PENINSULA ENERGY LIMITED

ANNUAL FINANCIAL REPORT

30 JUNE 2018

CONTENTS

Directors	John Harrison Wayne Heili Evgenij Iorich Harrison Barker Mark Wheatley David Coyne	Non-Executive Chairman Managing Director / CEO Non-Executive Director Non-Executive Director Non-Executive Director Finance Director / CFO
Chief Executive Officer – Strata Energy	Ralph Knode	
Chief Executive Officer – South Africa	Willie Bezuidenhout	
Company Secretary	Jonathan Whyte	
Registered and Principal Office	Units 32/33, Level 3, 22 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 Level 12 QV1 Building 250 St Georges Terrace Perth WA 6000 Telephone: 1300 554 474 Facsimile: +61 2 9287 0303	
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco, WA 6008	
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 PENOD – Listed Options	

Unless disclosed below, all of the best practice recommendations of the 3rd edition of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2018.

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 Harrison Non-Executive Chairman (Independent)
- Wayne Heili Managing Director / CEO
- Evgenij Iorich Non-Executive Director
- Harrison Barker Non-Executive Director (Independent)
- Mark Wheatley Non-Executive Director (Independent)
- David Coyne Finance Director / CFO

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.

Non-Executive 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 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. The Company regularly assesses the skills and competencies required on the Board.

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; and
- Encourage the reporting and investigating of unlawful and unethical behaviour.

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. The Company has operations on three continents and is focused on providing a range of business and employment opportunities for all members of the communities in which it operates in.

Gender Diversity

Given the current challenges facing the uranium mining industry, and the relatively small size of the Company at this point in time, the Board has not determined measurable objectives for increasing gender diversity. All personnel are employed and/or promoted on their merits.

Women Employees, Executives and Board Members

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

- one senior accountant;
- an administrative assistant;
- an accounts payable officer;
- a laboratory supervisor;
- a land administrator;
- a field technician; and,
- a general site labourer,

whom represent approximately 15% 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 Share Trading Policy in line with Corporate Governance guidelines 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 and Risk Management Committee

The Audit and Risk Management Committee consists of three Non-Executive Directors and has an independent Chairman, consistent with the ASX Corporate Governance Council recommendations, and appropriate for the size of the Company and the financial expertise of the Committee members. The Company Secretary is also present at all Audit and Risk Management Committee meetings. The Audit and Risk Management Committee operates under a formal charter.

The names and qualifications of those appointed to the Audit and Risk Management 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. The Finance Director/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 as required. The volatile economic environment has emphasised the importance of managing and reassessing the Company's key business, social and environmental 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 directors, executives and senior staff, and reward them for performance which results in long-term growth in shareholder value.

Executives and selected senior staff are also entitled to participate in the employee share, restricted share units and option arrangements.

The amount of remuneration for all Key Management Personnel of the consolidated 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 Black Scholes model.

The Board believes that the remuneration structure implemented as of 1 July 2015 results in the Company being able to attract and retain the best directors, executives and senior staff 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 cash bonuses, share 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 cash bonuses, share options and other incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, cash bonuses and share 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 Remuneration Committee consists of three Non-Executive Directors and has an independent Chairman, consistent with the ASX Corporate Governance Council recommendations.

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.

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 2018.

DIRECTORS

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

- John Harrison
- Wayne Heili
- Evgenij Iorich
- Harrison Barker
- Mark Wheatley
- David Coyne

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

PRINCIPAL ACTIVITIES

The principal activities of the consolidated group during the financial year consisted of uranium development and mining. There were no other 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

Peninsula Energy Limited (PEN) is an ASX listed uranium mining company which commenced in-situ recovery (**ISR**) uranium operations in December 2015 at its Lance Projects in Wyoming, USA (**Lance Projects**).

Revenue for the year was US$13.16 million from the sale of 257,934 pounds of uranium concentrate. These sales were comprised of uranium concentrate mined from the Lance Projects (177,934 pounds), complemented by uranium concentrate purchased by the Company on market (80,000 pounds). Other income recorded during the year related to the net cash consideration of US$19.0 million from the sale of a portion of the Company's interest in an existing long-term uranium concentrate sale and purchase agreement.

The consolidated loss of the consolidated group after providing for income tax for the year ended 30 June 2018 amounted to US$1.17 million (2017: loss of US$75.15 million). The majority of the consolidated loss consists of a US$8.71 million loss from discontinued operations, as a result of the decision to exit the investment in the Karoo Projects in South Africa.

REVIEW OF OPERATIONS 2018

An overview of operations during the year is as follows:

WYOMING, USA – LANCE URANIUM PROJECTS

(Peninsula Energy 100%)

The Lance Projects are located on the north-east flank of the Powder River Basin in Wyoming.

Lance Projects – Project Transformation Initiative

Background

Since uranium recovery efforts commenced in December 2015 using alkaline based solutions, the ore deposit at the Lance Projects has proven only moderately amenable to the use of alkaline solutions. In October 2017 the Company announced the outcomes of research initiatives aimed at improving the operating performance at the Lance Projects. These outcomes included encouraging laboratory test results using lower pH solutions (mild acids), which returned increased peak uranium solution grades averaging nearly 1.0 g/L with uranium recoveries typically over 90%. The initial laboratory test uranium recovery results have been confirmed with additional targeted laboratory tests and via geochemical modelling.

Throughout the 2018 financial year, Peninsula continued laboratory research with column leach tests including groundwater restoration simulations being conducted. The test results indicated that the quality of the affected groundwater can be returned to existing approved target restoration values following the use of lower pH ISR solutions. All leach testing and geochemical modelling required for inclusion in license and permit amendment applications have been completed, however, additional column leach tests commenced in the second half of the 2018 calendar year to support operational planning activities in preparation for the planned transition to low pH operations.

Restoration test results to date demonstrate consistency with the Lance Project's existing regulatory requirements. Currently approved target restoration values would not need to be modified when considering the potential use of low pH ISR solutions. The research to date indicates that low pH solution environments may potentially be restored to equal or better quality than typical alkaline solution environments.

The Company believes that the transition to a low pH recovery system would not only positively transform the Company's key asset in the United States during the currently challenging uranium market conditions but could also position the Company to rapidly grow production when uranium markets improve. All uranium operations globally that are in the 1st quartile of the cost curve are ISR facilities that utilise a low pH lixiviant.

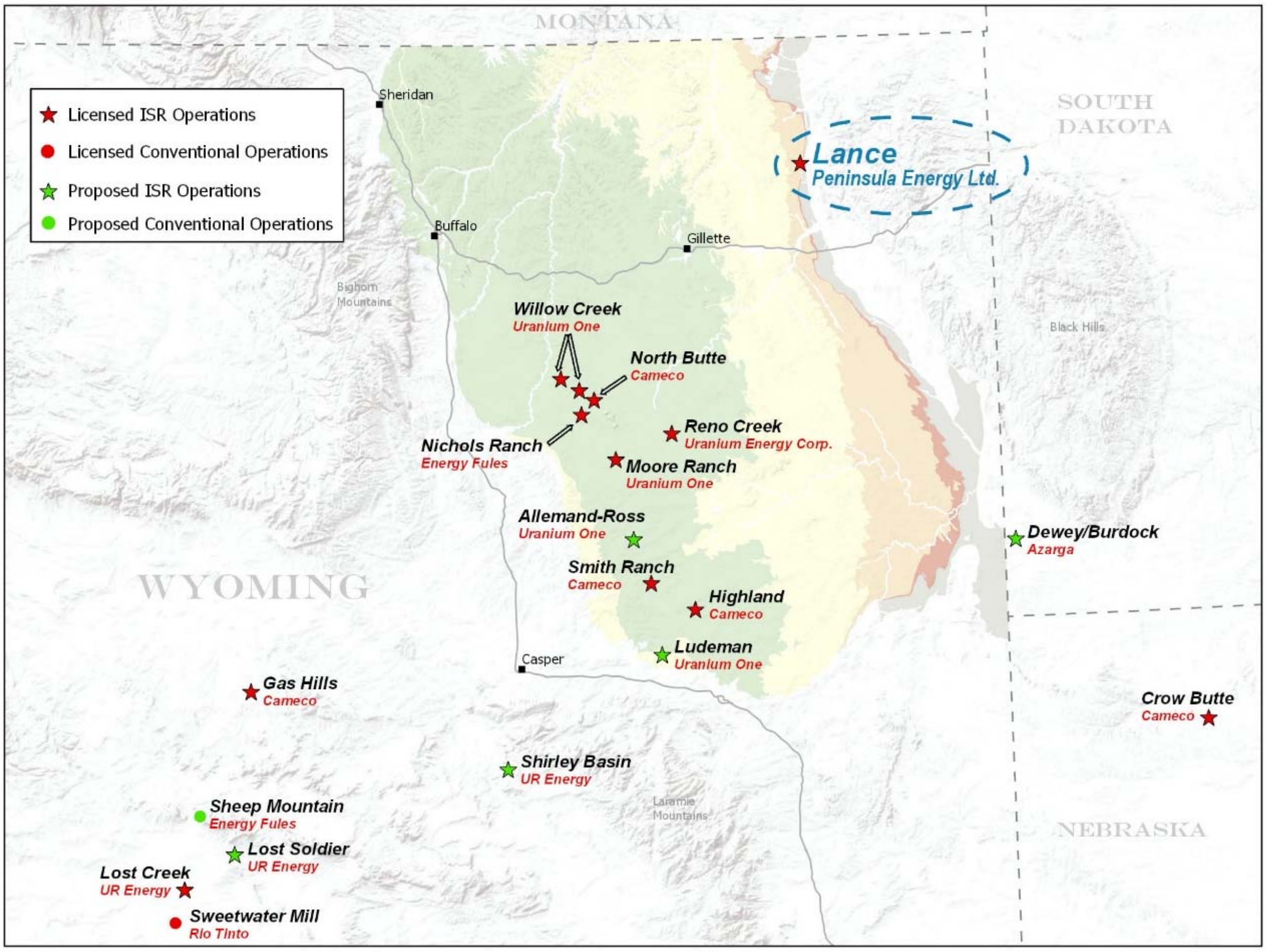

Figure 1: Lance Projects Location, Wyoming USA

Submission of Low pH Permit to Mine Amendment Request

To change from an alkaline based mining solution to a low pH solution requires the approval of amendment requests for the existing permits and licenses, which currently only authorise the use of alkaline and oxidant solutions in the ISR process.

On 6 April 2018 the Company's wholly owned subsidiary, Strata Energy Inc (**Strata**), formally submitted a request to the Wyoming Department of Environmental Quality (**WDEQ**) to amend its existing Permit to Mine (**PTM**) to allow for the use of a low pH recovery solution in the Ross Permit Area of the Lance Projects.

In November 2017, a White Paper was issued for public review summarising laboratory test results. The White Paper also examined the effectiveness of in-situ recovery of uranium using low pH systems and summarised the history of using low pH ISR globally. The White Paper also evaluated low pH uranium ISR within Wyoming's regulatory programme and provided recommendations for its future use at the Lance Projects. This information, together with additional data from laboratory testing and geochemical modelling conducted in 2018 was incorporated into the amendment request submitted to the WDEQ.

Following the submission of the amendment request in April, the first review and clarification meeting was held with representatives from the WDEQ in June, with this meeting being the first of several such meetings expected to be conducted over the remainder of the 2018 calendar year in accordance with prescribed guidelines for the review of such permit amendment requests. Based on its assessment and understanding of the amendment approval processes, the Company holds a reasonable expectation that amendments to existing operating permits and licenses could be granted around the middle of the 2019 calendar year.

During the amendment process, Peninsula expects to continue streamlined operations at the Lance Projects using alkaline lixiviant in accordance with the currently approved licenses and permits.

Low pH Feasibility Study

As part of the transition to the planned low pH operations at the Lance Projects, the Company commissioned Wyoming based ISR engineers Woodard & Curran, Inc (**W&C**) (formerly TREC) to complete a low pH Feasibility Study (**Feasibility Study**) on the transition to, and subsequent ramp-up of, low pH operations at the Lance Projects. The results of the Feasibility Study, which are detailed in the 'Events Since the End of the Financial Year' paragraph in the Directors' Report and also in Note 23, confirm that the planned low pH ISR operation at the Lance Project will be a globally competitive uranium project, with low cash operating costs over a 17 year mine life and a substantially increased production profile. Changing from an alkaline based ISR solution to a low pH ISR solution is not expected to require substantial changes to the processing plant and/or other existing infrastructure. With only minor modifications required, capital expenditure requirements for the transition to low pH in-situ recovery are forecast to be minimal.

Status of Wyoming Agreement State Transition

On 14 November 2017, the Governor of the State of Wyoming requested that the U.S. Nuclear Regulatory Commission (**NRC**) enter into an agreement with the State of Wyoming as authorised by Section 274b. of the Atomic Energy Act of 1954, as amended (**AEA**). Under the proposed agreement, the NRC would discontinue, and the State of Wyoming would assume, regulatory authority over the management and disposal of byproduct materials as defined in Section 11e.(2) of the AEA and a subcategory of source material associated with uranium mining and milling within the State of Wyoming.

The transition of regulatory oversight of uranium mining and milling achieved a significant milestone on 26 June 2018 when the proposed agreement between the NRC and the State of Wyoming was published on the U.S. Federal Register for a 30-day public comment period. The transition is on track to be completed on or about 1 October 2018. Completion of this transition will simplify the regulatory oversight of the Lance Projects in Wyoming with all regulation and approvals of future low pH operations at the Lance Projects will be overseen, managed and controlled by the State of Wyoming.

Lance Projects Operational Performance

Strata continued alkaline ISR operations from the Ross Permit Area at the Lance Projects during the 2018 financial year.

Operational performance for the 2018 financial year is shown in Table 1 below.

	Units	September 2017	December 2017	March 2018	June 2018	Total FY2018
U_3O_8 Captured	*lbs*	34,568	38,828	43,638	38,001	155,035
U_3O_8 Dried and Drummed	*lbs*	42,665	23,270	73,864	43,553	183,352
U_3O_8 Sold[1]	*lbs*	132,934	-	125,000	-	257,934
Cash Sale Price	*US$/lb*	50.00	N/A	43.34	N/A	$46.73
Production Expenditure[2]	*US'm*	3.0	2.8	3.2	2.5	11.5

Table 1: Lance Projects Operating Performance Summary

[1] U_3O_8 sold comprises 177,934 lbs of Lance origin uranium and 80,000 lbs of open origin uranium.

[2] Expenditure on production activities is determined in accordance with Item 1.2(c) of Appendix 5B released on the ASX each quarter and excludes development and capital expenditure costs.

Production for the 2018 financial year was approximately 155,000 pounds U_3O_8. Throughout the financial year the Company focused on operational improvement and cost efficiencies with production aimed at meeting its Lance Projects sourced delivery commitments under existing term contracts. The Company continues to take advantage of the current low spot price when it can purchase uranium to meet additional commitments under term contracts.

Figure 2: CPP and Admin Building, Lance Projects, Wyoming USA

To preserve in-situ U_3O_8 pounds for future low pH extraction, and to reduce cash expenditure over the low pH permitting and transition period, during May 2018 the Company suspended the majority of alkaline based production activity within the first mining unit at the Lance Projects (**MU1**). Alkaline ISR based production continues in the second mining unit (**MU2**), where head grades are higher and in a small number of MU1 production wells to assist with maintaining wellfield fluid control in MU1.

The Company completed construction of Header House 10 in MU2 during the year and this header house was turned to the process plant and commenced producing uranium in August 2018. No further wellfield development capital expenditures are currently scheduled under the existing alkaline ISR operations following the completion of construction of Header House 10.

As a result of the decision to suspend the majority of alkaline based production from MU1, the Company production guidance is between 22,500 and 27,500 lbs U_3O_8 per quarter (an annualised rate of 90,000 to 110,000 lbs).

Drying runs were carried out during the year by the toll milling service provider with approximately 183,000 pounds U_3O_8 dried and drummed during the financial year.

The Company continues to exercise cost control and restraint at the Lance Project and throughout the Group.

As at 30 June 2018, a total of 37 employees are directly employed on the project (excluding drilling and geophysical contractor personnel).

Figure 3: Lance Projects, Wyoming USA

Uranium Sales and Marketing

Peninsula sold 257,934 pounds of U_3O_8 pursuant to long-term contracts during the 2018 financial year at an average realised cash price of US$46.73 per pound U_3O_8.

132,934 pounds of U_3O_8 sales were made by the Company in August 2017 (92,934 pounds sourced from the Lance Projects) at an average realised cash price of US$50 per pound U_3O_8.

125,000 pounds of U_3O_8 sales were made by the Company in February 2018 (85,000 pounds sourced from the Lance Projects) at an average realised cash price of US$43 per pound U_3O_8.

Gross cash proceeds from these deliveries was US$12.1 million, resulting in an average realised cash price of US$46.73 per pound U_3O_8 during the 2018 financial year which is more than twice the average spot price for the financial year. Revenue from the sale of uranium recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income was US$13.2 million. The difference between the cash proceeds amount and recognised revenue amount is due to accounting recognition of certain uranium concentrate sale and purchase agreements that have commercial arrangements that are realised over the term of the agreement, thereby impacting on the timing of revenue recognition at the time that deliveries of uranium are made to customers.

Peninsula has up to 6.5 million lbs of U_3O_8 remaining under contract for delivery to major utilities located in the United States and Europe through to 2030 at a weighted average delivery price of US$51-53/lb U_3O_8. Within the quantity of 6.5 million lbs U_3O_8, 4.6 million lbs U_3O_8 are committed quantities for delivery through to 2030. Up to 1.9 million lbs U_3O_8 are deliveries that are optional, at the election of the respective customers, to be delivered between 2021 and 2026.These contracts provide a substantial earnings stream to the Company whilst allowing it to preserve significant quantities of planned low pH U_3O_8 production for contracting during future periods.

The Company has modified certain contracts to include delivery contract provisions that provide flexibility to the Company during the time it may take to receive authorisation for and to ramp up production under the low pH operational plan. Significant portions of the committed deliveries can be sourced from either production or market purchases at the Company's election without a price variation. During the June 2018 quarter the Company entered into 2 separate agreements to purchase an aggregate of 225,000 pounds of uranium to be delivered and then sold in 2019 and 2020 into existing term contracts. The cash outlay for these uranium purchases is payable after delivery of the purchased uranium and the purchase price was established based on the forward curve price that applied during the June 2018 quarter, thereby eliminating exposure to increased uranium prices for these quantities.

The Company continues to engage with its existing and potential new customer base regarding possible new long-term uranium concentrate sale and purchase agreements targeting pricing mechanisms that would support increased production scenarios under the planned transition to low pH ISR mining at the Lance Projects.

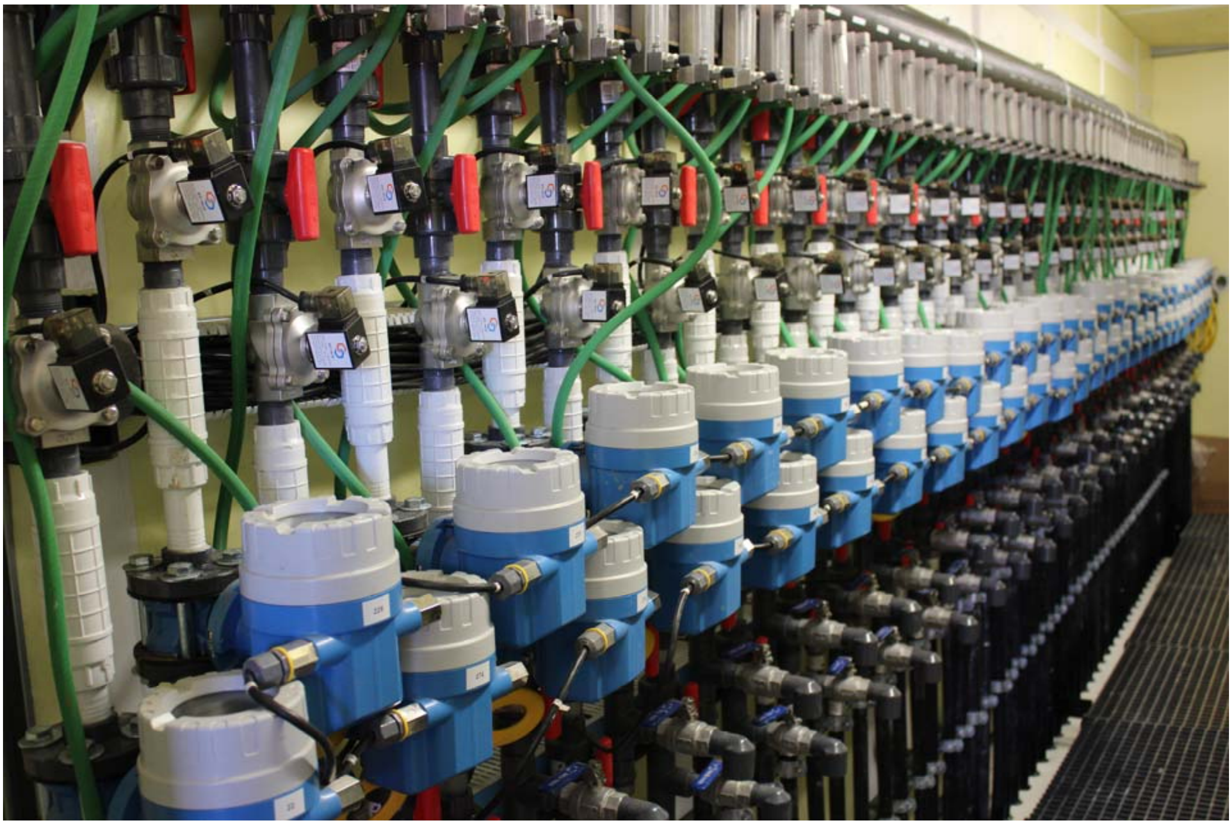

Figure 4: Header House Interior, Lance Projects, Wyoming USA

SOUTH AFRICA - KAROO URANIUM EXPLORATION PROJECTS

(Peninsula Energy 74%, BEE Group 26%)

Withdrawal from Karoo Projects

During the 2018 financial year the Company made the decision to fully withdraw from any further development activities for the Karoo Projects in which it has a 74% interest and has suspended all financial support for development activities including progression of mining and prospecting right applications. Peninsula is working together with its joint venture partners and the South African regulators to ensure an orderly exit from the project.

Over the remainder of the 2018 calendar year, activities in the Karoo will focus on the necessary rehabilitation of exploration and historical trial mining activities in consultation with our joint venture partners and relevant authorities. The Company has now completed rehabilitation of all of the approximately 13,000 boreholes required to be rehabilitated.

The decision to suspend the further development of the Karoo Project resulted in a loss from discontinued operations of US$8.71 million during the financial year. The Company is pursuing the sale of the 322 km^2 freehold farmland in the Karoo Basin, the proceeds of which are projected as being sufficient to cover rehabilitation costs.

MINERAL RESOURCE GOVERNANCE

Peninsula Energy Limited ensures that the Mineral Resource estimates for its Lance Projects are subject to appropriate levels of governance and internal controls. The Mineral Resource estimation procedures are well established and are subject to annual review internally and externally undertaken by suitably competent and qualified professionals. This review process has not identified any material issues or risks associated with the existing Mineral Resource estimates. The Company periodically reviews the governance framework in line with the development of the business.

Peninsula reports its Mineral Resources in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 edition'.

Competent Persons named by the Company are Members or Fellows of the Australian Institute of Mining and Metallurgy and/or Members of Recognised Overseas Professional Organisations included in the list promulgated by ASX and qualify as Competent Persons as defined in the JORC Code.

As part of the low pH Feasibility Study, the Company updated its Mineral Resources as at 31 December 2017 for use in developing the mine place for the Feasibility Study. The tables below set out the Company's Mineral Resources as at 30 June 2017 and 30 June 2018.

Mineral Resource Statement

Resource Classification	Tonnes Ore (M)	U_3O_8 kg (M)	U_3O_8 lbs (M)	Grade (ppm U_3O_8)	Location
Measured	3.7	1.8	3.9	489	Wyoming, USA
Indicated	9.1	5.4	11.9	466	Wyoming, USA
Inferred	36.1	17.3	38.1	470	Wyoming, USA
Total	**48.9**	**24.5**	**53.9**	**473**	

Figure 5: Lance Projects Classified Resource Summary (U_3O_8) June 2018

Depletion of 81,639 pounds U3O8 from mining between 1 January 2018 and 30 June 2018 is not deducted from the above resource. This Mining depletion in this period is not considered material to the overall resource base and will be reflected in the next annual update of the resource.

Resource Classification	Tonnes Ore (M)	U_3O_8 kg (M)	U_3O_8 lbs (M)	Grade (ppm U_3O_8)	Location
Measured	3.7	2.0	4.3	489	Wyoming, USA
Indicated	10.0	5.1	12.7	466	Wyoming, USA
Inferred	37.0	17.5	36.5	463	Wyoming, USA
Total	**50.7**	**24.6**	**53.5**	**473**	

Figure 6: Lance Projects Classified Resource Summary (U_3O_8) June 2017

The slight increase in the current JORC resource estimate relates primarily to an increase in inferred resources identified within the Ross area at the Lance Projects, partially offset by mining depletion and a decrease in measured and indicated resources due to close spaced drilling identifying a localised narrowing of the roll fronts in selected areas within Ross. Additional drilling data obtained from the development of Mine Unit 2 has also allowed re-interpretation and calculation work to be completed during the period using the GT Contour method. Further information on the updated mineral resource estimate can be obtained from the announcement made by the Company on the ASX platform on 17 September 2018.

Competent Person Statement

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'.

CORPORATE

2-year Extension to Convertible Note Facility

On 20 April 2018 Peninsula announced that it had entered into binding offer letters with major shareholders Resource Capital Fund VI L.P. (**RCF VI)** and Pala Investments Ltd (**Pala**) to extend the maturity date of the existing convertible note facility by 2 years to 22 April 2020, and to decrease the total convertible note facility from US$20.0 million to US$17.0 million, following a cash repayment by Peninsula of US$3.0 million (**Convertible Note Facility).**

On 3 July 2018 Peninsula announced that it had executed amended and restated loan agreements with RCF VI and Pala. In addition, the Company announced that US$3.85 million of the Convertible Note Facility has been sold by RCF VI and Pala, in proportion to their existing convertible loan amounts, to entities associated with Melbourne based investment fund Collins Street Value Fund (**Collins Street**), an existing Top 20 shareholder of Peninsula.

As part of the amendments to the Convertible Loan Facility, the parties agreed to the following changes to the key terms for 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 fixed conversion price of A$0.40 per share, which represents a 47% premium to the 5-day volume weighted average price of the Company's shares prior to the announcement made on 20 April 2018;

- The Convertible Loans bear interest at the rate of 10% per annum for the first twelve-month period up until 22 April 2019 and then 12% thereafter, payable quarterly in arrears in cash or shares at the Company's election until 30 June 2019 and at the Lenders' election thereafter. If interest is paid in shares, the share price to determine the number of shares issued will be the lower of A$0.40 per share or the 20-day volume weighted average price (VWAP) of the Company's shares prior to the quarterly coupon dates. Previously all interest was payable in cash or shares at the Lender's election;

- An extension fee of 2% of the amount available under the Convertible Loans is also payable in cash or in fully paid ordinary shares (at the Lender's election) using a conversion price of the lower of A$0.40 per share or the 5-day VWAP of the Company's shares prior to the date of completion of regulatory and shareholder approvals; and

- 22,500,000 unlisted options exercisable at A$0.50 on or before 22 April 2022 will be issued to the Lenders in proportion to the respective principal amounts of the Convertible Loans.

All other terms of the Convertible Loan Facility will remain the same as those currently in place, including that the Convertible Loans will remain secured by a charge over certain assets of the Company.

The effectiveness of the changes to the Convertible Loan Facility were subject to approval by shareholders of Peninsula which was duly received at an extraordinary general meeting (**EGM**) held on 19 September 2018. All conditions precedent to the amendment and restatement were completed on 28 September 2018.

US$19.0 Million Cash Realised Through Non-Dilutive Contract Transaction

On 31 January 2018 the Company signed binding agreements to sell a portion of its interest in an existing long-term uranium concentrate sale and purchase agreement for net cash consideration of US$19.0 million (**Contract Sale**). Gross proceeds from the Contract Sale were US$22.8 million which includes a VAT amount of US$3.8 million. The VAT amount was remitted by the Company to the relevant taxing authority prior to the end of the financial year.

Under the terms of the Contract Sale, Peninsula sold to a third-party a portion of its delivery commitments under two (2) existing uranium concentrate purchase and sale agreements. The volume of U_3O_8 delivery obligations sold totals 935,000 lbs. The delivery commitments were previously scheduled to be fulfilled between 2018 and 2021.

Proceeds from the Contract Sale were received in full by Peninsula on 31 January 2018.

As part of the Contract Sale, Peninsula also sold its entire interest in an agreement to purchase 900,000 lbs U_3O_8 between 2018 and 2020. That purchase commitment was no longer required as uranium purchases under the agreement were intended to provide the bulk of the material for the 935,000 lbs U_3O_8 delivery commitments that were sold.

FINANCIAL POSITION

The consolidated group's cash position excluding security deposits and performance bonds as at 30 June 2018 was US$11.96 million. The net assets of the consolidated group have increased by US$1.22 million from 30 June 2017 to US$80.69 million at 30 June 2018.

The Company had 233,697,385 shares on issue as at 30 June 2018, 51,713,436 PENOD listed options and 4,709,747 unlisted options.

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 October 2017 the Company announced the outcomes of research initiatives aimed at improving the operating performance at the Lance Projects. These outcomes included encouraging laboratory test results using lower pH solutions which returned increased peak uranium solution grades averaging nearly 1.0 g/L with uranium recoveries typically over 90%. These results were subsequently confirmed with additional targeted laboratory tests and via geochemical modelling and led to the decision by the Board to seek to transition the Lance Projects from the existing alkaline ISR operation to a low pH ISR operation;

- In January 2018 the Company signed binding agreements to sell a portion of its interest in an existing long-term uranium concentrate sale and purchase agreement for net cash consideration of US$19.0 million. Under the terms of the agreement, Peninsula sold to a third-party a portion of its delivery commitments under two (2) existing uranium concentrate purchase and sale agreements. The volume of U_3O_8 delivery obligations sold totalled 935,000 lbs. The delivery commitments were previously scheduled to be fulfilled between 2018 and 2021;

- In April 2018 the Company formally submitted a request to the WDEQ to amend its existing PTM to allow for the use of a low pH recovery solution in the Ross Permit Area of the Lance Projects;

- In April 2018 the Company announced that it had entered into binding offer letters with major shareholders RCF VI and Pala to extend the maturity date of the existing convertible note facility by 2 years to 22 April 2020, and to decrease the total convertible note facility from US$20.0 million to US$17.0 million, following a cash repayment by Peninsula of US$3.0 million. Peninsula subsequently announced that it had executed amended and restated loan agreements with RCF VI and Pala and that US$3.85 million of the Convertible Note Facility has been sold by RCF VI and Pala, in proportion to their existing convertible loan amounts, to Collins Street. These changes, and other amendments to the Convertible Note Facility, were approved by shareholders at the EGM held in September 2018;

- In April 2018 the Company made the decision to fully withdraw from any further development activities for the Karoo Projects in which it has a 74% interest and has suspended all financial support for development activities including progression of mining and prospecting right applications. Peninsula is working together with its joint venture partners and the South African regulators to ensure an orderly exit from the project; and

- In May 2018, to preserve in-situ U_3O_8 pounds for future low pH extraction, and to reduce cash expenditure over the low pH permitting and transition period, the Company suspended the majority of alkaline based production activity within MU1. Alkaline ISR based production continues in MU2.

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 2018.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 3 July 2018, the Company announced that binding amendment and restatement deeds had been entered into with RCF VI and Pala concerning the amendment and extension of the US$17.0 million Convertible Note Facility. The Company also announced that RCF VI and Pala had agreed to sell a total of US$3.85 million of the face value of the Convertible Note Facility to associates of Collins Street Asset Management, an existing Top 20 shareholder in the Company.

On 17 September 2018 the Company announced the results of a low pH Feasibility Study by Wyoming based ISR engineers Woodard & Curran, Inc at the Lance Projects. The results of the Feasibility Study confirmed that the planned low pH ISR operation at the Lance Project will be a globally competitive uranium project, with low cash operating costs over a 17 year mine life and a substantially increased production profile. Changing from an alkaline based ISR solution to a low pH ISR solution is not expected to require substantial changes to the processing plant and/or other existing infrastructure. With only minor modifications expected, capital expenditure requirements for the transition to low pH ISR are forecast to be minimal. The Feasibility Study results demonstrate significantly enhanced economics under a low pH ISR operation. Refer to the ASX announcement released on 17 September 2018 for the detailed results of the Feasibility Study.

On 19 September 2018 shareholders approved the changes to the Convertible Note Facility, including an extension to the maturity date of the existing convertible note facility by 2 years to 22 April 2020. All conditions precedent to the amendment and restatement were completed on 28 September 2018.

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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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, to the date of this report, are considered insufficiently developed or so variable in nature as to quantification they remain unable to be accurately reported.

ENVIRONMENTAL REGULATIONS

The consolidated group's operations are subject to significant environmental regulation and penalties under relevant jurisdictions in relation to its conduct of exploration, development and mining 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 Harrison
Non-Executive Chairman
Mr Harrison brings to Peninsula a wealth of broking and corporate finance experience acquired over a 45-year career, including 20 years of investment banking in London. During this time, Mr Harrison developed an extensive international contact base advising companies across a range of commodities (including uranium), as well as related engineering and service businesses, in both an M&A and Equity Capital markets context. He acted for numerous companies quoted on the Main List and the Alternative Investment Market of the London Stock Exchange, as well as the Australian, Johannesburg and Toronto Exchanges. During his investment banking career, Mr Harrison was the Managing Director at Numis Securities in London in charge of the Corporate Finance resources sector and subsequently, UK Chairman of specialist Anglo-Australian resources advisory and broking business RFC Ambrian. He was founding Chairman of UK coking coal development company West Cumbria Mining Ltd and is currently a Non-Executive Director of that company. He is also a Non-Executive Director of Newscape Capital Group Ltd, a diversified UK fund management and advisory group based in St James, London. Mr Harrison has the following interest in shares and options in the Company as at the date of this report – 20,000 ordinary shares and 47,849 unlisted options exercisable at $1.52 on or before 1 December 2019.

Mr Wayne Heili
Managing Director/Chief Executive Officer
Mr Heili has spent the bulk of his 30-year professional career in the uranium mining industry. He most recently served as President and Chief Executive Officer of Ur-Energy, Inc. where he successfully oversaw the design, construction, commissioning and ramp-up of the Lost Creek in-situ uranium project in Wyoming USA. Prior to joining Ur-Energy, Inc., Mr Heili served as Operations Manager of the Christensen/Irigaray in-situ uranium mines in Wyoming and has experience on conventional uranium mines in Texas. He holds a Bachelor of Science in Metallurgical Engineering from Michigan Technological University and is a past President of the Uranium Producers of America. Mr Heili has the following interest in shares and options in the Company as at the date of this report – 320,000 ordinary shares and 300,000 unlisted options exercisable at $0.50 on or before 30 November 2022. In accordance with the Company's Long Term Incentive plan, Mr Heili also holds the following Restricted Share Units which are held in trust until the respective vesting dates and conditions have been met – 797,374 ordinary shares and 600,000 unlisted options exercisable at $0.50 on or before 30 November 2022.

Mr Evgenij Iorich
Non-Executive Director
Mr Evgenij Iorich serves as a Managing Partner at Pala Investments Ltd and is responsible for oversight of Pala's private equity and liquid equity investment portfolios, as well as high-yield corporate debt portfolio. Mr Iorich joined Pala in September 2006 and has since worked on a wide range of strategic initiatives, M&A opportunities, operational and financial planning and structuring in emerging markets. Mr Iorich's commodities experience extends across a broad range of bulk commodities, precious and base metals, uranium, minor metals and other commodities. Mr Iorich is currently a Director of Nevada Copper Corp. (TSX:NCU), Itafos (TSX-V:IFOS) and Serinus Energy Inc (TSX:SEN). Prior to joining Pala, Mr Iorich was a financial manager at Mechel, the Russian metals and mining company. Mr Iorich graduated from the University of Zurich with a Master of Arts degree in 2004. Mr Iorich has the following interest in shares and options in the Company as at the date of this report – nil interest in shares and 47,849 unlisted options exercisable at $1.52 on or before 1 December 2019.

Mr Harrison (Hink) Barker
Non-Executive Director
Harrison (Hink) Barker retired 1 June 2015 from the Generation segment of Dominion Resources with over 40 years of fossil and nuclear fuel commercial and technical responsibilities. Since 1992, Mr Barker had been the manager responsible for Dominion's procurement of nuclear fuel and the related processing steps of conversion from U_3O_8 to UF6, enrichment of UF6, and fabrication of nuclear fuel assemblies. He is a former Chair of the Nuclear Energy Institute's Utility Fuel Committee, and a past member of the World Nuclear Fuel Market Board of Directors (Chairman for two years). He served on an Advisory Board to American Uranium Corporation while they attempted to develop the Wyoming Reno Creek uranium deposit. From 1975 to 1984 he worked as an engineer and supervisor in the areas of nuclear fuel quality assurance, nuclear core design, nuclear fabrication contract administration, nuclear fuel procurement, spent fuel transportation and disposal planning during a period when Dominion was building its regulated nuclear operating fleet in Virginia.

Mr Barker holds a Bachelor of Science degree in Electrical Engineering and a Masters in Nuclear Engineering Science both from the University of Florida. Mr Barker has the following interest in shares and options in the Company as at the date of this report – nil interest in shares and 54,737 unlisted options exercisable at $1.52 on or before 1 December 2019.

Mr Mark Wheatley
Non-Executive Director
Mr Wheatley is an experienced resources company CEO, Non-Executive Director and Chairman with a career spanning more than 30 years in mining and related industries. He has worked in the uranium industry since 2003 and been involved in ISR project exploration, feasibility studies, start up, production, rehabilitation and closure. His uranium experience includes the roles of Chairman and CEO of Southern Cross Resources Inc., the operator of the Honeymoon ISR uranium project, Non-Executive Director of Uranium One Inc. and Uranium Resources Inc. His other board roles have previously included Non-Executive Chairman of Xanadu Mines Ltd, Gold One International Ltd, Goliath Gold Mining Ltd, Norton Gold Fields Ltd and directorship of St Barbara Ltd. Mr Wheatley has the following interest in shares and options in the Company as at the date of this report – 56,356 ordinary shares and 65,000 unlisted options exercisable at $1.52 on or before 1 December 2019.

Mr David Coyne
Finance Director/Chief Financial Officer
Mr Coyne has over 25 years' experience in the mining, and engineering and construction industries, both within Australia and internationally. Prior to joining Peninsula, Mr Coyne held senior executive positions with Australia listed companies Macmahon Holdings Limited and VDM Group Limited, and with unlisted global manganese miner Consolidated Minerals. Over the past 10 years, Mr Coyne has been directly involved in a number of equity and debt raising transactions and has been the project director on a company-wide systems implementation project. Mr Coyne has previously served on the Board of listed iron ore miner, BC Iron Limited, where he also held the role of Chairman of the Audit and Risk Committee. Mr Coyne has the following interest in shares and options in the Company as at the date of this report – 249,679 ordinary shares, 14,843 listed PENOD options and 150,000 unlisted options exercisable at $0.50 on or before 30 November 2022. In accordance with the Company's Long Term Incentive plan, Mr Coyne also holds the following Restricted Share Units which are held in trust until the respective vesting dates and conditions have been met – 620,023 ordinary shares and 300,000 unlisted options exercisable at $0.50 on or before 30 November 2022.

COMPANY SECRETARY

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

Jonathan Whyte
Mr Whyte is a Chartered Accountant and has extensive corporate, company secretarial and financial accounting experience across a number of listed and unlisted resource sector companies. Mr Whyte is currently Non-Executive Director and Company Secretary of ASX listed Indus Energy NL, Company Secretary of AIM listed Empyrean Energy Plc and was previously Company Secretary of ASX listed Lefroy Resources Limited. 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 – 151,326 ordinary shares and nil interest in options. In accordance with the Company's Long Term Incentive plan, Mr Whyte also holds the following Restricted Share Units which are held in trust until the respective vesting dates and conditions have been met – 305,959 ordinary shares and 250,000 unlisted options exercisable at $0.55 on or before 30 November 2022.

MEETINGS OF DIRECTORS

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

			Committee Meetings			
	Directors Meetings		Audit and Risk Management Committee		Remuneration Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
John Harrison	11	11	-	-	2	2
Wayne Heili	11	11	-	-	-	-
Evgenij Iorich	11	6	2	2	-	-
Harrison Barker	11	11	2	2	2	1
Mark Wheatley	11	11	2	2	2	2
David Coyne	11	11	-	-	-	-

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	31/12/2018	$2.00	51,713,436
Various	01/12/2019	$1.52	384,747
19/12/2017	30/11/2022	$0.50	1,350,000
19/12/2017	30/11/2022	$0.55	2,975,000

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.

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.

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 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 US$68,021 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 and Risk Management 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 and Risk Management 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 current external auditors:

Service	2018 US$000s	2017 US$000s
Taxation Services	47	30
Total	**47**	**30**

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 27 of the Annual Report.

ASIC LEGISLATIVE INSTRUMENT 2017/191: ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Legislative Instrument 2017/191 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.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration structure which is in place for Executive Directors, Non-Executive Directors and other Key Management Personnel.

Key Management Personnel include:

Non-Executive Directors

John Harrison	Chairman (Non-Executive Director)
Evgenij Iorich	Non-Executive Director
Harrison Barker	Non-Executive Director
Mark Wheatley	Non-Executive Director

Executive Directors

Wayne Heili	Managing Director / Chief Executive Officer
David Coyne	Finance Director / Chief Financial Officer

Other Key Management Personnel

Ralph Knode	Chief Executive Officer, Strata Energy, Inc.
Willie Bezuidenhout	Chief Executive Officer, South Africa
Jonathan Whyte	Company Secretary

This Remuneration Report, which has been audited, outlines the Key Management Personnel remuneration arrangements for the consolidated group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The principles adopted have been approved by the current Board of the Company and have been set out in the remuneration summary.

Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework which has been set out in detail under the remuneration structure below aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

(i) competitiveness and reasonableness;
(ii) aligns shareholders and executive interests;
(iii) performance based and aligned to strategic and business objectives; and
(iv) transparency.

Key Management Personnel

Fees and payments to Key Management Personnel reflect the demands which are made on, and the responsibilities of, the Key Management Personnel. Fees and payments are reviewed annually by the Remuneration Committee. The Remuneration Committee also ensures that Key Management Personnel fees and payments are appropriate and in line with the market. There are no retirement allowances or other benefits paid to Key Management Personnel other than superannuation guarantee amounts (or overseas equivalent retirement benefit plans) as described in this remuneration report.

The executive remuneration and reward framework has three components:

(i) base pay and short-term incentives;
(ii) share-based payments; and
(iii) other remuneration such as superannuation / retirement benefits and long service leave.

The combination of these comprises the Key Management Personnel total remuneration. Fixed remuneration, consisting of base salary and superannuation / retirement benefits are reviewed annually by the Remuneration Committee, based on individual and area of responsibility performance, the overall performance of the Company and comparable market remunerations.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Non-Executive Directors. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration Committee. For the year ended 30 June 2018, exclusive of the superannuation guarantee the annual remuneration for Non-Executive Board Members was as follows:

(i) Non-Executive Chairman - A$100,000 per annum;
(ii) Non-Executive Director - A$65,000 per annum; and
(iii) A Non-Executive Director who serves as Chair of a Board Committee shall also receive an additional A$10,000 per annum in recognition of the additional demand on time required by the Non-Executive Director.

There are no retirement allowances or other benefits paid to Non-Executive Directors other than superannuation guarantee amounts as required. Only Australian resident Non-Executive Directors are eligible for superannuation guarantee amounts.

Assessing Performance

The remuneration committee is responsible for assessing performance against targets and determining the amount of short-term and long-term incentives to be paid. To assist in this assessment, the committee receives detailed reports on performance from management. While annual gateways are established, and individual targets set for management, award and payment of short and long term incentives remain subject to the discretion of the remuneration committee and the Board of the Company.

In assessing performance, the remuneration committee considers not only the achievement against targets that have been set, but also the overall financial and market valuation (share price) performance of the Company. Due to the planned transition to low pH operations at the Lance Projects, recent and historical financial and market valuation performance are taken into consideration, however the remuneration committee believes that setting and achieving targets predominantly aligned to improving operational performance are the most appropriate form of incentivisation for the Company at this point in time.

Summary of Approach to Remuneration

In April 2015, the Remuneration Committee undertook a comprehensive review of remuneration practices and commissioned a benchmarking exercise of the Company's remuneration framework by external advisors. This review resulted in significant changes to the Company's remuneration framework, with the new remuneration structure taking effect from 1 July 2015.

The key outcomes of the review were:

- developing an overarching remuneration framework to formalise reward structures and to establish a framework to guide remuneration practices going forward;
- benchmarking Executive Director, Executive Officer and Non-Executive Director remuneration and consideration of typical market practice of global uranium peer companies to determine the competitiveness of then current remuneration arrangements and to identify areas for change;
- design of a new short-term incentive (STI) plan to drive the collective efforts of the workforce in realising the short-term business strategy; and
- design of a new equity-based long-term incentive (LTI) plan for executives to encourage long-term sustainable performance.

The objective of the Company's executive reward structure is to ensure reward for performance is competitive and appropriate for the results delivered. The structure is intended to align executive reward with the achievement of strategic objectives and the creation of value for shareholders, and reflects current market practice for delivery of reward. The Board aims to ensure that executive reward practices are aligned with good reward governance practices to ensure that executive remuneration is:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the consolidated group's strategic and business objectives, and the creation of shareholder value;
- transparent; and
- aligns shareholder and executive interests.

This structure remained in place for the 2018 financial year and continues to remain in place for the 2019 financial year.

There were no bonuses paid to any Key Management Personnel for the year ended 30 June 2017.

Fixed Remuneration (Base salary inclusive of statutory superannuation)

In April 2015, benchmarking of executives' fixed remuneration was conducted against a custom peer group of global uranium companies to ensure remuneration levels set meet the objectives of the Company and are aligned to broader market trends within the global uranium mining industry for comparable roles.

An annual review of the fixed remuneration for each employee across the Company is undertaken by the Remuneration Committee. The annual review during the 2018 financial year resulted in cost of living salary increases for employees of the Company of between 2.0% and 3.0%. These increases were the first such increases granted to employees since before construction commenced on the Lance Projects in 2015.

Short-Term Incentives

Purpose

To align with market practices of peer uranium companies and to provide a competitive total remuneration package, the Board uses a comprehensive STI Plan to motivate and reward executives for the achievement of key strategic goals. The quantum offered under the STI Plan is expressed as a set percentage of base salary, with executives' performance assessed against metrics contained within a weighted scorecard over a 12-month period.

	Managing Director / CEO	Other Key Management Personnel
STI Target as a % of base salary[1]	50%	20%-40%
KPI alignment	100% aligned to corporate goals	90% aligned to corporate goals 10% aligned to personal performance

Notes:

(1) STI percentage for other Key Management Personnel range from 20% to 40%, depending on an individual's role and level of seniority in the Company.

Annual Corporate Goals

The STI Plan provides rewards where significant outperformance is achieved with any payouts earned being made in cash and capped to avoid excessive risk-taking behaviour. The majority of these metrics are specific, measurable and applicable to the key business outcomes required per the annual business plan of the Company. The payments are made at a time chosen by the Board following the completion of each financial year after the Board has had an opportunity to assess the outcomes of performance against objectives, assessed the operational and financial performance of the Company during the financial year and also considered the outlook for the uranium mining industry.

Corporate Gateway

A primary corporate gateway is also applied so that the STI would be reduced to nil in all cases if the corporate gateway is not achieved. Once the corporate gateway is achieved, the STI is measured based on a mix of corporate and personal goals for each executive.

No STIs were paid to any Key Management Personnel for the year ended 30 June 2017. For the year ended 30 June 2018, the STI corporate gateway goal of fulfilment of deliveries of uranium under certain extisting contracts was achieved and US$271,340 in cash based STIs were paid to Key Management Personnel. The STI payment to Key Management Personnel for the year ended 30 June 2018 was 52% of the maximum amount that could have been earned and paid. Payment of only 52% of the maximum reflects reward for a number key achievements during the the 2018 financial year, yet also takes into account the under performance of the current alkaline based operations at the Lance Projects.

The STI gateway for the 2019 financial year will be achieved if management has developed and implemented a business plan that which results in sufficient funding being available to the Company to deliver Board approved objectives through to December 2019.

Corporate Goals

Metrics within the weighted scorecard are cascaded from the organisational strategy and generally fall within the following key strategic imperatives.

Strategic Goals	Performance Measure	Weighting (varies for each Executive)
Corporate responsibility goals which incorporates achieving metrics under people, health, safety, environment and corporate responsibility	Leading and lagging measures for safety and environmental performance and community engagement	10-20%
Project Development and Operations	Cost and schedule targets for the Lance Projects, low pH transition objectives for the Lance Projects	20-60%

Strategic Goals	Performance Measure	Weighting (varies for each Executive)
Capital management and financial strength	Company is adequately funded to achieve its objectives	20-50%
Clients and markets	Targets for the signing of new uranium concentrate sale and purchase agreements	20-30%

Personal Goals

Personal goals are measured by individual performance against a balanced scorecard applicable to the executive business unit or area of responsibility. The balanced scorecard for each individual is agreed with their immediate supervisor at the commencement of the financial year. Performance against the goals will be assessed at the completion of the financial year.

Final performance ratings for all Key Management Personnel is presented to and reviewed by the Remuneration Committee prior to the finalisation of the STI payment for any financial year. The Board retains discretion to modify the final STI payment for any individual, including the discretion to decrease the STI payment to an amount lower than that determined by assessment of final performance ratings.

Long-Term Incentives

In June 2015, the Board introduced a more structured approach to the delivery of equity to executives. The Board utilised the services of an external advisor to assist in setting the value of annual LTI available to executives and in the selection of the form of equity instrument to be used.

The LTI grants may be made to senior and executive employees (Eligible Participants) annually with vesting conditions to apply which will align executives' interests with those of shareholders and the generation of long-term sustainable value. The value of grants made under the plan are made with reference to a set percentage of base salary, with the ability to earn an LTI grant assessed against a pre-determined Company performance gateway for that year. Once an LTI grant has been made to an Eligible Recipient, the grant shall vest in equal tranches over the next three financial years following the date of grant. The Eligible Recipient must still be employed by the Company on a vesting date to be entitled to receive the vested LTI.

Through the requirement for the Eligible Participant to remain employed with the Company as a condition of annual vesting of previously earned LTI amounts, the Board views this mechanism as an attractive means of incentivising long-term retention of key personnel and aligning long term executive performance with shareholder interests.

The Company primarily uses Restricted Share Units (RSU) as the form of LTI and has established a LTI plan (Plan) for this purpose. A RSU is a right to acquire one fully paid ordinary share in the Company, which will initially be held by the trustee of the Plan. The Eligible Participant will be entitled to receive one share for each RSU that has vested and has not lapsed or expired. Until the Eligible Participants RSUs have vested and they have acquired Shares, a RSU will not give the Eligible Participant a legal interest in any shares, though the Eligible Participant will be able to participate in dividends and can direct the trustee to vote the underlying shares in certain circumstances.

No LTI grants were made to any Key Management Personnel for the year ended 30 June 2017. For the financial year ended 30 June 2018, the LTI corporate gateway of resolution of the convertible notes was achieved, and a total of 2,295,754 RSUs were awarded to Key Management Personnel. The RSUs awarded for the 2018 financial year shall vest in three equal tranches to the recipients annually, commencing on 1 July 2019.

Key terms of the 2019 financial year LTI structure are:

	Managing Director / CEO	Other Key Management Personnel
LTI Target as a % of base salary[1]	50%	30%-40%
Gateway Performance Hurdle financial year 2019	Efforts of the management team leads to the Wyoming Department of Environmental Quality approving permit and license amendments to enable the transition to the use of a low pH solution at the Lance Projects, on conditions that are deemed acceptable and satisfactory to the Board	
Vesting period	Equal tranches over the three years following the date of award of each RSU series	

Notes:

(1) LTI percentage for other Key Management Personnel range from 30% to 50%, depending on an individual's role and level of seniority in the Company.

On the basis that an Eligible Participant remains employed by Peninsula as at the relevant dates below, a RSU Amount will be earned at the end of each year with a third vested over each of the following three years. A Participant will become entitled to be issued with or transferred the corresponding RSUs as they are earned as shown in the following tabular example (which presumes that the relevant performance hurdle for the award of RSUs is achieved each year):

1 July 2018	1 July 2019	1 July 2020	1 July 2021	1 July 2022
Grant RSU Amount 1	Vest 1/3 of RSU Amount 1	Vest 1/3 of RSU Amount 1	Vest 1/3 of RSU Amount 1	-
Performance hurdle set for FY2019 Series 2	Grant RSU Amount 2	Vest 1/3 of RSU Amount 2	Vest 1/3 of RSU Amount 2	Vest 1/3 of RSU Amount 2
	Performance hurdle set for FY2020 Series 3	Grant RSU Amount 3	Vest 1/3 of RSU Amount 3	Vest 1/3 of RSU Amount 3

Note that in the above illustrative example, the grant of any RSU is subject, amongst other things, to meeting performance hurdle gateways each financial year. If the gateway performance hurdle is not met and/or other factors do not justify the grant of RSUs in any period, no grant is made and subsequent vesting for that financial year does not occur.

The number of annual RSUs to be awarded to an Eligible Participant will be calculated by dividing the Eligible Participant's RSU Amount by the volume weighted average price of ordinary shares of Peninsula over the period 30 business days prior to the end of the respective financial year ending 30 June, as follows:

$$\frac{\text{Base salary x LTI percentage (applicable to role)}}{\text{30 day VWAP as at 30 June}}$$

Employment Details of Directors and Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, directors and 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 share options, shares or performance rights for the year ended 30 June 2018.

Group Key Management Personnel	Position held at 30 June 2018	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 Harrison	Chairman (Non-Executive)	-	-	-	100.00	100.00
Wayne Heili	Managing Director / Chief Executive Officer	13.40	35.19	-	51.41	100.00
Evgenij Iorich	Director (Non-Executive)	-	-	-	100.00	100.00
Harrison Barker	Director (Non-Executive)	-	-	-	100.00	100.00
Mark Wheatley	Director (Non-Executive)	-	-	-	100.00	100.00
David Coyne	Finance Director / Chief Financial Officer	12.24	28.42	-	59.34	100.00
Ralph Knode	Chief Executive Officer (Strata Energy Inc.)	12.16	25.91	-	61.93	100.00
Willie Bezuidenhout	Chief Executive Officer (South Africa)	13.63	-	-	86.37	100.00
Jonathan Whyte	Company Secretary	5.91	22.08	-	72.01	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. 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. Unless otherwise stated, the commencement date of the employment agreement is the appointment date to the role.

Mr Wayne Heili, Managing Director / CEO
Executive service employment agreement – no fixed term.
Base salary of US$326,400 per annum, exclusive of superannuation and Company provided medical insurance coverage.
Notice period 6 months.
6-month termination payment in certain circumstances.

Mr John Harrison, Chairman (Non-Executive)
Terms of agreement – no fixed term.
Base chairman fees of A$100,000, exclusive of superannuation.
Remuneration Committee Chairman fee of A$10,000.
No termination benefit is specified in the agreement.

Mr Evgenij Iorich, Director (Non-Executive)
Terms of agreement – no fixed term.
Base director fees of A$65,000, exclusive of superannuation.
No termination benefit is specified in the agreement.

Mr Harrison Barker, Director (Non-Executive)
Terms of agreement – no fixed term.
Base director fees of A$65,000, exclusive of superannuation.
No termination benefit is specified in the agreement.

Mr Mark Wheatley, Director (Non-Executive)
Terms of agreement – no fixed term.
Base director fees of A$65,000, exclusive of superannuation.
Audit & Risk Management Committee Chairman fee of A$10,000.
No termination benefit is specified in the agreement.

Mr David Coyne, Finance Director / Chief Financial Officer
Terms of agreement – no fixed term.
Base salary of A$384,900, exclusive of superannuation.
Retention incentive of A$188,700 paid 6 months after receipt by the Company of low pH license and permit amendments.
Notice period 3 months.
9 month termination benefit under certain circumstances.

Mr Ralph Knode, Chief Executive Officer - Strata Energy Inc.
Terms of agreement – no fixed term.
Retention incentive of US$103,000 paid 6 months after receipt by the Company of low pH license and permit amendments.
Base salary of US$315,200, exclusive of superannuation and Company provided medical insurance coverage.
Notice period 3 months.
12 month termination benefit under certain circumstances.

Mr Willie Bezuidenhout, Chief Executive Officer, South Africa
Terms of agreement – effective from 1 June 2018 with no fixed term.
Base salary of R3,105,000, exclusive of superannuation and Company reimbursed medical insurance coverage.
Notice period 3 months.
12 month termination benefit under certain circumstances. Under the terms of an agreement entered into with Mr Bezuidenhout during the 2018 financial year, in lieu of a 12 month termination benefit, and upon the divestment or exit of the Company from the Karoo Projects, Mr Bezuidenhout is entitled to receive cash incentives of up to 90% of base salary (comprising of 40% STIP and 50% ex-gratia payment) and be issued fully paid ordinary shares in the Company with value up to 50% of base salary.

Mr Jonathan Whyte, Company Secretary
Consultancy agreement – no fixed term.
Daily rate of A$1,353.
Retention incentive of A$60,996 paid 6 months after receipt by the Company of low pH license and permit amendments.
Notice period 1 month.
3 month termination benefit under certain circumstances.

Table of Benefits and Payments for the Year Ended 30 June 2018

		Short-Term Benefits: Salary & Fees		Post-Employment Benefits	Medical Benefits	Equity Settled Share-Based Payments	
Group Key Management Personnel		**Cash based US$**	**Bonuses[f] US$**	**Super-annuation US$**	**Insurances US$**	**Shares & Options[f] US$**	**Total US$**
Directors							
John Harrison	2018	86,801	-	-	-	-	86,801
	2017	75,364	-	-	-	-	75,364
Wayne Heili[a]	2018	311,846	87,311	16,002	7,098	229,258	651,515
	2017	115,400	-	2,625	-	-	118,025
Evgenij Iorich	2018	50,391	-	-	-	-	50,391
	2017	48,987	-	-	-	-	48,987
Harrison Barker[b]	2018	88,770	-	-	-	-	88,770
	2017	69,749	-	-	-	-	69,749
Mark Wheatley	2018	58,144	-	5,524	-	-	63,668
	2017	56,523	-	5,370	-	10,341	72,234
David Coyne[a]	2018	291,623	64,233	19,704	-	149,121	524,681
	2017	278,847	-	18,841	-	-	297,688
John Simpson[c]	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	845,864	-	-	-	-	845,864
Richard Lockwood[d]	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	36,740	-	-	-	-	36,740
Warwick Grigor[d]	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	42,392	-	4,027	-	-	46,419
Other Executives							
Ralph Knode[e]	2018	307,269	64,960	9,628	13,982	138,441	534,280
	2017	300,000	-	17,000	-	-	317,000
Willie Bezuidenhout	2018	240,794	38,000	-	-	-	278,794
	2017	230,859	-	-	-	-	230,859
Jonathan Whyte[e]	2018	205,223	16,836	-	-	62,935	284,994
	2017	208,683	-	-	-	33,914	242,597
Total	**2018**	**1,640,861**	**271,340**	**50,858**	**21,080**	**579,755**	**2,563,894**
	2017	**2,309,408**	**-**	**47,863**	**-**	**44,255**	**2,401,526**

(a) On 19 December 2017, 1,350,000 unlisted options were issued to Executive Directors (Mr Heili and Mr Coyne) as approved by shareholders at the Annual General Meeting held on 28 November 2017. The options were valued independently using the Black Scholes option model and are being expensed over the vesting period of the options, refer to the Notice of Annual General Meeting released on 27 October 2017 for detailed valuation assumptions. The director incentive options will be held on trust for directors and will vest in equal proportions over a three-year period with the first vesting date being 1 July 2018.

(b) Mr Barker's remuneration includes US$38,379 (2017: US$27,550) for additional time spent representing the Company at various nuclear conferences, customer meetings and other industry events during the year.

(c) Mr Simpson resigned as Managing Director and Chief Executive Officer effective 31 March 2017.

(d) Mr Lockwood and Mr Grigor resigned as Non-Executive Directors effective 27 March 2017.

(e) On 19 December 2017, unlisted options were issued to employees under existing contracts. The options were valued using the Black Scholes option model and are being expensed over the vesting period of the options. The employee incentive options will be held on trust for the various recipients until the future vesting date being 6 months after the relevant regulatory body approves the amendments to the permits and licenses to allow low pH mining in the Ross Permit area. If no such approval is forthcoming before the expiry date, the options shall lapse.

(f) Amounts for STI and LTI for the financial year ended 30 June 2018 have been accrued as at 30 June 2018, but were paid subsequent to year end.

Shares and Options Granted (Restricted Share Units)

	Grant Details			For the Financial Year Ended 30 June 2018			Overall		
Group Key Management Personnel	Date	Number	Value US$	Vested No.	Converted No.	Cancelled No.	Fair Value Brought to Account %	Fair Value Not Yet Brought to Account %	Lapsed %
Restricted Share Units - Shares									
Directors									
Wayne Heili[(a)]	30/8/2018	797,374	153,000	-	-	-	100%	-	-
David Coyne[(a)]	30/8/2018	581,481	111,575	-	-	-	100%	-	-
Other Executives									
Ralph Knode[(a)]	30/8/2018	644,153	123,600	-	-	-	100%	-	-
Jonathan Whyte[(a)]	30/8/2018	272,746	52,334	-	-	-	100%	-	-
Total		**2,295,754**	**440,509**	-	-	-	**100%**	-	-
Restricted Share Units - Options									
Directors									
Wayne Heili[(b)]	19/12/2017	900,000	133,405	-	-	-	58%	42%	-
David Coyne[(b)]	19/12/2017	450,000	66,493	-	-	-	58%	42%	-
Other Executives									
Ralph Knode[(c)]	19/12/2017	350,000	56,981	-	-	-	26%	74%	-
Jonathan Whyte[(c)]	19/12/2017	250,000	40,701	-	-	-	26%	74%	-
Total		**1,950,000**	**297,580**	-	-	-	**46%**	**54%**	-

(a) LTI RSUs were approved for issue by the Board subsequent to year end in recognition of milestones achieved during the financial year to 30 June 2018. RSUs will be held in trust for the recipients to vest over a three year period. The number of RSUs issued has been determined using a share price of A$0.26 per share. No RSU will vest for any participant before 1 July 2019.

(b) On 19 December 2017, unlisted options were issued to Executive Directors as approved by shareholders at the Annual General Meeting held on 28 November 2017. The options were valued independently using the Black Scholes option model and are being expensed over the vesting period of the options, refer to the Notice of Annual General Meeting released on 27 October 2017 for detailed valuation assumptions. The director incentive options will be held on trust for directors and will vest in equal proportions over a three-year period with the first vesting date being 1 July 2018.

(c) On 19 December 2017, unlisted options were issued to employees under existing contracts. The options were valued using the Black Scholes option model and are being expensed over the vesting period of the options. The employee incentive options will be held on trust for the various recipients until the future vesting date being 6 months after the relevant regulatory body approves the amendments to the permits and licenses to allow low pH mining in the Ross Permit area. If no such approval is forthcoming before the expiry date, the options shall lapse.

Number of Shares Held by Key Management Personnel 30 June 2018

Group Key Management Personnel	Balance at 1 July 2017	On-Market Trades	Options Exercised	Net Change Other[(a)]	Balance at 30 June 2018
Directors					
John Harrison	20,000	-	-	-	20,000
Wayne Heili	115,000	-	-	-	115,000
Evgenij Iorich	-	-	-	-	-
Harrison Barker	-	-	-	-	-
Mark Wheatley	43,898	12,458	-	-	56,356
David Coyne	172,595	-	-	38,542	211,137
Other Executives					
Ralph Knode	421,924	-	-	42,568	464,492
Willie Bezuidenhout	-	-	-	-	-
Jonathan Whyte	146,647	(61,747)	-	33,213	118,113
Total	**920,064**	**(49,289)**	**-**	**114,323**	**985,098**

* LTI RSUs have been excluded from the table above as they are held in trust for the recipients until respective vesting dates and conditions are met.

(a) Movement in Net Change Other refers to the transfer of RSUs that have vested to Mr Coyne, Mr Knode and Mr Whyte under the Company's Long-Term Incentive Plan.

Number of Options Held by Key Management Personnel 30 June 2018

Group Key Management Personnel	Balance at 1 July 2017	Granted as Remuneration	Options Exercised	Net Change Other	Balance at 30 June 2018	Total Vested
Directors						
John Harrison	47,849	-	-	-	47,849	47,849
Wayne Heili	-	-	-	-	-	-
Evgenij Iorich	47,849	-	-	-	47,849	47,849
Harrison Barker	54,737	-	-	-	54,737	54,737
Mark Wheatley	65,000	-	-	-	65,000	65,000
David Coyne	14,843	-	-	-	14,843	14,843
Other Executives						
Ralph Knode	49,836	-	-	-	49,836	49,836
Willie Bezuidenhout	-	-	-	-	-	-
Jonathan Whyte	-	-	-	-	-	-
Total	**280,114**	**-**	**-**	**-**	**280,114**	**280,114**

* LTI RSUs have been excluded from the table above as they are held in trust for the recipients until respective vesting dates and conditions are met.

<u>Voting at Last Annual General Meeting</u>

At the last AGM, shareholders indicated their support of the Company's remuneration practices with 98% of the votes cast being in favour of the adoption of the Remuneration Report.

End of Audited Remuneration Report

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

John Harrison (Non-Executive Chairman)
Dated this 28th day of September 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY MATTHEW CUTT TO THE DIRECTORS OF PENINSULA ENERGY LIMITED

As lead auditor of Peninsula Energy Limited for the year ended 30 June 2018, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Matthew Cutt

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 US$000s	2017 US$000s (Restated)
Continuing operations			
Revenue	2	13,162	18,267
Cost of sales	3	(16,952)	(19,879)
Gross loss		**(3,790)**	**(1,612)**
Other income	2	19,083	16
Selling and marketing expenses		(262)	(1,199)
Administration expenses		(2,476)	(2,930)
Depreciation expense		(123)	(31)
Impairment expense		-	(68,001)
Foreign exchange gain/(loss)		1,208	(20)
Fair value (loss)/gain on derivative	10	(2,347)	9,384
Other expenses	3	(872)	(206)
Profit/(Loss) before interest and tax from continuing operations		**10,421**	**(64,599)**
Finance costs		(2,875)	(3,715)
Net profit/(loss) before income tax		**7,546**	**(68,314)**
Income tax expense	5	-	-
Profit/(Loss) for the year from continuing operations		**7,546**	**(68,314)**
Loss for the year from discontinued operations	9	(8,713)	(6,833)
Loss for the year	4	**(1,167)**	**(75,147)**
Other comprehensive loss:			
Other comprehensive loss may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(920)	1,590
Total comprehensive loss for the year		**(2,087)**	**(73,557)**
Loss for the year attributable to:			
Equity holders of the Parent		503	(74,725)
Non-controlling interests		(1,670)	(422)
		(1,167)	**(75,147)**
Total comprehensive loss for the year attributable to:			
Equity holders of the Parent		(464)	(73,309)
Non-controlling interests		(1,623)	(248)
		(2,087)	**(73,557)**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 US$000s	2017 US$000s (Restated)
Earnings/(Loss) per share attributable to the members of Peninsula Energy Limited:			
Profit/(Loss) for the year			
Basic (cents per share)	25	0.22	(37.93)
Diluted (cents per share)	25	0.18	(37.93)
Profit/(Loss) for the year from continuing operations			
Basic (cents per share)	25	3.26	(34.68)
Diluted (cents per share)	25	2.64	(34.68)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with accompanying notes. See note 9 for restatement as a result of discontinued operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 US$000s	2017 US$000s
CURRENT ASSETS			
Cash and cash equivalents	6	11,959	9,621
Trade and other receivables	7	471	803
Inventory	8	3,132	4,052
Held for sale assets	9	2,616	-
Other financial assets	10	2,900	1,682
TOTAL CURRENT ASSETS		21,078	16,158
NON-CURRENT ASSETS			
Trade and other receivables	7	5,936	2,805
Property, plant and equipment	12	24,312	29,842
Mineral exploration and evaluation	13	-	4,580
Mineral development	14	55,779	56,115
Other financial assets	10	4,141	9,945
TOTAL NON-CURRENT ASSETS		90,168	103,287
TOTAL ASSETS		111,246	119,445
CURRENT LIABILITIES			
Trade and other payables	16	3,237	3,131
Borrowings	17	15,679	20,890
Deferred revenue	2	-	1,107
Provisions	18	177	187
Liabilities associated with held for sale assets	9	703	-
Other financial liabilities	10	-	443
TOTAL CURRENT LIABILITIES		19,796	25,758
NON-CURRENT LIABILITIES			
Borrowings	17	362	1,082
Provisions	18	10,397	11,332
Other financial liabilities	10	-	1,797
TOTAL NON-CURRENT LIABILITIES		10,759	14,211
TOTAL LIABILITIES		30,555	39,969
NET ASSETS		**80,691**	**79,476**
EQUITY			
Issued capital	19	205,099	204,067
Reserves	20	6,471	5,168
Accumulated losses		(130,112)	(130,615)
Equity attributable to equity holders of the Parent		81,458	78,620
Non-controlling interest	11	(767)	856
TOTAL EQUITY		**80,691**	**79,476**

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Issued Capital US$000s	Accumulated Losses US$000s	Share-Based Payments Reserve US$000s	Foreign Currency Translation Reserve US$000s	Total US$000s	Non-controlling interest US$000s	Total Equity US$000s
30 June 2016		**184,073**	**(55,890)**	**12,601**	**(9,364)**	**131,420**	**1,104**	**132,524**
Transactions With Owners								
Shares issued during the year	19(b)	18,289	-	-	-	18,289	-	18,289
Share-based payments	24	72	-	10	-	82	-	82
Issue of shares under debt facility agreement	19(b)	2,182	-	505	-	2,687	-	2,687
Transaction costs	19(b)	(549)	-	-	-	(549)	-	(549)
Total Transactions With Owners		**19,994**	**-**	**515**	**-**	**20,509**	**-**	**20,509**
Comprehensive Loss								
Foreign exchange translation reserve		-	-	-	1,590	1,590	-	1,590
Non-controlling interest		-	-	-	(174)	(174)	174	-
Loss for the year		-	(74,725)	-	-	(74,725)	(422)	(75,147)
Total Comprehensive Loss		**-**	**(74,725)**	**-**	**1,416**	**(73,309)**	**(248)**	**(73,557)**
30 June 2017		**204,067**	**(130,615)**	**13,116**	**(7,948)**	**78,620**	**856**	**79,476**
Transactions With Owners								
Share-based payments	24	-	-	871	-	871	-	871
Issue of shares and options under debt facility agreement	19(b)	1,032	-	1,399	-	2,431	-	2,431
Total Transactions With Owners		**1,032**	**-**	**2,270**	**-**	**3,302**	**-**	**3,302**
Comprehensive Loss								
Foreign exchange translation reserve		-	-	-	(920)	(920)	-	(920)
Non-controlling interest		-	-	-	(47)	(47)	47	-
Loss for the year		-	503	-	-	503	(1,670)	(1,167)
Total Comprehensive Loss		**-**	**503**	**-**	**(967)**	**(464)**	**(1,623)**	**(2,087)**
30 June 2018		**205,099**	**(130,112)**	**15,386**	**(8,915)**	**81,458**	**(767)**	**80,691**

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 US$000s	2017 US$000s
Receipts from customers		31,054	21,710
Payments to suppliers and employees		(16,767)	(23,567)
Interest paid		(818)	(510)
Interest received		83	16
Net cash provided by/(used in) operating activities	33	13,552	(2,351)
Payments for mineral exploration and evaluation		(455)	(1,291)
Payments for mineral development		(2,653)	(8,995)
(Payments for)/receipts from mineral exploration performance bonds and rental bonds		(3,017)	169
Purchase of property, plant & equipment		(354)	(985)
Net cash (used in) investing activities		(6,479)	(11,102)
Proceeds from issue of shares		-	17,121
Equity raising transaction costs		-	(549)
Proceeds from borrowings		-	13,226
Repayment of borrowings		(4,599)	(10,244)
Capitalised borrowing costs		(148)	(225)
Net cash (used in)/provided by financing activities		(4,747)	19,329
Net increase in cash held		2,326	5,876
Cash and cash equivalents at the beginning of financial year		9,621	3,759
Effects of exchange rate fluctuations on cash held		12	(14)
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	6	**11,959**	**9,621**

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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 consolidated general purpose financial statements of the consolidated group have 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). These financial statements also comply 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 Energy Limited is a for-profit entity for the purpose of preparing financial statements.

International Accounting Standards set out accounting policies that the IASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and in the supporting notes 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.

The consolidated financial statements were approved for issue by the board of directors on 28 September 2018.

Going concern

The accounts have been prepared on the basis that the consolidated group can meet its liabilities and 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 group made a loss of US$1.17 million for the year ended 30 June 2018 (2017: loss of US$75.15 million) and positive operating cash inflows of US$13.55 million (2017: negative US$2.35 million). The net working capital margin of the consolidated group at 30 June 2018 was US$1.28 million (2017: deficit of US$9.60 million). Included in current liabilities of US$19.80 million is an amount due to convertible note holders Resource Capital Fund VI L.P. and Pala Investments Ltd with a face value of US$17 million (refer to Note 17) which is due and payable by 30 September 2018, to be extended to 22 April 2020 following an Extraordinary General Meeting of shareholders approving certain resolutions pertaining to an amendment and restatement of the debt obligation (refer to Note 23).

The ability of the consolidated entity to continue as a going concern is dependent on the successful transition of the Lance Projects in Wyoming from the existing alkaline based production method to one using the low pH method. Subsequent to the reporting date, the Company announced the outcomes of the low pH Feasibility Study on 17 September 2018 (refer to Note 23). The outcomes indicate that the transition of the Lance Projects to a low pH mining method is expected to transform the operational and financial performance of the Lance Projects.

Transitioning the Lance Projects to a low pH mining method requires the approval by the Wyoming Department of Environmental Quality (WDEQ) of requests to amend existing licenses and permits following the submission of the first amendment request in April 2018. On 25 September 2018, the State of Wyoming signed an agreement with the United States Nuclear Regulatory Commission whereby the State of Wyoming will assume primacy of the oversight and regulation of all uranium mining in the state, effective 1 October 2018. Based on the testwork that the Company completed to support the amendment requests, and progress to date by the WDEQ in reviewing the amendment request documentation, the Directors are satisfied that approval to commence low pH mining operations at the Lance Projects will be obtained in a form and timeline that is generally consistent with assumptions contained in the low pH Feasibility Study.

Completion of the transition to low pH mining operations, ramp-up of low pH mining operations, and capital expenditure for the development of Mine Unit 3 and commencement of development of Mine Unit 4, will require the Company to secure additional sources of finance through to the end of calendar year 2021 of up to US$25.0 million. This funding may be sourced progressively during this time period and may be obtained from a number of sources. The Company expects that under low pH operations it will build a stockpile of uranium inventory that could form the basis of a working capital debt facility such as an inventory finance facility. Other sources of finance that the Company believes is available to it include project finance debt and equity from existing and new shareholders.

Following the ramp-up of low pH mining operations, the ability of the Lance Projects and the Company’s uranium business to generate positive cash flows is required for the consolidated entity to continue as a going concern. Based on the outcomes of the low pH Feasibility Study, combined with the committed revenue stream from uranium concentrate sale and purchase agreements that the Company has in place, the Directors are of the opinion that following the initial ramp-up of low pH mining operations, the Lance Projects will have the ability to generate positive cash flows.

These conditions indicate that there is a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have an appropriate plan to raise additional funds as and when they are required. The Company has a track record of successfully securing additional funding as and when required from both the debt and equity capital markets, which is further enhanced by the relatively low level of gearing currently maintained by the Company. In addition, the existing uranium concentrate sale and purchase contracts held by the Company, in the opinion of the Directors, are viewed favourably by potential providers of either debt or equity finance.

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

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

New and Amended Standards Adopted for the First Time by the Consolidated Group

The following applicable accounting standards, amendment of standards and interpretations have recently been issued but are not yet effective. These standards have not yet been adopted by the Company as at the financial reporting date.

Standard Reference	Application Date	Nature of Change	Impact on Company's Financial Report
IFRS 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	IFRS 9 amends the classification and measurement of financial assets and liabilities. Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. Gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	The Company has considered this standard and identified there will be minimal impact on the financial statements.
IFRS 15 Revenue from Contracts with Customers	Annual reporting periods beginning on or after 1 January 2018	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risk and rewards as is currently the case under IAS 18 Revenue.	The Company has early adopted this standard with minimal impact on the financial statements.

Standard Reference	Application Date	Nature of Change	Impact on Company's Financial Report
IFRS 16 Leases	Annual reporting periods beginning on or after 1 January 2019	If a lessee has significant operating leases outstanding at the date of initial application, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. This will increase EBITDA as operating leases that were previously expensed will be amortised as a right-of-use asset, and an interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under the existing standard. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.	The Company has considered this standard and identified there will be minimal impact on the financial statements.

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 year. 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 11 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.

Business combinations by the group are accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Rounding of amounts

The consolidated group has applied the relief available to it under ASIC Legislative Instrument 2017/191. Accordingly, amounts in the Financial Report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Value Added Taxes

Revenues, expenses and assets are recognised net of the amount of value added taxes, except where the amount of value added tax incurred is not recoverable from the relevant tax authority. In these circumstances the value added tax 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 value added tax. Cash flows are presented in the cash flow statement on a gross basis, except for the value added tax component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of value added tax recoverable from, or payable to, a taxation authority.

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.

Key Estimates, Judgements and Assumptions

The preparation of the consolidated group's financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are disclosed in the relevant notes.

2. REVENUE AND OTHER INCOME

	2018 US$000s	2017 US$000s
Revenue from continuing operations		
Sale of goods	13,162	18,267
Total revenue from continuing operations	**13,162**	**18,267**
Other income		
Sale of uranium contract(i)	19,000	-
Interest received	83	16
Total other income	**19,083**	**16**

(i) On 1 February 2018, the Company announced that it had received cash proceeds of US$19.0 million through the partial sale of its interests in an existing uranium concentrate sale agreement and its interests in a uranium concentrate purchase agreement. 935,000 pounds U_3O_8 under an existing uranium sale agreement and a purchase commitment of 900,000 pounds U_3O_8 were sold to a third party.

Accounting Policy

Sales Revenue

Revenue from uranium sales is recognised when persuasive evidence of an arrangement exists, the risks and rewards of ownership pass to the purchaser, including delivery of the product and transfer of legal title, the selling price is set or determinable, and collectability is reasonably assured.

On deliveries to conversion facilities ("Converters"), the Converter credits the Company's account for the volume of accepted uranium. Based on delivery terms in a sales contract with its customer, the Company instructs the Converter to transfer title of a contractually specified quantity of uranium to the customer's account at the Converter. At this point, the Company invoices the customer and recognises revenue for the uranium supplied.

Deferred Revenue

Where agreements with purchasers contain commercial factors that are realised over the term of the agreement, or are linked to other agreements with the same purchaser or purchaser group, the effect of these commercial factors is recognised over the term of the respective agreements by way of a blended rate which periodically gives rise to deferred revenue assets or deferred revenue liabilities.

Interest Revenue

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

All revenue is stated net of the amount of value added tax (VAT), goods and services tax (GST) or other similar taxes.

3. COST OF SALES AND OTHER EXPENSES

	2018 US$000s	2017 US$000s
Cost of sales		
Production costs before depreciation and amortisation	10,599	12,164
Depreciation and amortisation	2,084	3,218
Purchased uranium	1,874	5,312
Inventory movement	3,356	(6,568)
Inventory Net Realisable Value (reversal)/write-down	(961)	5,753
Total cost of sales	**16,952**	**19,879**
Other expenses		
Share-based payments expense (Note 24)	871	82
Loss on sale of fixed assets	1	124
Total other expenses	**872**	**206**

4. LOSS FOR THE YEAR

	2018 US$000s	2017 US$000s
Loss before income tax includes the following specific expenses:		
Employee benefits expense	1,923	2,174
Rental expense on operating leases		
- minimum lease payments	34	197

5. INCOME TAX

	2018 US$000s	2017 US$000s
(a) Income tax expense:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Reconciliation of income tax to prima facie tax payable:		
Accounting loss before tax	(1,167)	(75,147)
Income tax expense/(benefit) @ 30% (2017: 30%)	(350)	(22,544)
Add tax effect of:		
- Share-based payments	261	25
- Impairment & other	4,180	25,461
- Deferred tax assets - tax losses not recognised	98	2,856
- Movement in unrecognised temporary differences	48	(3,334)
- Utilisation of prior tax losses previously not recognised	(3,533)	-
- Foreign tax rate differential	(704)	(2,464)
Total income tax expense/(benefit)	**-**	**-**

	2018 US$000s	2017 US$000s
(c) Deferred Tax Liabilities		
Exploration and evaluation expenditure - Foreign	13,860	32,866
Temporary differences - Australia	135	-
Temporary differences - Foreign	-	-
	13,995	32,866
Offset of deferred tax assets	(13,995)	(32,866)
Net deferred tax liabilities recognised	**-**	**-**
(d) Unrecognised deferred tax assets arising on timing differences		
Tax losses - Australia	2,532	2,940
Tax losses - Foreign	18,507	37,234
Temporary differences - Australia	534	684
Temporary differences - Foreign	-	3,449
	21,573	44,307
Offset of deferred tax liabilities	(13,995)	(32,866)
Net deferred tax assets not brought to account	**7,578**	**11,441**

Accounting Policy

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 within a reasonable time period.

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

Key Estimates, Judgements and Assumptions

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.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets, when recognised, are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are only recognised to the extent that it is probable that there are future taxable profits available against which deductible temporary differences can be utilised.

6. CASH AND CASH EQUIVALENTS

	2018 US$000s	2017 US$000s
Cash at bank and in hand	1,775	1,652
Short-term bank deposits	10,184	7,969
	11,959	**9,621**

Bank bills and other money market investments are typically held for 30 to 90 days and earn interest at the prevailing rates. Refer to Note 27 for analysis of risk exposure for cash and cash equivalents.

Reconciliation of Cash	2018 US$000s	2017 US$000s
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	11,959	9,621
	11,959	**9,621**

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

7. TRADE AND OTHER RECEIVABLES

	2018 US$000s	2017 US$000s
CURRENT		
Prepayments	266	265
GST and VAT receivable	95	275
Sundry receivables	81	120
Bonds and security deposits(i)	29	143
	471	**803**
NON-CURRENT		
Bonds and security deposits(i)	5,936	2,805
	5,936	**2,805**

(i) Consists of the cash on deposit as security for Permit to Mine Bond and Environmental Performance Bonds for the construction and operating activities at the Lance Projects and rental bond for office premises.

No receivables are past due or impaired. Refer to Note 27 for analysis of risk exposure for trade and other receivables.

Accounting Policy

Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Sundry receivables are recognised at amortised cost, less any provision for impairment. Bonds and security deposits include restricted cash amounts and amounts placed on deposit as security for restoration and rehabilitation obligations.

8. INVENTORY

	2018 US$000s	2017 US$000s
Inventory – In-Process Uranium	5,697	4,093
Inventory – Drummed Uranium	2,227	5,712
Net Realisable Value write-down on year-end balance[(i)]	(4,792)	(5,753)
	3,132	**4,052**

(i) The carrying value of inventory was reviewed as at 30 June 2018. An expense has been recorded to write inventory down to the lower of cost and net realisable value (NRV). The NRV has been calculated using the average selling price of the Company's existing off-take agreements.

Accounting Policy

Because of the nature of in-situ operations, it is not economically feasible to accurately measure the amount of in-process inventory at any given time. We use a combination of calculating estimated uranium captured per sampling applied to total lixiviant flow rates to determine the estimated U_3O_8 pounds captured. In-process inventory represents uranium that has been extracted from the wellfield and captured in the ion exchange columns and the elution tanks in the processing plant and is currently being transformed into a saleable product. Plant inventory is U_3O_8 that is contained in yellowcake, which has been dried and packaged in drums, but not yet transported to the conversion facility. The amount of U_3O_8 in the plant inventory is determined by weighing and assaying the amount of U_3O_8 packaged into drums at the plant. Conversion facility inventory is U_3O_8 that has been transported to and received at the conversion facility. The amount of U_3O_8 in the conversion facility inventory includes the amount of U_3O_8 contained in drums shipped to the conversion facility plus or minus any final weighing and assay adjustments per the terms of the uranium supplier's agreement with the conversion facility.

The consolidated group's inventories are measured at the lower of cost or net realisable value and reflect the U_3O_8 content in various stages of the production and sales process including in-process inventory, plant inventory and conversion facility inventory. Operating supplies are expensed when purchased. Finished goods and work in progress inventory are valued at the lower of cost and net realisable value using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Where it is probable that the inventory will be delivered into existing agreements with purchasers, the estimated selling price is the average price contained in the existing agreements, otherwise current market prices are used to determine the estimated selling price.

Production costs include the cost of raw materials, direct labour, mine-site related overhead expenses and depreciation of mineral interests, property, plant and equipment.

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 27 April 2018, the Company announced its intention to divest or exit its 74% interest in the Karoo Projects in South Africa. After careful consideration of the available options, the Company decided to fully withdraw from any further development activities for the Karoo Projects in which it has an interest.

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the consolidated statement of financial position as at 30 June 2018:

	2018 US$000s	2017 US$000s
Assets		
Property - Land	2,616	-
Assets held for sale	**2,616**	**-**
Liabilities		
Restoration provision	703	-
Liabilities associated with held for sale assets	**703**	**-**

	2018 US$000s	2017 US$000s
Result of discontinued operations		
Administration expenses	(76)	(48)
Exploration expenses	(366)	-
Impairment expenses	(8,440)	(6,785)
Fair value revaluation	169	-
Loss on discontinued operations	**(8,713)**	**(6,833)**

	2018	2017
Loss per share from discontinued operations		
Basic (cents per share)	(3.77)	(3.47)

The statement of cash flows includes the following amounts relating to discontinued operations:

	2018 US$000s	2017 US$000s
Statement of cash flows		
Operating activities	(442)	(48)
Investing activities	(455)	(1,291)
Financing activities	-	-
Net cash used by discontinued operations	**(897)**	**(1,339)**

Accounting Policy

Non-current assets held for sale and disposal groups
Non-current assets and disposal groups are classified as held for sale when:
- They are available for immediate sale;
- Management is committed to a plan to sell;
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- An active programme to locate a buyer has been initiated;
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:
- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs.

10. OTHER FINANCIAL ASSETS AND LIABILITIES

	2018 US$000s	2017 US$000s
CURRENT		
Derivate financial asset(i)(ii)	2,900	1,682
Total Current Assets	**2,900**	**1,682**
NON-CURRENT		
Derivate financial asset(i)(ii)	4,138	9,942
Available-for-sale financial assets	3	3
Total Non-Current Assets	**4,141**	**9,945**
CURRENT		
Derivate financial liability(ii)	-	443
Total Current Liabilities	**-**	**443**
NON-CURRENT		
Derivate financial liability(ii)	-	1,797
Total Non-Current Liabilities	**-**	**1,797**

(i) During the 30 June 2018 financial year the consolidated group announced that it was seeking to transition the Lance Projects from an alkaline based mining method to a low pH mining method. To assist with the transition period, the Company agreed to vary certain uranium concentrate sale and purchase agreements to reduce the quantity to Lance origin uranium to be delivered under two of its existing contracts. The Company also entered into purchase agreements to acquire an aggregate of 225,000 lbs U_3O_8 (to be delivered over 2019 and 2020), at fixed purchase prices set at the date that the purchase agreements were signed, with the intent to use the purchased uranium to partly satisfy 572,000 lbs U_3O_8 of committed deliveries remaining under the existing contracts that were varied. After reversal of prior period derivative gains described below, the net result is a US$2.35 million fair value loss.

As a result of these actions, management assessed that these offtake agreements no longer satisfied the "own-use" exemption under *IAS 39 Financial Instruments: Recognition and Measurement* to not fair value the contractual rights and obligations of the arrangement. A Derivative Financial Asset has been recognised and accounted for as Financial Instruments at Fair Value through Profit or Loss. An aggregate gain of US$7.038 million upon the initial recognition of the sale contracts under the Financial Instrument Standards has been recognised in the Statement of Profit or Loss.

(ii) During the 30 June 2017 financial year the consolidated group determined that it would not produce the uranium for delivery through to 2021 under two previously-signed offtake agreements with one of its customers.

The consolidated group was able to take advantage of prevailing market conditions to purchase uranium at prices below the expected cost of production. As a result of this determination, management assessed that this offtake agreement no longer satisfied the "own-use" exemption under *IAS 39 Financial Instruments: Recognition and Measurement* to not fair value the contractual rights and obligations of the arrangement. In addition, the consolidated group contracted with a third-party to purchase 900,000 pounds U_3O_8 over a 3-year period commencing in 2018 at an average cost of US$25/lb substantially to meet the delivery commitments of this offtake agreement.

As a result of these transactions, respectively a Derivative Financial Asset and Liability were recognised. These are accounted for as Financial Instruments at Fair Value through Profit or Loss. A gain upon the initial recognition of the sale contract under the Financial Instrument Standards was recognised in Profit or Loss, as well as subsequent fair value movements.

On 1 February 2018, the Company announced that it had received cash proceeds of US$19.0 million through the partial sale of its interests in an existing uranium concentrate sale agreement and its interests in a uranium concentrate purchase agreement. 935,000 pounds U_3O_8 under an existing uranium sale agreement and a purchase commitment of 900,000 pounds U_3O_8 were sold to a third party. Net cash proceeds of US$19.0 million were received by the company on 31 January 2018. Upon recognition of the sale, the Derivative Financial Asset and Liability previously recognised were reversed resulting in a loss on derivative in the Statement of Profit or Loss during the year of US$9.384 million and the realised net cash proceeds of US$19.0 million included in Other Income in the Statement of Profit or Loss. Refer to Note 27 Financial Risk Management for further disclosure.

Accounting Policy

Financial assets 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 profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Key Estimates, Judgements and Assumptions

Fair value for financial assets 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.

Fair value for derivative financial assets is determined by reference to comparable arm's length transactions or by reference to factors that would apply on an arm's length transaction. In determining fair value, the projected cash flow stream of the financial asset is escalated to a future date using the interest rate applicable to the financial asset instrument. Future cash flows are discounted back to present value using a discount rate that reflects the expected rate of return and level of risk inherent within each financial instrument.

Purchase contract derivative fair values are based on product value of the difference in purchase prices versus the forward curve of spot prices. Delivery contract derivative fair values are based on the present value of the difference between revenue under existing offtake contracts and revenue that a similar contract would generate if entered into at balance date. Judgement is applied in determining what similar contracts could be entered into.

11. CONTROLLED ENTITIES

(a) Controlled entities consolidated

	Country of Incorporation	Percentage Ownership (%) 2018	2017
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	74%	74%
Tasman Lukisa JV Company (Pty) Ltd	South Africa	74%	74%
Beaufort West Minerals (Pty) Ltd	South Africa	74%	74%
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%
Trove Resources Pty Ltd	Australia	100%	100%
Imperial Mining (Fiji) NL	Australia	100%	100%
Peninsula Energy LTIP Pty Ltd	Australia	100%	100%
Peninsula Uranium Limited	UK	100%	100%

(b) Acquisition and disposal of controlled entities

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

(c) Non-controlling interests (NCI)

Set out below is summarised financial information for the Lukisa Joint Venture. The amounts disclosed are before inter-company eliminations:

	2018 US$000s	2017 US$000s
Summarised statement of financial position		
Current assets	2,989	327
Non-current assets	-	8,598
Total assets	2,989	8,925
Current liabilities	751	51
Non-current liabilities	5,187	5,580
Total liabilities	5,938	5,631
Net assets	**(2,949)**	**3,294**
Accumulated NCI	**(767)**	**856**

	2018 US$000s	2017 US$000s
Summarised statement of profit or loss and other comprehensive income		
Impairment expense	(6,783)	(1,623)
Write-off of exploration costs	(294)	-
Fair value revaluation	653	-
Loss for the year from continuing operations	**(6,424)**	**(1,623)**
Loss from continuing operations attributable to:		
Equity holders of the Parent	(4,754)	(1,201)
Non-controlling interests	(1,670)	(422)
	(6,424)	**(1,623)**
Summarised cash flows		
Cash flows used by investing activities	(648)	(1,112)
Cash flows from financing activities	648	1,112
Net increase in cash and cash equivalents	**-**	**-**

Key Estimates, Judgements and Assumptions

In determining whether the consolidated group has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the consolidated group to control the day to day activities of the partly owned subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the consolidated group has with other owners of partly owned subsidiaries are taken into consideration. Whilst the consolidated group is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the consolidated group where it is determined that the consolidated group controls the day to day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

Upon acquisition of partly owned subsidiaries by the consolidated group, judgement is exercised concerning the value of net assets acquired on the date of acquisition. Minority owner interest share of net assets acquired, and subsequent period movements in value thereof, are disclosed as outside equity interests.

On 18 December 2013, the Company acquired a 74% interest in Lukisa JV Company (Pty) Ltd. Under the terms of the shareholders' agreement in place with the holder of the 26% minority interest, the Company has judged that the Company has sufficient capability under the shareholders' agreement to control the day to day activities and economic outcomes of Lukisa JV Company (Pty) Ltd. Future changes to the shareholders' agreement may impact on the ability of the Company to control Lukisa JV Company (Pty) Ltd. The Company may be liable in the future to make an additional payment of US$45 million to the vendor. Following the decision to exit the project, liquidate the assets and relinquish the mining rights, it is improbable that this additional payment is required, refer to Note 30 for further details.

12. PROPERTY, PLANT & EQUIPMENT

	Consolidated Group	
	2018 US$000s	2017 US$000s
Plant and Equipment		
- At cost	22,875	22,840
- Accumulated depreciation	(1,192)	(745)
Total Plant and Equipment	**21,683**	**22,095**
Land and Buildings		
- At cost	2,988	8,008
- Accumulated depreciation	(359)	(261)
Total Land and Buildings	**2,629**	**7,747**
Total Property, Plant and Equipment	**24,312**	**29,842**

30 June 2018	Plant and Equipment US$000s	Land and Buildings US$000s	Total US$000s
(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	22,095	7,747	29,842
Additions	184	127	311
Disposals	(132)	-	(132)
Depreciation expense	(123)	-	(123)
Depreciation expense included in Cost of Sales and Discontinued Operations	(331)	(98)	(429)
Impairment expense	-	(2,240)	(2,240)
Transfer to assets held for sale (Note 9)	-	(2,616)	(2,616)
Foreign exchange translation	(10)	(291)	(301)
Carrying amount at the end of the year	**21,683**	**2,629**	**24,312**

30 June 2017	Plant and Equipment US$000s	Land and Buildings US$000s	Total US$000s
(b) 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	21,975	7,126	29,101
Additions	911	9	920
Disposals	(399)	-	(399)
Depreciation expense	(31)	-	(31)
Depreciation expense included in Cost of Sales	(363)	(94)	(457)
Foreign exchange translation	2	706	708
Carrying amount at the end of the year	**22,095**	**7,747**	**29,842**

Accounting Policy

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

Property

Freehold land and buildings are shown at their cost, less accumulated depreciation on buildings.

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 or loss and other comprehensive income during the financial period in which they are incurred.

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 or 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.

Depreciation

The carrying amounts of mineral interests, property, plant and equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, or using the straight-line method over their estimated useful lives indicated below.

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

• Mine plant and equipment - based on recoverable resources or reserves on a unit of production basis
• Assets under construction - not depreciated
• Property, plant and equipment - 2 to 15 years straight-line or on a unit of production basis
• Buildings - 6 to 40 years straight-line or on a unit of production basis

13. MINERAL EXPLORATION AND EVALUATION

	2018 US$000s	2017 US$000s
Exploration and evaluation		
Balance at the beginning of the year	4,580	8,181
Exploration and evaluation costs incurred	455	1,301
Provision for rehabilitation costs	703	-
Impairment expense	(6,200)	(6,881)
Foreign exchange translation	462	1,979
Carrying amount at the end of the year	**-**	**4,580**

Accounting Policy

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 resources or 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 assets.

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 and evaluation assets in relation to an area may still be impaired or written off if it is considered appropriate to do so.

Key Estimates, Judgements and Assumptions

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 economically recoverable resources. Capitalisation of expenditure requires the consolidated group to make a judgement on the extent that expenditure on exploration and evaluation assets will likely be recovered in the future through mineral extraction or some other form of commercialisation of the exploration and evaluation stage assets.

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.

In April 2018, the Company announced its decision to fully withdraw from any further development activities for the Karoo Projects in which it has a 74% interest and has suspended all financial support for development activities including progression of mining and prospecting right applications. Peninsula is working together with its joint venture partners and the South African regulators to ensure an orderly exit from the project.

As the carrying value of exploration and evaluation assets has been impaired to nil, the Company shall immediately expense all future expenditure on the Karoo Project in South Africa and will no longer capitalise any amounts spent on exploration or evaluation activities.

14. MINERAL DEVELOPMENT

	2018 US$000s	2017 US$000s
Development		
Balance at the beginning of the year	56,115	110,737
Development costs	2,684	9,193
(Decrease)/Increase in provision for rehabilitation	(935)	6,851
Amortisation of development costs	(2,085)	(2,761)
Impairment expense	-	(67,905)
Carrying amount at the end of the year	**55,779**	**56,115**

Accounting Policy – Amortisation of Development Costs

Amortisation of development costs is charged on a units of production basis over the life of economically recoverable resources. Mineral development costs are amortised on the following basis for the Company's operating in-situ recovery project:

- Mine Units – Wellfield development costs (mine unit wellfield data package costs, mining wells, monitor wells and header houses) within a mine unit are amortised on a units of production basis over the expected uranium to be recovered from that mine unit;
- Permit Area – Capitalised exploration, trunkline installation, permitting costs and restoration and rehabilitation costs are amortised on a units of production basis over the expected uranium to be recovered from that permit area; and
- Life of Mine – Capitalised borrowing costs and capitalised pre-production costs are amortised on a units of production basis over the expected uranium to be recovered over the life of mine from all permit areas.

Amortisation of Ross Permit Area costs commenced on 1 May 2016 upon the election to commence commercial operations.

Accounting Policy – Rehabilitation

The consolidated group's operations are subject to significant environmental regulation under international legislation in relation to its conduct of development and operation of uranium projects. The Directors are of the opinion that sufficient procedures and reporting processes have been established to enable the consolidated group to meet its environmental responsibilities, including future restoration and rehabilitation obligations.

Accounting Policy – Impairment of Assets

Development activities commence after commercial viability and technical feasibility of the project is established. 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 asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell "FVLCS" 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.

During the financial year, the Company announced the intention to change the Lance Projects from an alkaline based mining method to a low pH mining method. In April 2018, the Company submitted the first of its requests to the regulator seeking an amendment to its existing Permit to Mine to facilitate the use of the low pH mining method and commenced a feasibility study to update its life of mine plan to reflect the use of a low pH mining method. The outcomes of the feasibility study were announced by the Company on 17 September 2018 (refer Note 23).

A proposed change to a low pH mining method is an indicator of impairment, as are the reported prices for uranium (Term \$31.50/lb U_3O_8; Spot US\$26.00/lb U_3O_8) as at the end of the financial year. Another indicator of impairment is the market capitalisation / enterprise value of the Company at the end of the financial year being below the carrying value of the Lance Projects CGU.

The Company has compared the FVLCS as at 30 June 2018 of the CGU to the carrying value of the Lance project to determine that no impairment needs to be booked in the financial statements. In determining the FVLCS the Company has considered valuations under the Market Approach and Income Approach. In relation to the Market Approach the Directors used the recent independent valuation completed by an Independent Expert providing information to shareholders for their consideration before voting on resolutions at an Extraordinary General Meeting of shareholders held on 19 September 2018. The independent valuation was carried out in advance of the low pH Feasibility Study being released, and valued the Lance Projects at US$80.0 million on an "as is" basis (ie, excluded the benefits that would be derived from a successful transition to low pH operations).

For the Income Approach the company has used a life of mine cash flow model for the Ross and Kendrick permit areas using the low pH mining method plus a market value per pound of in-situ resource for the Barber permit area. The Barber permit was valued in this manner due to the levels of inferred resource within the overall resource statement. This approach differs, and is a more conservative approach, from that used in the low pH Feasibility Study. This results in a valuation approximating to the carrying value of the Lance Projects CGU.

The estimates of future cash flows are based on significant assumptions including:

- Future uranium prices, specifically prices for uncontracted uranium under the consolidated group's preferred selling model of long term contracts. Uncontracted uranium is assumed to be sold at nominal prices sourced from Consensus Economics Inc as at July 2018 ranging from US$25.80/lb U_3O_8 in CY2018 to US$45.20/lb U_3O_8 in CY2022 and beyond (escalated at 2.0% per annum);
- 6.2 million lbs U_3O_8 (or 41%) of life of mine sales are assumed to be made under the existing uranium concentrate sale and purchase agreements held by the Company, at a weighted average price of US$51.00/lb U_3O_8;
- Technical, operating and cost assumptions are those contained in the low pH Feasibility Study announced on 17 September 2018, the material assumptions of which are contained in Appendix 1 of that announcement;
- Within the Ross and Kendrick Permit Areas, 82% of the Measured and Indicated mineral resource is recovered and 54% of the Inferred mineral resource is recovered;
- Within the Ross and Kendrick Permit Areas, 67% of production is sourced from Measured and Indicated resources and 33% is sourced from Inferred resources;
- Within the discounted cash flow model, Measured and Indicated resources comprise production during the first 67% of the mine life, with Inferred resources only contributing to production during the final 33% of the mine life;
- On or around 1 July 2019, approvals granted for modifications to existing licences and permits to allow the initial commencement of low pH operations at the Lance Projects, and such approvals to be generally consistent with the low pH implementation plan detailed in the feasibility study announcement dated 17 September 2018;
- Production and capital costs being consistent with feasibility study outcomes and detailed budgets approved by the Board;
- Estimates of the quantity of mineral resources for which there is a high degree of confidence of economic extraction at rates consistent with Board approved budgets and long term development plans;
- Estimates of the rate of production at each stage of development being consistent with modelled rates at each stage of development;
- A pre-tax nominal discount rate of 11.15% (2017: 11.15%) has been utilised which has been based on internal assessment by the Company and comparison to other producing uranium mining companies in Australia and North America;
- While risk remains regarding approval of amendment requests to allow the use of the low pH mining method, as at the date of this report, the Company is not aware of any matters or circumstances arising that would prevent the receipt of requested amendment approvals being received in a form and timeframe assumed by the Company; and
- Future changes in assumptions upon which these estimates are based may give rise to a material adjustment by impairing the development expenditure.

The value of the in-ground resource assigned to the Barber Permit Area is based on a review of comparable transactions of sandstone hosted pre-operational uranium deposits that contain greater than 50% Inferred resources. Excluding outliers, comparable transactions adjusted for movement in the price of uranium range from a low of US$0.66/lb U_3O_8 resource to a high of US$1.72/lb U_3O_8 resource. A base value of US$1.10/lb U_3O_8 in-ground resource was used.

Other factors that the Directors have considered is that further to the release of the Independent Expert report, the results of the low pH Feasibility Study were announced on 17 September 2018 indicating a value for the Lance Projects CGU of over US$150 million from applying the parameters and assumptions that underpin the low pH Feasibility Study.

Finally, the Directors also took into consideration that the market value and enterprise value of the Company at the end of the financial year was less than the carrying value of the Lance Projects CGU. At the date of this report, if a control premium was applied to the market value at 30 June 2018, the control premium adjusted market value would approximate the carrying value of the Lance Projects CGU.

The Company has validated the results of Income Approach FVLCS 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:

Variable	Change in assumption	Amount of decrease US$000s
Discount rate	1% point increase	4,163
Uranium prices	$1/lb decrease	3,534
Resource Recovery	1% point decrease	817

As the Lance Projects CGU recoverable amount approximates its carrying value, any adverse movements in key assumptions may lead to an impairment.

Key Estimates, Judgements and Assumptions

Pre-production costs are deferred as development costs until such time as the asset is capable of being operated in a manner intended by management and depreciated on a units of production basis. Post-production costs are recognised as a cost of production.

Determining when a project has commenced commercial operations involves judgement. Management performs this assessment for each development project. Amongst the criteria that are evaluated for in-situ recovery and operations are: the level of wellfield flow rates relative to design capacity; the level of production relative to design capacity and the sustainability of this level; the period of time since the start of uranium production; and, an assessment of the sustainability of profitable operations. These factors can be subjective and no one factor by itself is necessarily indicative. Management exercises judgment in evaluating these factors based on its knowledge of the project's operations.

This assessment impacts the statement of financial position and statement of profit or loss and other comprehensive income, as upon commencement of commercial operations, development expenditures cease to be capitalised, revenue is recognised from any sales when the appropriate criteria have been met, and the assets included in assets under construction are reclassified to property, plant and equipment.

The Company made an election to commence expensing production costs on 1 May 2016 due to the commissioning of the CPP, deep disposal well and Stage 1 flow rate capacity reaching almost 50%.

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 resources or 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. In determining economically recoverable resources, management makes certain estimates and assumptions as to future events, including the future price of uranium.

15. JOINT ARRANGEMENTS

Interest in Joint Operations

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. Relinquishment submissions have been made by the operator of the Joint Venture.

All capitalised expenditure relating to the Geopacific Joint Venture was fully impaired at 30 June 2013.

Mmakau (RSA) Joint Venture

Peninsula Energy has a 74% interest in the Mmakau Joint Venture, whose principal activity is uranium exploration in the Karoo region of the Republic of South Africa. The 74% interest in this joint venture is proportionately consolidated. BEE partner Mmakau Mining (Pty) Ltd holds a 26% interest.

	2018 US$000s	2017 US$000s
NON-CURRENT ASSETS		
Mineral exploration and evaluation(i)	-	1,497

(i) The asset has been impaired in full following the Company's decision to fully withdraw from any further development activities for the Karoo Projects in which it has a 74% interest, as announced on the ASX on 27 April 2018.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful sale of the respective areas of interest.

Accounting Policy

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

16. TRADE AND OTHER PAYABLES

	2018 US$000s	2017 US$000s
CURRENT		
Trade and other payables	3,237	3,131
Total trade and other payables	**3,237**	**3,131**

Trade and other payables are non-interest bearing and due to their short-term nature, their carrying amount is assumed to approximate their fair value.

Accounting Policy

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.

17. BORROWINGS

	2018 US$000s	2017 US$000s
CURRENT		
Borrowings – Convertible Notes(i)	15,163	19,314
Borrowings – Investec	-	980
Borrowings – Strata(ii)	516	596
Total current financial liabilities	**15,679**	**20,890**
NON-CURRENT		
Borrowings - Strata(ii)	362	902
Lukisa Joint Venture loans	-	180
Total non-current financial liabilities	**362**	**1,082**

(i) On 26 April 2016 Peninsula announced it had executed convertible note agreements with major shareholders Resource Capital Fund VI L.P (RCF VI) and Pala Investments Ltd (Pala) for a total of US$15.0 million (Convertible Notes). On 14 October 2017, Peninsula announced it had increased the total funding from US$15.0 million to US$20.0 million under the existing convertible note facility.

On 20 April 2018 Peninsula announced it had entered into binding offer letters with RCF VI and Pala to extend the maturity date of the existing convertible note facility by two years to 22 April 2020, and decreased the total convertible note facility from US$20.0 million to $17.0 million, following a cash repayment by Peninsula of US$3.0 million.

Under the terms of the existing convertible loan agreements, RCF VI and Pala (Lenders) have each provided Peninsula with a convertible note facility, with participation in proportion to their existing shareholdings in the Company. Following the repayment of US$3.0 million, the US$17.0 million total loan amount comprises of a US$10.91 million convertible loan provided by RCF VI and a US$6.09 million convertible loan provided by Pala.

Under the terms of the Convertible Notes, the Lenders may elect to convert all or part of the principal amount of the Convertible Notes (including any capitalised interest) into fully paid ordinary shares at any time prior to maturity at a conversion price. On 20 April 2018, Peninsula announced that RCF VI and Pala have further demonstrated their support by agreeing to a variation of the terms of the Convertible Notes whereby the maturity date was extended by 24 months to 22 April 2020 and the conversion price set at a fixed price of A$0.40 per share. The Convertible Loans bear interest at the rate of 10% per annum for the first twelve-month period up until 22 April 2019 and then 12% thereafter, payable in quarterly in arrears in cash or shares at the Company's election until 30 June 2019 and the Lenders' election thereafter.

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

Other finance facilities:	2018 US$000s	2017 US$000s
Off-balance sheet arrangements		
Surety bonds(i)	11,290	12,200
Total off-balance sheet arrangements	**11,290**	**12,200**

(i) In the normal course of business, the Company is a party to certain off-balance sheet arrangements. These arrangements include guarantees and financial instruments with off-balance sheet risk, such as letters of credit and surety bonds. No liabilities related to these arrangements are reflected in this consolidated Statement of Financial Position, other than the rehabilitation provision.

US federal and state laws require the Company to secure certain long-term obligations, such as asset retirement obligations. We have secured these obligations with surety bonds and we have supported our surety bonds with cash deposits that represent a percentage of the face value of the obligation. The surety bond provider has a first ranking charge over these cash deposit amounts. We believe these bonds will expire without any claims or payments thereon, and accordingly we do not expect any material adverse effect on our financial condition, results of operations or cash flows therefrom.

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost or fair value. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Borrowing costs cease to be capitalised upon the earlier of extinguishment of the liability or the commencement of commercial production from the qualifying asset.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Key Estimates, Judgements and Assumptions

Balances disclosed in the financial statements and notes related to financial liabilities are shown at their amortised cost or fair value. When measuring fair value of financial liabilities owed by the consolidated group to minority owners of partly owned subsidiaries within the consolidated group, judgement is made on the future maturity date of the financial instruments, likelihood of the obligation having to be settled and the discount rate applied to future cash flow streams to determine fair value at each reporting date. The discount rate takes into account a risk factor applicable to each such financial liability on each reporting date. At the time of completion of the acquisition of the 74% interest in the Lukisa JV Company (Pty) Ltd, the Company and the holder of the 26% minority interest each acquired from the vendor certain loans owing from the Lukisa JV Company (Pty) Ltd to the vendor. Due to the decision by the Company to withdraw from the Karoo Projects in South Africa and the subordinated position that the acquired loans hold compared to other shareholder loans and third party liabilities, the Company has applied its judgement to value these loans at a fair value of nil.

The expected maturity date and discount factor applied at each reporting date may change as a result of changes in development, operations or future prospects of partly owned subsidiaries and uranium market conditions.

18. PROVISIONS

	2018 US$000s	2017 US$000s
CURRENT		
Employee Entitlements - Annual Leave	177	187
Total current provisions	**177**	**187**
NON-CURRENT		
Rehabilitation Provision(i)	10,397	11,332
Total non-current provisions	**10,397**	**11,332**

(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.

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.

Employee Benefits

Provision is made for the consolidated group's liability for employee benefits arising from services rendered by employees to the reporting 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. United States employees receive retirement contributions under a 401(k) plan established by Strata, which is currently 5.0% of ordinary earnings, and do not receive any other retirement benefits.

Key Estimates, Judgements and Assumptions

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. In recognising the amount of decommissioning and restoration obligation at each reporting date, judgement is made on the extent of decommissioning and restoration that the consolidated group is responsible for at each reporting date. For ISR operations, this requires an assessment to be made on not only physical above ground disturbances but also on below ground disturbances in mining zone aquifers that have occurred through the use of the ISR mining method. 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.

19. ISSUED CAPITAL

	2018 US$000s	2017 US$000s
A reconciliation of the movement in capital and reserves for the consolidated group can be found in the Statement of Changes in Equity.		
233,697,385 fully paid ordinary shares (2017: 229,591,666)	205,099	204,067

(a) Ordinary shares

	2018 No.	2017 No.
At the beginning of the reporting year	229,591,666	176,423,023
Shares issued during the year		
- Shares issued under subscription agreement	-	1,537,189
- Shares issued under service agreement	-	783,490
- Employee incentive shares issued	-	-
- Shares issued under employment agreement	-	87,500
- Equity Raising – Placement	-	17,000,000
- Share Purchase Plan	-	28,401,096
- Debt facility fees and interest(i)	4,105,719	5,359,368
Total at the end of the year	**233,697,385**	**229,591,666**

(b) Ordinary shares

	2018 US$000s	2017 US$000s
At the beginning of the reporting year	204,067	184,073
Shares issued during the year		
- Shares issued under subscription agreement	-	745
- Shares issued under service agreement	-	472
- Shares issued under employment agreement	-	38
- Equity Raising – Placement	-	6,404
- Share Purchase Plan	-	10,702
- Debt facility fees and interest(i)	1,032	2,182
- Capital raising fees – equity facility agreement	-	(488)
- Capital raising fees – other	-	(61)
Total at the end of the year	**205,099**	**204,067**

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

(c) Options and Performance Rights

The total number of options on issue at 30 June 2018 was 56,423,183. The options include 51,713,436 listed PENOD options on issue exercisable at A$2.00 on or before 31 December 2018, 384,747 unlisted options exercisable at A$1.52 on or before 1 December 2019, 1,350,000 unlisted options exercisable at A$0.50 on or before 30 November 2022 and 2,975,000 unlisted options exercisable at A$0.55 on or before 30 November 2022.

A reconciliation of the total options on issue as at 30 June 2018 is as follows:

	PENOD	UNLISTED
At the beginning of the reporting year	51,713,436	2,634,748
Issued during the year(i)(ii)	-	4,325,000
Expired during the year	-	(2,250,001)
Exercised during the year	-	-
Total at the end of the year	**51,713,436**	**4,709,747**

(i) On 19 December 2017 the Company issued 1,350,000 unlisted director incentive options exercisable at A$0.50 on or before 30 November 2022 to Mr Heili and Mr Coyne as approved by shareholders at the Annual General Meeting on 29 November 2017. The director incentive options will be held on trust for the directors and will vest in equal proportions over a three-year period with the first vesting date being 1 July 2018.

(ii) On 19 December 2017 the Company issued 2,975,000 employee incentive options exercisable at A$0.55 on or before 30 November 2022. The employee incentive options will be held on trust for the various recipients until the future vesting date being 6 months after the Wyoming Department of Environmental Quality approves the amendments to the Permit to Mine and Source Materials License to allow low pH mining in the Ross Permit Area. If no such approval is forthcoming before the expiry date, the options shall lapse.

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

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.

(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 other than a small quantity of equipment hire purchase and a building mortgage. 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.

Accounting Policy

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.

The consolidated group operates equity-settled share-based payment employee share, performance rights, restricted share unit 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 and restricted share units is ascertained as the market bid price at the time of issue. The fair value of performance rights is ascertained independently on the effective date of grant 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 Black Scholes pricing model which incorporates all market vesting conditions. The number of shares, restricted stock units 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.

20. RESERVES

(a) Share-Based Payments Reserve

The share-based payments reserve records items recognised as expenses on valuation of employee share options and convertible note facility shares and options.

A reconciliation of the movement in the share-based payments reserve as at 30 June 2018 is as follows:

	2018 US$000s	2017 US$000s
At the beginning of the reporting year	13,116	12,601
Share-based payments (Note 24)	871	10
Debt facility fees[(i)]	1,399	505
Total at the end of the year	**15,386**	**13,116**

(i) As part of the amendments to the Convertible Loan Facility, which were approved by shareholders at the EGM held on 19 September 2018, the Lenders are entitled to 22,500,000 unlisted options exercisable at A$0.50 on or before 22 April 2022 which will be issued to the Lenders in proportion to the respective principal amounts of the Convertible Loans. These have been accrued as at 30 June 2018, but are to be issued subsequent to year end.

(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.

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 functional currency of the parent entity is Australian dollars. The consolidated financial statements are presented in United States dollars which is the parent entity's presentation currency. The functional currency of a material subsidiary, Strata Energy, Inc. is United States dollars. The functional currency of a material subsidiary, Tasman RSA Holdings (Pty) Ltd is South African rand. The functional currency of a material subsidiary, Peninsula Uranium Limited is Great Britain pounds.

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 exchange rate on the last day of the reporting period. 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 or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. The parent entity of the consolidated group provides the majority of funding to subsidiaries by way of US dollar denominated intercompany loans, thereby generating a net investment hedge where the gain or loss on consolidation is taken to other comprehensive income in the consolidated statement of profit or loss.

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 or 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 exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the reporting 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 United States dollars are recognised in Other Comprehensive Income and included in the foreign currency translation reserve in the statement of financial position.

21. AUDITOR'S REMUNERATION

	2018 US$000s	2017 US$000s
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	65	82
- Other services	47	30
Total auditor's remuneration	**112**	**112**

22. 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 Harrison	Chairman (Non-Executive)
Wayne Heili	Managing Director / CEO
Evgenij Iorich	Director (Non-Executive)
Harrison Barker	Director (Non-Executive)
Mark Wheatley	Director (Non-Executive)
David Coyne	Finance Director / CFO
Ralph Knode	Chief Executive Officer (Strata Energy Inc.)
Willie Bezuidenhout	Chief Executive Officer (South Africa)
Jonathan Whyte	Company Secretary

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the consolidated group's Key Management Personnel for the year ended 30 June 2018.

The totals of remuneration paid to Key Management Personnel of the Company and the consolidated group during the year are as follows:

	2018 US$000s	2017 US$000s
Short-term employee benefits	1,912	2,309
Post-employment benefits	51	48
Medical benefits	21	-
Share-based payments (Note 24)	580	44
	2,564	**2,401**

23. EVENTS AFTER THE REPORTING DATE

On 3 July 2018, the Company announced that binding amendment and restatement deeds had been entered into with RCF VI and Pala concerning the amendment and extension of the US$17.0 million Convertible Note Facility. The Company also announced that RCF VI and Pala had agreed to sell a total of US$3.85 million of the face value of the Convertible Note Facility to associates of Collins Street Asset Management, an existing Top 20 shareholder in the Company.

On 17 September 2018 the Company announced the results of a low pH Feasibility Study by Wyoming based ISR engineers Woodard & Curran, Inc at the Lance Projects. The results of the Feasibility Study confirmed that the planned low pH ISR operation at the Lance Project will be a globally competitive uranium project, with low cash operating costs over a 17 year mine life and a substantially increased production profile. Changing from an alkaline based ISR solution to a low pH ISR solution is not expected to require substantial changes to the processing plant and/or other existing infrastructure. With only minor modifications expected, capital expenditure requirements for the transition to low pH ISR are forecast to be minimal. The Feasibility Study results demonstrate significantly enhanced economics under a low pH ISR operation. Refer to the ASX announcement released on 17 September 2018 for the detailed results of the Feasibility Study.

On 19 September 2018 shareholders approved the changes to the Convertible Note Facility, including an extension to the maturity date of the existing convertible note facility by 2 years to 22 April 2020. All conditions precedent to the amendment and restatement were completed on 28 September 2018.

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.

24. SHARE-BASED PAYMENTS

	2018 US$000s	2017 US$000s
Director incentive options issued[(i)]	114	-
Employee incentive options issued[(ii)]	129	-
Shares issued under service agreement	-	34
Employee incentive shares issued	-	38
Options issued to Directors	-	10
Accrual for LTIP shares[(iii)]	628	-
Total share-based payments	**871**	**82**

(i) On 19 December 2017, 1,350,000 unlisted options were issued to Executive Directors as approved by shareholders at the Annual General Meeting held on 28 November 2017. The options were valued independently using the Black Scholes option model and are being expensed over the vesting period of the options, refer to the Notice of Annual General Meeting released on 27 October 2017 for detailed valuation assumptions. The director incentive options will be held on trust for directors and will vest in equal proportions over a three-year period with the first vesting date being 1 July 2018.

(ii) On 19 December 2017, 2,975,000 unlisted options were issued to employees under existing contracts. The options were valued using the Black Scholes option model and are being expensed over the vesting period of the options. The employee incentive options will be held on trust for the various recipients until the future vesting date being 6 months after the relevant regulatory body approves the amendments to the permits and licenses to allow low pH mining in the Ross Permit area. If no such approval is forthcoming before the expiry date, the options shall lapse.

(iii) Refer to the Remuneration Report for further details of Restricted Share Units granted under the Long Term Incentive Plan for Key Management Personnel and senior staff.

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.

25. 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	2018 US$000s	2017 US$000s
Profit/(Loss) for the year		
Profit/(Loss) after income tax	503	(74,725)
Earnings used to calculate basic and diluted EPS	503	(74,725)
Profit/(Loss) for the year from continuing operations		
Profit/(Loss) after income tax	7,546	(68,314)
Earnings used to calculate basic and diluted EPS	7,546	(68,314)

(b) Weighted average number shares outstanding during the year	2018 No.	2017 No.
Weighted average number of ordinary shares used in calculating basic EPS	231,331,287	197,013,176
Weighted average number of ordinary shares and shares under option used in calculating diluted EPS	285,573,653	197,013,176

Earnings Per Share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss 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.

26. CAPITAL, LEASING AND DELIVERY COMMITMENTS

	Consolidated Group 2018 US$000s	Consolidated Group 2017 US$000s
(a) Exploration Tenement Leases		
Payable - Mining Leases (not later than one year)	**411**	**561**

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.

	2018 US$000s	2017 US$000s
(b) Office Building Lease		
Payable – Commercial Lease (not later than one year)	45	45
Payable – Commercial Lease (later than one year and not later than five years)	-	45
	45	**90**

Peninsula entered into an agreement for a lease for Head Office premises in Perth. The lease agreement is for a term of two years on standard commercial terms.

	2018 US$000s	2017 US$000s
(c) Mobile Equipment Leases		
Payable – Operating Leases (not later than one year)	**35**	**43**

(d) U_3O_8 Delivery Commitments

As at 30 June 2018 Peninsula has up to 6,522,000 pounds of U_3O_8 remaining under contract for delivery to major utilities located in the United States and Europe.

Summary of Delivery Commitments over next five years:

Financial Year	Pounds U_3O_8
2019	206,000
2020	191,000
2021	375,000
2022	775,000
2023	800,000

Approximately 64% of deliveries over the next five years are firm and binding. Approximately 36% of deliveries are optional at the election of the customer.

(e) U_3O_8 Purchase Commitments

As at 30 June 2018 Peninsula has 225,000 pounds of U_3O_8 remaining under contract for purchase.

Summary of Purchase Commitments over next five years:

Financial Year	Pounds U_3O_8
2019	75,000
2020	150,000
2021	-
2022	-
2023	-

Accounting Policy

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.

Key Estimates, Judgements and Assumptions

Judgement is required to determine whether the consolidated group's U_3O_8 delivery commitments satisfy the "own-use exemption" contained within IAS 39. The standard applies to contracts to buy or sell a non-financial item that can be settled net in cash or in another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale, or usage requirements.

With the planned transition of the Lance Projects to a low pH mining method, other than a sale contract for which the Company has committed to purchase uranium to meet the sale quantities, management is confident that all other future delivery commitments will be met from internal production and meet the "own-use exemption" definition. Therefore, the majority of commitments fall outside the scope of IAS 39 and no derivative has been recognised other than as disclosed in Note 10.

27. FINANCIAL RISK MANAGEMENT

The consolidated group's financial instruments consist of certain uranium concentrate sale and purchase agreements, 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 Audit and Risk Management Committee Charter and specific approved group policies. These policies are developed in accordance with the consolidated group's 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 rates 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 the reporting 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, United Kingdom and Australia given the substantial operations in those regions. Details with respect to credit risk of Trade and Other Receivables are provided in Note 7. 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 7.

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.

	2018 US$000s	2017 US$000s
Cash and Cash Equivalents		
- A Rated	11,959	9,621
	11,959	**9,621**

(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	
Financial Assets	2018 US$000s	2017 US$000s	2018 US$000s	2017 US$000s	2018 US$000s	2017 US$000s	2018 US$000s	2017 US$000s
Cash & cash equivalents	11,959	9,621	-	-	-	-	11,959	9,621
Trade and other receivables	471	803	5,936	2,805	-	-	6,407	3,608
Other financial assets	-	-	3	3	-	-	3	3
Total Financial Assets	**12,430**	**10,424**	**5,939**	**2,808**	**-**	**-**	**18,369**	**13,232**
Financial Liabilities								
Trade and other payables	3,237	3,131	-	-	-	-	3,237	3,131
Borrowings	19,109	22,238	370	920	-	180	19,479	23,338
Total Financial Liabilities	**22,346**	**25,369**	**370**	**920**	**-**	**180**	**22,716**	**26,469**

(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 the reporting date, the details of outstanding contracts are as follows:

	Effective Average Fixed Interest Rate			
Maturity of Amounts	**2018 %**	**2017 %**	**2018 US$000s**	**2017 US$000s**
Less than 1 year	1.53	1.52	15,712	8,507
1 to 2 years	-	-	-	-
2 to 5 years	-	-	-	-
Total Financial Assets			**15,712**	**8,507**
Maturity of Amounts				
Less than 1 year	8.39	7.87	15,679	20,890
1 to 2 years	9.04	8.70	362	902
2 to 5 years	-	3.75	-	180
Total Financial Liabilities			**16,041**	**21,972**

(ii) Foreign Exchange Risk

The consolidated group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the relevant group company. The consolidated group's borrowings and deposits are largely denominated in US dollars. Currently there are no foreign exchange hedge programmes in place. However, the consolidated group treasury function manages the purchase of foreign currency to meet operational requirements.

As at 30 June 2018 the consolidated group's net exposure to foreign exchange risk was as follows:

	Currency	2018 $000s	2017 $000s
Functional currency of individual entity: AUD			
Net Foreign Currency Financial Assets			
Cash & cash equivalents	USD	176	4,102
Net Foreign Currency Financial Liabilities			
Borrowings	USD	(15,163)	(19,314)
Total net exposure	USD	**(14,987)**	**(15,212)**

The effect of a 10% strengthening of the USD against the AUD at the reporting date on the USD-denominated assets and liabilities carried within the AUD functional currency entity would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of US$1.50 million (2017: increase in loss and decrease in net assets of US$1.52 million).

(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 10, 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;
- Derivative financial assets and liabilities – initially recognised at fair value through profit or loss at the date the contract is entered into and subsequently re-measured at each reporting date;
- Other assets and liabilities approximate their carrying value; and
- The fair value of non-current borrowings as disclosed in Note 17 approximately equals the carrying value.

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

Financial Instruments Measured at Fair Value

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

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

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

2018

Financial Assets	**Level 1 US$000s**	**Level 2 US$000s**	**Level 3 US$000s**	**Total US$000s**
- Available-for-sale: listed investments(i)	3	-	-	3
- Derivative financial asset(ii)	-	-	7,038	7,038
Total Financial Assets	**3**	**-**	**7,038**	**7,041**
Financial Liabilities				
Borrowings:				
- Convertible Bridge Loan(iii)	-	-	15,163	15,163
Total Financial Liabilities	**-**	**-**	**15,163**	**15,163**

2017

Financial Assets	**Level 1 US$000s**	**Level 2 US$000s**	**Level 3 US$000s**	**Total US$000s**
- Available-for-sale: listed investments(i)	3	-	-	3
- Derivative financial asset(ii)	-	-	11,624	11,624
Total Financial Assets	**3**	**-**	**11,624**	**11,627**
Financial Liabilities				
Borrowings:				
- Convertible Bridge Loan(iii)	-	-	19,314	19,314
- Derivative financial liability(ii)	-	-	2,240	2,240
Total Financial Liabilities	**-**	**-**	**21,554**	**21,554**

(i) The fair value of the listed investments have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

(ii) The fair value of the derivative financial asset has been determined using comparison of uranium forward spot prices to total contractual cash flows of the respective uranium sale and purchase agreements, discounted back to present value.

(iii) The fair value of the Convertible Bridge Loan has been determined using the amounts drawn under the facility less establishment fees, less the estimated fair value of the equity component attributable to the conversion feature, which was valued using an option pricing model. The estimated fair value of the equity component was not considered material at 30 June 2018.

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 or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method. Mortgages and finance leases are measured at amortised cost and all other financial instruments are measured at fair value. *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) 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 or fair value. 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.)

(ii) 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.)

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost or fair value.

(iv) Fair value

Fair value for financial assets 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.

Fair value for financial liabilities is determined by reference to comparable arm's length transactions or by reference to factors that would apply on an arm's length transaction. In determining fair value, the projected cash flow stream of the financial liability is escalated to a future date using the interest rate applicable to the financial liability instrument. Future cash flows are discounted back to present value using a discount rate that reflects the expected rate of return and level of risk inherent within each financial liability instrument.

(v) 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 or loss and other comprehensive income.

(vi) *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 IAS 18: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under IAS 18.

(vii) *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.

28. 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, Strata Energy Inc and Peninsula Uranium Limited, a management fee for the provision of corporate, financial management, administration and other services during the year. The total management fee charged was US$0.96 million (2017: US$1.79 million).

29. 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

(a) Accounting policies adopted

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.

(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; and
- Other financial liabilities.

Segment Performance

30 June 2018	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	13,162	-	-	13,162
Cost of sales	(16,453)	-	(499)	(16,952)
Gross Profit	**(3,291)**	**-**	**(499)**	**(3,790)**
Sale of contract	-	-	19,000	19,000
Inter-segment interest	-	-	2,515	2,515
Interest revenue	45	-	38	83
Total Other Income	**45**	**-**	**21,553**	**21,598**
Inter-segment elimination	-	-	(2,515)	(2,515)
Total Gross Profit and Other Income	**(3,246)**	**-**	**18,539**	**15,293**
Expenses				
Depreciation and amortisation	-	(1)	(123)	(124)
Selling and marketing	-	-	(262)	(262)
Administration expenses	-	(75)	(2,476)	(2,551)
Impairment expenses	-	(8,440)	-	(8,440)
Exploration expenses	-	(366)	-	(366)
Fair value revaluation	-	169	-	169
Fair value gain on derivative	-	-	(2,347)	(2,347)
Allocated Segment Expenses	**-**	**(8,713)**	**(5,208)**	**(13,921)**
Unallocated				
Foreign exchange loss	-	-	-	1,208
Other expenses	-	-	-	(872)
Finance costs	-	-	-	(2,875)
Loss for the year	**-**	**-**	**-**	**(1,167)**
Segment loss included in discontinued operations	-	-	-	8,713
Profit for the year from continuing operations	**-**	**-**	**-**	**7,546**

30 June 2018	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Segment Assets				
Development	55,779	-	-	55,779
Property, plant and equipment	24,184	7	122	24,313
Cash and cash equivalents	1,039	256	10,664	11,959
Trade and other receivables	5,941	298	167	6,406
Inventory	3,132	-	-	3,132
Held for sale assets	-	2,616	-	2,616
Other financial assets	7,038	-	3	7,041
Total Assets	**97,113**	**3,177**	**10,956**	**111,246**
Segment Liabilities				
Borrowings	878	-	15,163	16,041
Provisions	10,508	-	66	10,574
Trade and other payables	1,657	109	1,471	3,237
Liabilities associated with held for sale assets	-	703	-	703
Total Liabilities	**13,043**	**812**	**16,700**	**30,555**

30 June 2017				
Revenue and Other Income				
External sales	6,367	-	11,900	18,267
Cost of sales	(14,518)	-	(5,361)	(19,879)
Gross Profit	**(8,151)**	**-**	**6,539**	**(1,612)**
Inter-segment sales	-	-	-	-
Inter-segment interest	-	-	4,546	4,546
Interest revenue	6	1	9	16
Total Other Income	**6**	**1**	**4,555**	**4,562**
Inter-segment elimination	-	-	(4,546)	(4,546)
Total Gross Profit and Other Income	**(8,145)**	**1**	**6,548**	**(1,596)**
Expenses				
Depreciation and amortisation	-	(2)	(29)	(31)
Selling and marketing	-	-	(1,199)	(1,199)
Administration expenses	-	(46)	(2,932)	(2,978)
Impairment expense	(68,001)	(6,785)	-	(74,786)
Fair value gain on derivative	-	-	9,384	9,384
Allocated Segment Expenses	**(68,001)**	**(6,833)**	**5,224**	**(69,610)**
Unallocated				
Foreign exchange gain/(loss)	-	-	-	(20)
Other expenses	-	-	-	(206)
Finance costs	-	-	-	(3,715)
Loss for the year	**-**	**-**	**-**	**(75,147)**
Segment loss included in discontinued operations	**-**	**-**	**-**	**6,833**
Loss for the year from continuing operations	**-**	**-**	**-**	**(68,314)**

30 June 2017	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Segment Assets				
Exploration & evaluation	-	4,580	-	4,580
Development	56,115	-	-	56,115
Property, plant and equipment	24,436	5,156	250	29,842
Cash and cash equivalents	224	38	9,359	9,621
Trade and other receivables	2,770	444	394	3,608
Inventory	4,052	-	-	4,052
Other financial assets	-	-	11,627	11,627
Total Assets	**87,597**	**10,218**	**21,630**	**119,445**
Segment Liabilities				
Borrowings	2,478	180	19,314	21,972
Provisions	11,451	-	68	11,519
Trade and other payables	2,045	89	997	3,131
Deferred revenue	1,107	-	-	1,107
Other financial liabilities	-	-	2,240	2,240
Total Liabilities	**17,081**	**269**	**22,619**	**39,969**

30. CONTINGENT LIABILITIES

Lukisa Joint Venture Company Acquisition

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. Following the decision during the financial year to exit the project, liquidate the assets and relinquish the mining rights, 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 30 June 2018.

Key Estimates, Judgements and Assumptions

Amounts disclosed as contingent liabilities are judgements based on commercial arrangements entered into by the consolidated group. When making judgement on contingent liabilities, consideration is given the past or future event that gives rise to a possible liability in the future and to the probability that the liability will be actually required to be settled in the future. Under the terms of the agreement to acquire a 74% interest in Lukisa JV Company (Pty) Ltd, the Company may be liable in the future to make an additional payment of US$45 million to the vendor. After assessment of the conditions that would require this payment to be made in the future, the Company has judged that this possible future payment is a contingent liability as described above and will continue to classify it as a contingent liability until such time as the basis for the possible payment no longer exists. Change in circumstances or the future attainment of objectives may cause liabilities that are currently assessed as being contingent to be reclassified as financial liabilities.

31. PARENT ENTITY INFORMATION

	2018 US$000s	2017 US$000s
Current assets	766	4,992
Total assets	**80,691**	**79,476**
Current liabilities	16,700	20,349
Total liabilities	**16,700**	**20,349**
Issued capital	205,099	204,067
Accumulated losses	(157,739)	(164,788)
Share-based payment reserve	15,386	13,116
Foreign currency translation reserve	1,245	6,732
Total equity	**63,991**	**59,127**
Loss of parent entity	**(86,018)**	**(116,051)**
Other comprehensive income	-	-
Total comprehensive loss of the parent entity	**(86,018)**	**(116,051)**

32. RETIREMENT BENEFIT OBLIGATIONS

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.

33. CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with loss after income tax

	2018 US$000s	2017 US$000s
Loss after income tax	(1,167)	(75,147)
Non-cash flows in loss:		
Loss on sale of fixed assets	1	123
Depreciation (including depreciation charged to cost of sales)	2,210	3,249
Non-cash financing costs	2,057	3,204
Share-based payments expense	871	82
Inventory NRV & impairment expense	(961)	80,539
Unrealised foreign exchange (gain)/loss	(1,209)	20
Fair value loss/(gain) on derivative	2,347	(9,384)
Non-cash impairment and fair value revaluation – discontinued operations	8,270	-
Change in assets and liabilities		
Decrease in trade and other receivables relating to operating activities	222	3,181
Decrease/(increase) in inventories	921	(7,585)
Increase/(decrease) in trade and other payables	107	(34)
(Decrease)/increase in provisions relating to operating activities	(10)	117
Movement in trade and other payables relating to investment activities	(107)	(716)
Cash flow from operations	**13,552**	**(2,351)**

(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 made a number of share-based payments, which are outlined at Note 24.

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

In the opinion of the Directors:

(1) (a) the consolidated financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated 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 2018 and of its performance for the year ended on that date;

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(iii) other mandatory professional reporting requirements.

(b) there are reasonable grounds to believe that the company 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 2018 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 2018.

(3) The consolidated group has included in the notes to the consolidated financial statements and explicit and unreserved statement of compliance with International Financial Reporting Standards.

On behalf of the Board

John Harrison
Non-Executive Chairman

Perth, 28 September 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Peninsula Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Peninsula Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Mineral Development Assets

Key audit matter	*How the matter was addressed in our audit*
The assessment of the carrying value of Mineral Development Assets requires management to make significant accounting judgements and estimates in determining whether the assets require impairment in accordance with Australian Accounting Standard AASB 136 Impairment. In undertaking the impairment review management have used a Fair Value less Cost to Sell "FVLCS" methodology using both a Market Approach and an Income Approach. The Market Approach was performed by using an independent expert. Refer to Note 14 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.	We evaluated management's impairment assessment of the Mineral Development asset by critically challenging the key estimates and assumptions used. In respect of the "Market Approach", our procedures included, but were not limited to the following: • Reviewing the report of the expert who determined the fair valuation and identifying key judgements; • Assessing the independence and technical competence of management's expert who performed the Market Approach valuation. • Substantiating to external information key assumptions used by the technical expert; and • Forming an opinion over the appropriateness of the methodology employed in determining the recoverable amount of the Mineral Development asset. We also considered the Discounted Cash Flow model prepared by management under the Income Approach. Our procedures in respect of that model included: • Analysing management's key assumptions used in the discounted cash flow model against external data, market consensus information and trends to determine their reasonableness;

	• Challenging the appropriateness of management's discount rate used in the discounted cash flow model in conjunction with our internal valuation experts; • Challenging assumptions around timing of future cash flows; • Checking the mathematical accuracy of the discounted cash flow model; • Assessing the competence and independence of the various management experts used to assist in the preparation of the Discounted Cash Flow forecasts; and • Performing sensitivity analysis on significant assumptions to determine if there would be a significant change to the carrying value of the asset. In addition we assessed the adequacy of the Group's disclosures in respect of Mineral Development Asset carrying values and impairment assessment assumptions as disclosed in note 14 of the financial report.

Accounting for Offtake and Purchase Contracts

Key audit matter	*How the matter was addressed in our audit*
During the year, the group was party to offtake arrangements that contracted specific quantities of product for specific prices. Due to various amendments to the existing arrangements, the accounting for these contracts has changed substantially. Refer to Note 10 in the financial statements. As a result, management are required to make significant accounting estimates and judgements to value and recognise a derivative financial instrument consisting of the sale and purchase agreements which fall under the scope of AASB 139 *Financial Instruments: Recognition and Measurement*. As there is a significant complexity involved in accounting for the derivative contracts described above, this has been deemed a key audit matter. Refer to note 10 and note 27 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.	We evaluated the assumptions used by management in accounting for the derivative assets. Our procedures included, but were not limited to the following: Contracts sold to third party • Reviewing the details of the sale transaction and ensuring that fair value at point of sale has been appropriately measured; • Reviewing the accounting treatment of the sale transaction and recognition in the profit or loss statement; • Checking the reported proceeds to bank receipt; and • Assessing the adequacy of the Group's disclosures in notes 10 and 27. Amended existing contracts • Evaluating management's assessment that the amended contracts fall outside the scope of the "own use" exemption and therefore within the scope of AASB 139; • Reviewing the key judgements made by management in recognising the derivatives; • Inspecting and reviewing the terms of the both the sale and purchase contracts, and recalculating the expected future cash flows that formed the basis of the valuation; • Challenging management assumptions over the discount rates and other key judgements, including consulting with our technical experts over certain inputs; • Considering the taxation implications; and • Assessing the adequacy of the Group's disclosures in notes 10 and 27.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 26 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Peninsula Energy Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

M Cutt

Matthew Cutt

Director

Perth, 28 September 2018

a) Distribution of Shareholders (as at 27 September 2018)

Spread of Holdings	Number of Ordinary Shareholders	Number of Shares
1 - 1,000	3,009	1,100,207
1,001 - 5,000	2,155	5,444,158
5,001 - 10,000	698	5,184,786
10,001 - 100,000	1,381	43,072,035
100,001 - and over	205	178,961,470
Total	**7,448**	**233,762,656**

b) Top Twenty Shareholders (as at 27 September 2018)

Rank	Name	Number of Ordinary Shares Held	%
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	54,141,708	23.16
2	CITICORP NOMINEES PTY LIMITED	29,343,291	12.55
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	7,961,408	3.41
4	BNP PARIBAS NOMS PTY LTD	6,343,331	2.71
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,629,644	2.41
6	NATIONAL NOMINEES LIMITED	4,399,377	1.88
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,161,672	1.35
8	BT PORTFOLIO SERVICES LIMITED	3,000,000	1.28
8	SAFARI CAPITAL PTY LTD	3,000,000	1.28
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,770,987	1.19
10	SGK HOLDINGS (AUST) PTY LTD	2,637,868	1.13
11	RYNOBRONBELLA PTY LTD	2,508,761	1.07
12	SOMTAJ PTY LTD	2,413,554	1.03
13	BNP PARIBAS NOMINEES PTY LTD	2,210,558	0.95
14	INKESE PTY LTD	1,750,000	0.75
15	CCP TECHNICAL LIMITED	1,537,189	0.66
16	DENMAN INCOME LIMITED	1,370,000	0.59
17	MR MARTY HENG LAU	1,000,000	0.43
18	RAPCORP PTY LTD	900,000	0.39
18	KELETI PTY LTD	900,000	0.39
19	CS FOURTH NOMINEES PTY LIMITED	869,545	0.37
20	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN	850,000	0.36
20	NEOMAN PTY LTD	850,000	0.36
	Total Top 20	**139,548,893**	**59.70**
	Other Shareholders	94,213,763	40.30
	Total Ordinary Shares on Issue	**233,762,656**	**100.00**

The number of shareholders holding less than a marketable parcel of shares is 3,818, totalling 2,209,780 ordinary shares.

c) Distribution of PENOD Option Holders (as at 27 September 2018)

Spread of Holdings	Number of Holders	Number of Options
1 - 1,000	843	253,710
1,001 - 5,000	355	792,981
5,001 - 10,000	95	698,383
10,001 - 100,000	113	2,882,761
100,001 - and over	21	47,085,601
Total	**1,427**	**51,713,436**

d) Top Twenty PENOD Option Holders (as at 27 September 2018)

Rank	Name	Number of Options Held	%
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	24,267,802	46.93
2	CITICORP NOMINEES PTY LIMITED	8,753,923	16.93
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	7,149,483	13.83
4	EST GAVIN MCPHERSON	1,414,522	2.74
5	MR NEVILLE HINRICHSEN & MRS ANNETTE HINRICHSEN	1,264,623	2.45
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	635,882	1.23
7	MR TOBIAS SILAS CARTER	517,297	1.00
8	MR KIRIL RUVINSKY	513,100	0.99
9	FIRST INVESTMENT PARTNERS PTY LTD	411,094	0.79
10	BNP PARIBAS NOMS PTY LTD	316,396	0.61
11	FORSYTH BARR CUSTODIANS LTD	305,292	0.59
12	MR JOHN FREDERICK MASON & MRS CHRISTINE ANNE MASON	247,320	0.48
13	MRS NATALIE MCPHERSON	200,000	0.39
14	JKAP HARAMIS PTY LTD	185,420	0.36
15	MR ALAN EDWIN OLSEN	157,782	0.31
16	HABIBIE PTY LTD	153,125	0.30
17	MR PETER PAUL KOZLOWSKI	131,250	0.25
18	LSA DISTRIBUTORS (QLD) PTY LTD	129,965	0.25
19	MR WARREN RICHARD HUGHES	120,000	0.23
20	NAH SUPERANNUATION PTY LTD	107,500	0.21
	Total Top 20	**46,981,776**	**90.85**
	Other PENOD Option Holders	4,731,660	9.15
	Total PENOD Options on Issue	**51,713,436**	**100.00**

e) Unlisted Options:

- There are 384,747 unlisted options over unissued shares on issue, in the class exercisable at A$1.52 on or before 1 December 2019. There are seven holders in this class of option.
- There are 1,350,000 unlisted options over unissued shares on issue, in the class exercisable at A$0.50 on or before 30 November 2022. There are three holders in this class of option.
- There are 2,975,000 unlisted options over unissued shares on issue, in the class exercisable at A$0.55 on or before 30 November 2022. 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.

g) Schedule of Interests in Mining Tenements:

Karoo Projects, South Africa

Permit Number/ Name	Holding Entity	INITIAL Rights Date	Renewed / Signed / Validity (e.g. Valid, Under PR Application, Under Mining Right Application, Closure Submitted / Issued)	Area (km^2)	Current Expiry	Commodity Group	Original PR Status
WC 10085 MR	Tasman Lukisa JV	TBD	Mining Right Application	689	TBD	U, Mo	In Progress
EC 10029 MR	Tasman Lukisa JV	TBD	Mining Right Application	345	TBD	U, Mo	In Progress
WC 10248 PR	Beaufort West Minerals	TBD	Prospecting Right Application	509	TBD	U, Mo	In Progress
WC 10249 PR	Beaufort West Minerals	TBD	Prospecting Right Application	298	TBD	U, Mo	In Progress
WC 10250 PR	Beaufort West Minerals	TBD	Prospecting Right Application	570	TBD	U, Mo	In Progress
WC 10251 PR	Beaufort West Minerals	TBD	Prospecting Right Application	347	TBD	U, Mo	In Progress
EC 07 PR	Tasman Lukisa JV	14/11/2006	Under MR Application	48	10/06/2015	U, Mo	Expired
EC 08 PR	Tasman Lukisa JV	14/11/2006	Under MR Application	47	10/06/2015	U, Mo	Expired
EC 09 PR	Tasman Lukisa JV	14/11/2006	Under MR Application	94	10/06/2015	U, Mo	Expired
EC 12 PR	Tasman Lukisa JV	14/11/2006	Under MR Application	36	10/06/2015	U, Mo	Expired
EC 13 PR	Tasman Lukisa JV	14/11/2006	Under MR Application	69	10/06/2015	U, Mo	Expired
WC 25 PR	Tasman Lukisa JV	17/10/2007	Under MR Application	7	12/11/2014	U, Mo	Expired
WC 33 PR	Tasman Lukisa JV	01/12/2006	Under MR Application	68	04/07/2016	U, Mo	Expired
WC 34 PR	Tasman Lukisa JV	01/12/2006	Under MR Application	34	01/08/2015	U, Mo	Expired
WC 35 PR	Tasman Lukisa JV	01/12/2006	Under MR Application	69	01/08/2015	U, Mo	Expired
WC 47 PR	Tasman Lukisa JV	04/09/2008	Under MR Application	36	04/07/2015	U, Mo	Expired
WC 59 PR	Tasman Lukisa JV	01/12/2006	Under MR Application	40	01/08/2015	U, Mo	Expired
WC 60 PR	Tasman Lukisa JV	01/12/2006	Under MR Application	56	01/08/2015	U, Mo	Expired
WC 61 PR	Tasman Lukisa JV	01/12/2006	Under MR Application	69	01/08/2015	U, Mo	Expired
WC 127 PR	Tasman Lukisa JV	30/11/2006	Under MR Application	59	10/12/2017	U, Mo	Expired
WC 137 PR	Tasman Lukisa JV	30/11/2006	Under MR Application	73	04/07/2016	U, Mo	Expired
WC 156 PR	Tasman Lukisa JV	30/11/2006	Under MR Application	69	04/07/2014	U, Mo	Expired
WC 158 PR	Tasman Lukisa JV	23/01/2007	Under MR Application	57	12/11/2014	U, Mo	Expired
WC 167 PR	Tasman Lukisa JV	30/11/2006	Under MR Application	21	12/11/2015	U, Mo	Expired
WC 95 PR	Tasman-Lukisa JV	17/04/2007	Closure Submitted	5	23/03/2013	U, Mo	Expired
WC 152 PR	Tasman-Lukisa JV	01/12/2006	Closure Submitted	189	04/07/2016	U, Mo	Expired
WC 178 PR	Tasman Lukisa JV	01/12/2006	Closure Submitted	697	01/08/2015	U, Mo	Expired
WC 187 PR	Tasman Lukisa JV	01/12/2006	Closure Submitted	24	01/08/2014	U, Mo	Expired

Permit Number/ Name	Holding Entity	INITIAL Rights Date	Renewed / Signed / Validity (e.g. Valid, Under PR Application, Under Mining Right Application, Closure Submitted / Issued)	Area (km^2)	Current Expiry	Commodity Group	Original PR Status
WC 168 PR	Tasman Pacific Minerals	13/12/2006	Closure Submitted	332	05/05/2014	U, Mo	Expired
WC 170 PR	Tasman Pacific Minerals	13/12/2006	Closure Submitted	108	05/05/2014	U, Mo	Expired
NC 330 PR	Tasman Pacific Minerals	08/06/2007	Closure Submitted	481	19/04/2019	U, Mo	Relinquished
NC 331 PR	Tasman Pacific Minerals	08/06/2007	Closure Submitted	205	17/11/2018	U, Mo	Relinquished
NC 347 PR	Tasman Pacific Minerals	08/06/2007	Closure Submitted	634	17/11/2018	U, Mo	Relinquished
EC 28 PR	Tasman Pacific Minerals	15/11/2006	Closure Submitted	225	26/03/2015	U, Mo	Expired

Fiji

Location/Project Name	Tenement	Percentage
RakiRaki (Geopacific JV)	SPL 1231	50%
RakiRaki (Geopacific JV)	SPL 1373	50%
RakiRaki (Geopacific JV)	SPL 1436	50%

Wyoming, USA (Strata Energy Inc.)

Location/Project Name	Tenement	Percentage
Private Land (FEE) – Surface Access Agreement	Approx 6,837 acres	100%
Private Land (FEE) – Mineral Rights	Approx 10,042 acres	100%
Federal Mining Claims – Mineral Rights	Approx 13,422 acres	100%
Federal – Surface Access – Grazing Lease	Approx 40 acres	100%
State Leases – Mineral Rights	Approx 10,604 acres	100%
State Leases – Surface Access	Approx 1,229 acres	100%
Strata Owned – Surface Access	Approx 320 acres	100%