,481
Transfer to Property, Plant & Equipment	-	(9,682)
Amortisation of development costs	(2,052)	(542)
Non-cash impairment charge	(39,049)	-
Carrying amount at the end of the period	**83,324**	**110,737**

NOTE 9: MINERAL DEVELOPMENT (CONTINUED)

Impairment

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. If such an indication exists, an impairment test is carried out on the cash-generating unit 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.

During the half year, reported Term contract prices decreased from $38.00/lb U_3O_8 to $30.00/lb U_3O_8 and reported Spot prices decreased from $26.00/lb U_3O_8 to $18.00/lb U_3O_8. Whilst the Company is largely insulated from movements in the market price of uranium through its existing long term contracts (remaining deliveries under committed long term contracts are up to 7,900,000lbs U_3O_8 and comprise approximately 61% of production from the Ross and Kendrick permit areas at a weighted average price of US$55 per pound), this price decrease is an indication that the value of the assets may be impaired.

The Company has determined a fair value less costs to sell as at 31 December 2016 based on the life of mine cash flow model for the Ross and Kendrick permit areas plus a market value per pound of in-situ resource for the Barber permit area. The methodology applied is consistent with that disclosed in the 30 June 2016, updated for known changes in operating parameters. The most significant known changes are the implementation of the interim alternate operating plan and the decision by the Company in December 2016 to defer the commencement of development of Stage 2 of the Lance Projects, thereby deferring the cash flow benefits from Stage 2 to later years.

Production that is not allocated to existing long term contracts is assumed to be sold at forecast prices sourced from Consensus Economics in December 2016. Forecast prices at December 2016 between 2017 and 2021 have decreased from June 2016 by between 7% and 15%. Revenue and costs associated with sales of uranium that are made independent of the Lance Projects CGU have been excluded from the cash flows for this CGU.

The Company has recognised a non-cash impairment charge of US$39.049 million in relation to the Lance Projects CGU for the period ending 31 December 2016, restating the assets for this CGU to US$107.943 million. This value is based on the application of a 10.4% pre-tax discount rate for the purpose of determining a fair value less costs to sell amount.

The Company has validated the results of the fair value less costs to sell assessment by performing sensitivity tests on its key assumptions. Holding all other variables constant, the decreases in recoverable amount created by marginal changes in each of the key assumptions is as follows:

	Change in assumption	Amount of decrease US$000s
Variable		
Discount rate	1% point increase	$5,941
Uranium prices	$1/lb decrease	$2,539

Notes to the Consolidated Financial Statements

NOTE 10: BORROWINGS

	31 December 2016 US$000s	30 June 2016 US$000s
CURRENT		
Borrowings – Convertible Bridge Loan (i)	19,881	14,883
Borrowings – Investec (ii)	6,365	3,012
Borrowings – Strata (iii)	296	93
Total Current	**26,542**	**17,988**
NON-CURRENT		
Borrowings – Strata (iii)	680	537
Lukisa Joint Venture loans (iv)	171	155
Total Non-Current	**851**	**692**

(i) On 26 April 2016 Peninsula announced it had executed convertible loan agreements with major shareholders Resource Capital Fund VI L.P (RCF VI) and Pala Investments Ltd (Pala) for a total of US$15 million (Convertible Loans). On 14 October 2016, Peninsula announced it had increased the total funding from US$15 million to US$20 million under the existing convertible loan facility.

Under these agreements, RCF VI and Pala (Lenders) have each provided Peninsula with a convertible loan facility, with participation in proportion to their existing shareholdings in the Company. The US$20 million total loan amount is comprised of a US$12.84 million convertible loan provided by RCF VI and a US$7.16 million convertible loan provided by Pala.

Under the terms of the Convertible Loans, the Lenders may elect to convert all or part of the principal amount of the Convertible Loans (including any capitalised interest) into fully paid ordinary shares at any time prior to maturity at a conversion price. On 8 December 2016, Peninsula announced that RCF VI and Pala have further demonstrated their support by agreeing to a variation of the terms of the Convertible Loans whereby the maturity date is extended by 12 months to 22 April 2018 and the conversion price is set at a fixed price of A$0.625 per share. The new set fixed price is an improvement of 25% from the conversion price that would otherwise have applied. The variation is subject to any necessary regulatory approvals.

(ii) In December 2015, the Company entered into an agreement with Investec Bank Plc for a US$15 million finance facility comprising a US$7.5 million overdraft and US$7.5 million trade finance facility. The agreement has a term of 2 years and expires in December 2017.

(iii) Balances consist of the current and non-current portions of a mortgage over the Strata office building, Nuclear Regulatory Commission Promissory Notes and loans for company vehicles and equipment.

(iv) In December 2013, the Company completed the acquisition of the South African uranium assets previously owned by AREVA. The assets were acquired by the acquisition of the AREVA held shares in Tasman-Lukisa JV Company (Pty) Ltd, which resulted in the Company acquiring 74% of this entity. The remaining 26% is held by the Black Economic Empowerment partner – Lukisa Invest 100 (Pty) Ltd. On the date of completion, Tasman-Lukisa JV Company (Pty) Ltd owed certain amounts by way of loans to AREVA and its subsidiaries (shareholder loans). These shareholder loans were acquired by the Company and Lukisa Invest 100 (Pty) Ltd in proportion to the respective ownership interest in Tasman-Lukisa JV Company (Pty) Ltd. As the Company consolidates the Tasman-Lukisa JV Company (Pty) Ltd in its financial statements, the amount shown represents the 26% share of the loans acquired by the shareholders that is attributable to Lukisa Invest 100 (Pty) Ltd. The acquired loans have a face value of US$117,721,899 at the date of acquisition, however, they were acquired for US$1 only by each of the Company and Lukisa Invest 100 (Pty) Ltd. The value of the acquired loans have been recognised at their fair value that has been determined by escalating the cash flow stream for a period of 30 years and discounting the value back to present value using a pre-tax discount rate of 30%. Under the terms of the shareholders agreement, the acquired loans are subordinated to other liabilities of Tasman-Lukisa JV Company (Pty) Ltd, including subordinated to the actual cash amounts that the Company has provided to the Tasman-Lukisa JV Company (Pty) Ltd to progress exploration and evaluation activities.

(v) The value of assets pledged as security under the Convertible Loans and Investec Facility is US$126.3 million.

Notes to the Consolidated Financial Statements

NOTE 11: PROVISIONS

	31 December 2016 US$000s	30 June 2016 US$000s
CURRENT		
Employee Entitlements – Annual Leave	165	70
Total Current Provisions	**165**	**70**
NON-CURRENT		
Rehabilitation Provision (i)	10,992	5,234
Total Non-Current Provisions	**10,992**	**5,234**

(i) 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.

NOTE 12: ISSUED CAPITAL

	31 December 2016 US$000s	30 June 2016 US$000s
197,128,047 fully paid ordinary shares (June 2016: 176,423,023)	192,147	184,073

For the six months ended 31 December 2016	Number	US$000s
Balance at 1 July 2016	176,423,023	184,073
Shares issued under subscription agreement (i)	979,696	590
Shares issued under service agreement (ii)	783,490	473
Shares issued under employment agreement	87,500	38
Equity Raising – Placement (iii)	17,000,000	6,404
Debt facility fees and interest (iv)	1,854,338	825
Capital raising fees	-	(256)
Balance as at 31 December 2016	**197,128,047**	**192,147**

(i) On 4 August 2016 the Company entered into a subscription agreement with Concentrate Capital Partners (CCP) to progress the Karoo Projects Pre-Feasibility Study (PFS) services provided by DRA Projects SA (DRA). DRA is completing the mining, processing and engineering components of the PFS and Peninsula has issued 979,696 shares to CCP at an issue price of A$0.80 (A$783,757) upon receipt of invoice from DRA.

(ii) On 22 September 2016 the Board approved the payment of Long Term Incentive Plan incentives for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2016. A totally of 783,490 Restricted Share Units (RSUs) were issued. RSUs are held on trust and vest over a three year period commencing on 1 July 2017. These amounts were accrued for at 30 June 2016.

(iii) On 8 December 2016 the Company announced that it had binding commitments to raise A$8.5 million through a placement of 17 million ordinary shares at an issue price of A$0.50 per share to key institutional and sophisticated investors. The Placement was carried out over two tranches, the first tranche occurred on 16 December 2016 issuing 14,300,000 shares and the remaining 2,700,000 shares were issued on 19 December 2016.

(iv) These amounts relate to shares issued to the holders of the convertible loan notes, in lieu of quarterly payments for interest and fees.

NOTE 12: ISSUED CAPITAL (CONTINUED)

For the twelve months ended 30 June 2016	Number	US$000s
Balance at 1 July 2015 (pre-consolidation)	6,906,810,221	181,013
Shares issued under service agreement (pre-consolidation)	740,000	13
Employee incentive shares issued (pre-consolidation)	28,777,778	545
Shares issued under employment agreement (pre-consolidation)	500,000	9
Share consolidation	(6,763,405,205)	-
Shares issued to Managing Director/CEO (post-consolidation)	555,556	554
Salary Sacrifice Scheme (post-consolidation)	18,194	11
Shares issued on exercise of options (post-consolidation)	1,967,881	1,720
Debt facility fee (post-consolidation)	458,598	302
Capital raising fees – other	-	(94)
Balance as at 30 June 2016	**176,423,023**	**184,073**

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

At 31 December 2016, the Company had on issue 43,333,436 PENOD listed options and 2,634,748 unlisted options.

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

On 6 February 2017 Peninsula announced a fully underwritten share purchase plan (SPP) to raise A$6.5 million. The proceeds from the SPP will be applied towards the roll-out of additional header houses at the Lance Projects, for general working capital purposes and/or to repay debt drawn on the Investec revolving loan facility. The SPP, which closed on 3 March 2017, was heavily oversubscribed with a total of A$15.0 million in valid applications received. Due to the strength of demand, the Company elected to accept A$14.2 million of the valid applications which is the maximum amount that the Company could accept under ASX Listing Rule 7.1.

Peninsula announced in December 2016 that RCF VI and Pala had agreed to vary the convertible loan facility, subject to regulatory and shareholder approvals, whereby the term of the convertible loan facility would be extended by 12 months to April 2018 and the conversion price would be set at A$0.625 per share, a 25% premium to the price of the Placement. In February 2017, binding agreements were executed for the agreed variation. The effectiveness of the binding agreements is subject to the consent of Investec Bank plc and shareholders approving the terms of the variation at an extraordinary general meeting of shareholders expected to occur in April 2017.

Except for the above, no matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the consolidated group, the result of those operations, or the state of affairs of the consolidated group in subsequent financial years.

Directors' Declaration

The directors declare that:

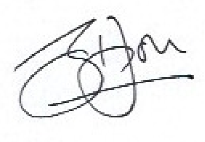
1. The financial statements and notes, as set out on pages 8 to 21, are in accordance with the *Corporations Act 2001*, including

   (a) complying with Australian Accounting Standard 134; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



John Harrison
Non-Executive Chairman

15 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Peninsula Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Peninsula Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Peninsula Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford

Director

Perth, 15 March 2017