INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Contents

Company Particulars

Directors

John (Gus) Simpson	Executive Chairman
Alfred Gillman	Non-Executive Director
Warwick Grigor	Non-Executive Director
Neil Warburton	Non-Executive Director
John Harrison	Non-Executive Director
Evgenij Iorich	Non-Executive Director

Company Secretary

Jonathan Whyte

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Facsimile: (08) 9381 5064

Website

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Auditors

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Chartered Accountants
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Share Registry

Link Market Services
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Perth WA 6000

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

Stock Exchange

ASX Code	Shares:	PEN
	Options:	PENOC
		PENOD

Directors Report

Your Directors submit the financial report of the economic entity for the half-year ended 31 December 2014.

DIRECTORS

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

John (Gus) Simpson	Executive Chairman
Alfred Gillman	Non-Executive Director
Warwick Grigor	Non-Executive Director
Neil Warburton	Non-Executive Director
John Harrison	Non-Executive Director (appointed 1 September 2014)
Evgenij Iorich	Non-Executive Director (appointed 2 February 2015)

REVIEW OF OPERATIONS

WYOMING, USA – LANCE URANIUM PROJECTS

Peninsula Energy Ltd 100%

The six months ended 31 December 2014 were a very successful period for the Company. The highlight of which was securing $69.4 million in project funding for the Lance ISR Projects (Lance Projects), clearing the way for the completion of development and commencement of uranium production in 2015 calendar year. A summary of the notable events during the reporting period is below:

$69.4 million fully underwritten institutional funding secured for Lance Projects

On 16 December 2014 Peninsula announced that it had entered into agreements with Resource Capital Fund VI L.P. (RCF VI), Pala Investments Ltd (Pala), BlackRock funds and JP Morgan AM UK Ltd to raise a fully underwritten amount of $69.4 million to fund stage 1 of the Lance Projects through to positive cashflow. The $69.4 million fully underwritten institutional funding included:

- A $16.8 million placement (Placement) to RCF VI at $0.02 per share with 1:2 free attached option (31 Dec. 2018; $0.05 strike) and
- an accelerated renounceable entitlement offer (Entitlement Offer) to all Shareholders of $52.6 million at $0.02 per share with 1:2 free attached option (31 Dec. 2018; $0.05 strike) underwritten to $34.8 million inclusive of:
  - $23.9 million commitments under the accelerated institutional component of the Entitlement Offer to RCF VI, Pala, BlackRock funds and JP Morgan AM UK Ltd and
  - $10.9 million sub-underwriting of the Entitlement Offer by RCF VI and Pala.

The $69.4 million fundraising was completed in early February 2015 and the proceeds are being used to fund the remaining construction stage 1 ramp-up (as detailed below) at the Lance Projects through to positive cashflow. Proceeds received were also used to repay the BlackRock funds bridging finance in full during December 2014. The company is now substantially debt free.

With funding fully secured and an experienced management team in place, 2015 will see Peninsula as the ASX's next uranium producer.

Lance Projects reconfigured for current market start up

In October 2014 the Peninsula Board approved a lower cost three stage scalable production development plan for the Lance Projects. This new plan was completed by Peninsula personnel in conjunction with TREC Inc, the design and build contractor to the Lance Projects.

The scalable production development plan comprises a three (3) stage ramp-up strategy:

- Stage 1 – production rate of between 500,000 and 700,000 lbs U_3O_8 per annum;
- Stage 2 – production rate of 1,200,000 lbs U_3O_8 per annum; and
- Stage 3 – production rate of 2,300,000 lbs U_3O_8 per annum.

Please note that Production Targets within this report are based on a proportion of inferred resources. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resource or that the production target itself will be realised. The estimated mineral resources underpinning the production targets have been prepared by Alfred Gillman, a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

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

The scalable production development plan significantly reduces the initial funding required to initiate sustainable production at the Lance Projects, decreases the volume of uranium needed to be contracted in stage 1 and allows the Company to defer most of the planned uranium sales contracts until such time as the uranium price is more attractive. In addition, the initial lower production rate will enable the Company to deliver a higher proportion of uranium product into its existing sales contracts which have a weighted average price well above the current Spot and Term Contract uranium prices.

Furthermore, commissioning of the processing facility and wellfield operations in stage 1 significantly de-risks the stage 2 and stage 3 upgrades.

SOUTH AFRICA – KAROO URANIUM PROJECTS

Peninsula Energy Ltd 74%/BEE Groups 26%

High Grade Near Surface Intercepts at Rietkuil

During the review period, Peninsula commenced with field activities at the Rietkuil project area (Rietkuil), approximately 40 km west of Beaufort West in the Karoo, South Africa, to locate historic drill holes for radiometric re-logging.

The initial gamma probing at Block F(N) delivered very high grades at shallow depths, returning 29 significant intersections from the 95 re-logged holes to date. This included intercepts of 2.9ft @ 4,728ppm eU_3O_8, 3.3ft @ 3,608ppm eU_3O_8 and 2.8ft @ 3,307ppm eU_3O_8. The initial re-logging of historic holes at Rietkuil has been successful in confirming the location and grade of the historic drill results and in validating the mineralisation that was identified by Union Carbide Exploration Corporation (UCEX) in the 1970s.

For a comprehensive description of assessment and reporting criteria used for reporting of the exploration results, readers are referred to the JORC Table 1 declaration included in the announcement released to ASX on 29 October 2014 titled "High Grade Near Surface Uranium Intercepts at Karoo Projects, South Africa".

Mining License Application Process

The Mining Licence Application (MLA) for the Karoo Projects, comprising 16 individual mining rights applications in the Western, Eastern and Northern Cape provinces, was submitted to the Department of Mineral Resources (DMR) late in the 2014 financial year. Activities during the period focussed on the Social and Labour Plan (SLP) and Environmental Scoping Reports (ESR), submitted as part of the MLA.

Following consultation with the DMR and stakeholders, the SLP was updated to include certain community and social uplift benefits that the Karoo Projects can provide. Additional information regarding the environmental assessment of the Karoo Projects was reflected in an updated ESR during the half. Feasibility study activities continued during the half in parallel with the progression of the MLA.

CORPORATE

Mr John Harrison was appointed a non-executive director on 1 September 2014.

As described above, during the review period Peninsula entered into agreements with RCF VI, Pala, BlackRock funds and JP Morgan AM UK Ltd to secure a $69.4 million fully underwritten institutional funding solution for the Lance Projects. This committed funding amount allows Peninsula to complete construction of stage 1 of the Lance Projects, commence production and achieve positive cashflow in the first half of 2016.

The funding solution was comprised of a Placement to RCF VI of $16.8 million and a $52.6 million pro-rata renounceable Entitlement Offer to existing shareholders, underwritten to $34.8 million. A standby debt facility provided by RCF VI and Pala of $17.8 million guaranteed the non-underwritten entitlement offer amount however with the Entitlement Offer being fully subscribed, Peninsula does not intend to make any drawdowns under this facility.

Placement

On 16 December 2014 840 million shares were placed to RCF VI at $0.02 per share to raise $16.8 million. RCF VI received one (1) free attaching option exercisable at $0.05 on or before 31 December 2018 for every two (2) new shares subscribed for under the Placement.

The Placement was wholly taken up by RCF VI, a private equity firm based in Denver and Perth, which invests exclusively in the mining sector.

Entitlement Offer

In addition to the Placement, Eligible Shareholders were offered the opportunity to participate in a pro-rata accelerated renounceable Entitlement Offer which is on the same terms as the Placement, with pricing at $0.02 per share with one (1) free attaching option (exercisable at $0.05 on or before 31 December 2018) for every two (2) new shares subscribed for under the Entitlement Offer.

The Entitlement Offer comprised:

- an Entitlement Offer to eligible institutional shareholders (Institutional Entitlement Offer); and
- an Entitlement Offer to eligible retail shareholders (Retail Entitlement Offer)

The Institutional Entitlement Offer was completed in December, was fully subscribed for and raised gross proceeds of $23.9 million, bringing the total raised during the reporting period via the Placement and the Institutional Entitlement Offer to $40.7 million. RCF VI, Pala, BlackRock funds and JP Morgan AM UK Ltd all participated in the Institutional Entitlement Offer.

The Retail Entitlement Offer closed on 30 January 2015. Proceeds from the retail component were received in February 2015 and, along with the sub-underwriting commitments, brought the total raised under the funding to $69.4 million, as detailed in the subsequent events commentary.

BlackRock Debt Repayment

Part of the proceeds received under the Placement and Entitlement Offer were used during December 2014 to repay in full the bridging finance debt owed to BlackRock funds. The total amount repaid to BlackRock funds was US$15.96 million (A$19.6 million). The company is now substantially debt free.

Additional Sales Contract Secured

In December 2014 Peninsula entered into an additional uranium concentrate sale and purchase agreement with a major United States power utility. Deliveries of uranium concentrate under the new agreement will commence in 2016 and continue through until 2024. Up to 912,500 pounds of uranium will be delivered by Peninsula under the new agreement.

The agreement contains a base price that is consistent with the Term contract price reported by uranium industry commentators (UxC and TradeTech) during November 2014. Escalation is applied to the base price on a quarterly basis over the term of the contract, commencing in the first quarter of calendar year 2015. Other terms and conditions of the agreement reflect industry standards.

Peninsula is currently in negotiations with a number of major utilities for additional new uranium concentrate sale agreements. Negotiations with each utility are at various stages of advancement and are progressing well. Similar to the existing sale contracts that the Company has secured, new contracts that are under negotiation are Term contracts.

Assets and Capital

The Group's cash position, including commercial bills but excluding security deposits and performance bonds as at 31 December 2014 was $21,810,592. The net assets of the Group have increased by $49,722,107 from 30 June 2014 to $144,106,342 at 31 December 2014. Increased net assets at 31 December 2014 has been driven by full repayment of bridging finance debt in December 2014, increased cash position and movement in the Australian Dollar / United States Dollar exchange rate resulting in an increase in the Australian Dollar value of exploration and development assets.

The Company had 5,476,640,447 shares on issue as at 31 December 2014, 781,927,277 PENOC listed options, 98,000,000 unlisted options and 183,000,000 performance rights. 1,018,479,223 PENOD options were quoted on the ASX on 10 February 2015.

EVENTS SUBSEQUENT TO REPORTING DATE

In January 2015 the United States Atomic Safety and Licensing Board (ASLB) ruled in favour of Strata Energy Inc, the 100% owned subsidiary of the Company and dismissed the three remaining environmental contentions (EC's) brought against the Lance Projects Central Processing Plant (CPP) and Ross Project Area in Wyoming, USA. In making its ruling the ASLB determined that the contentions raised by the Natural Resources Defence Council and the Powder River Basin Resource Council (together, the Joint Intervenors) were unable to be substantiated by the evidence presented.

In February 2015 the Company completed the Retail Entitlement Offer, which closed on 30 January 2015. The Retail Entitlement Offer was strongly supported, raising gross proceeds of $9.78 million. The Retail Shortfall Bookbuild commenced on 2 February 2015 and was completed on 4 February 2015, raising a further $8.06 million.

In addition, $10.87 million was raised through sub-underwriting commitments from Resource Capital Fund VI L.P and Pala Investments Limited bringing the total funds raised under the Retail Entitlement Offer to $28.7 million and the total funds raised under the Entitlement Offer to $52.6 million (pre-costs). The issue and allotment of Retail Entitlement Offer shares and also the Entitlement Offer attaching PENOD options occurred on the 10th and 11th of February 2015.

In February 2015, Mr Evgenij Iorich was appointed to the Board as a Non-Executive Director.

ROUNDING OF AMOUNTS

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 9 of this report.

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

John (Gus) Simpson
Executive Chairman
13 March 2015

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

The information in this report that relates to Exploration Results and Exploration Potential at Peninsula's Karoo projects is based on information compiled by Mr George van der Walt. Mr van der Walt is a member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (The South African Council of Natural Scientific Professions, Geological Society of South Africa). Mr van der Walt is a Director of Geoconsult International. Mr van der Walt has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

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Auditor's Independence Declaration

To those charged with the governance of Peninsula Energy Limited

As auditor for the review of Peninsula Energy Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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

Somes Cooke

Kevin Somes
Partner

Perth

13 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014 $	31 December 2013 $
Revenue		92,081	121,519
Other income – profit on sale of fixed assets		-	329,418
Employee benefits expense		(1,156,470)	(1,600,113)
Share based payment expense – debt facility fee	5	(192,000)	-
Other share based payments expense	5	(515,866)	(1,034,725)
Interest expense		(49)	(24,976)
Depreciation expense		(105,453)	(115,801)
General and administrative expenses		(658,885)	(910,580)
Professional fees		(393,598)	(328,624)
Foreign exchange gain/(loss)		492,137	(34,165)
Impairment expense		-	(69,134)
LOSS BEFORE INCOME TAX		(2,438,103)	(3,667,181)
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS		(2,438,103)	(3,667,181)
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign controlled entities		11,729,235	2,229,431
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE HALF-YEAR		9,291,132	(1,437,750)
EARNINGS PER SHARE			
Basic earnings per share (cents per share)		(0.07)	(0.12)
Diluted earnings per share (cents per share)		(0.07)	(0.12)

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

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2014

	Note	31 December 2014 $	30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents		21,810,592	7,021,593
Trade and other receivables		3,645,602	3,068,948
TOTAL CURRENT ASSETS		25,456,194	10,090,541
NON-CURRENT ASSETS			
Trade and other receivables	6	2,457,383	-
Investment accounted for using equity method		5,441,664	5,441,664
Financial assets		1,088	1,088
Property, plant and equipment		6,216,529	4,768,360
Mineral exploration evaluation and development	6	106,872,677	90,554,308
TOTAL NON-CURRENT ASSETS		120,989,341	100,765,420
TOTAL ASSETS		146,445,535	110,855,961
CURRENT LIABILITIES			
Trade and other payables		843,594	838,432
Borrowings	7	236,936	14,536,533
Provisions		52,885	34,705
TOTAL CURRENT LIABILITIES		1,133,415	15,409,670
NON-CURRENT LIABILITIES			
Borrowings	7	897,624	795,730
Provisions		308,154	266,326
TOTAL NON-CURRENT LIABILITIES		1,205,778	1,062,056
TOTAL LIABILITIES		2,339,193	16,471,726
NET ASSETS		144,106,342	94,384,235
EQUITY			
Issued capital	8	178,253,632	138,326,267
Reserves		21,022,391	8,954,865
Accumulated losses		(55,169,681)	(52,896,897)
TOTAL EQUITY		144,106,342	94,384,235

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Accumulated Losses	Option & SBP Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance 1 July 2013	**126,749,105**	**(46,082,071)**	**9,849,297**	**121,066**	**90,637,397**
Transaction With Owners					
Shares issued during the half year	6,493,172	-	-	-	6,493,172
Share-based payments expense	137,000	-	897,725	-	1,034,725
Salary sacrifice program	133,215	-	-	-	133,215
Options - equity facility agreement	(160,000)	-	160,000	-	-
Transaction costs	(160,000)	-	40,000	-	(120,000)
Total Transactions With Owners	**6,443,387**	**-**	**1,097,725**	**-**	**7,541,112**
Comprehensive Income					
Other comprehensive income	-	-	-	2,229,431	2,229,431
Loss for the half-year	-	(3,667,181)	-	-	(3,667,181)
Total Comprehensive Income	**-**	**(3,667,181)**	**-**	**2,229,431**	**(1,437,750)**
Balance 31 December 2013	**133,192,492**	**(49,749,252)**	**10,947,022**	**2,350,497**	**96,740,759**

	Issued Capital	Accumulated Losses	Option & SBP Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance 1 July 2014	**138,326,267**	**(52,896,897)**	**11,522,373**	**(2,567,508)**	**94,384,235**
Transaction With Owners					
Shares issued during the half year	40,739,169	-	-	-	40,739,169
Share-based payments expense	92,145	-	423,721	-	515,866
Salary sacrifice program	27,000	-	(9,000)	-	18,000
Shares - debt facility agreement	192,000	-	-	-	192,000
Options - equity facility agreement	(88,889)	-	88,889	-	-
Transaction costs	(1,034,060)	-	-	-	(1,034,060)
Total Transactions With Owners	**39,927,365**	**-**	**503,610**	**-**	**40,430,975**
Comprehensive Income					
Other comprehensive income	-	-	-	11,729,235	11,729,235
Foreign translation reclassification	-	165,319	-	(165,319)	-
Loss for the half-year	-	(2,438,103)	-	-	(2,438,103)
Total Comprehensive Income	**-**	**(2,272,784)**	**-**	**11,563,916**	**9,291,132**
Balance 31 December 2014	**178,253,632**	**(55,169,681)**	**12,025,983**	**8,996,408**	**144,106,342**

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(2,358,268)	(2,606,292)
Interest paid	(49)	(24,976)
Interest received	68,081	73,519
Net cash (used in) operating activities	(2,290,236)	(2,557,749)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for mineral exploration, evaluation and development	(2,998,536)	(7,501,787)
Payments for interest on borrowings	(1,202,791)	(1,370,408)
Proceeds from the sale of property, plant & equipment	-	2,634,461
(Payments for)/proceeds from mineral exploration performance bonds and rental bonds	(365,870)	928,169
Purchase of property, plant and equipment	(1,553,622)	(1,314,434)
Net cash (used in) investing activities	(6,120,819)	(6,623,999)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	40,739,169	2,000,000
Equity raising transaction costs	(1,034,060)	(120,000)
Proceeds from borrowings	2,291,720	10,631,253
Repayment of borrowings	(19,142,012)	-
Net cash provided by financing activities	22,854,817	12,511,253
Net (decrease)/increase in cash held	14,443,762	3,329,505
Cash at the beginning of financial year	7,021,593	5,184,760
Effects of exchange rate fluctuations on cash held	345,237	469,374
Cash at the end of period	21,810,592	8,983,639

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

Notes to the Consolidated Financial Statements

NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

This interim report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and operating and financing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Peninsula Energy Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report was approved by the Board of Directors on 13 March 2015.

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

The half year financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2014 annual financial statements contained within the annual report of Peninsula Energy Limited, with the exception of the following new accounting standards which became effective from 1 July 2014:

(i) AASB 2012-3 Amendments to Australian Accounting Standards – 'Offsetting Financial Assets and Financial Liabilities';
(ii) AASB 2013-3 Amendments to AASB 136 – 'Recoverable Amount Disclosures for Non-Financial Assets'; and
(iii) AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C).

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

NOTE 2: DIVIDENDS

The Company has not paid or provided for dividends during the half-year ended 31 December 2014.

NOTE 3: OPERATING SEGMENTS

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

The consolidated group has four reportable operating segments as follows:

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

Basis of accounting for purposes of reporting by operating segments

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

Inter-segment transactions

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

Segment assets

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

Segment liabilities

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

Unallocated items

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

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

Notes to the Consolidated Financial Statements

Segment Performance

The following table presents information regarding the Group's operating segments for the half-year ended 31 December 2014:

31 December 2014	Lance Projects Wyoming, USA $	Karoo Projects South Africa $	Raki Raki Fiji $	Australia $	Total $
Revenue					
External Sales	-	-	-	24,000	24,000
Inter-segment sales:	-	-	-	1,906,186	1,906,186
Inter-segment interest:	-	-	-	1,046,795	1,046,795
Interest revenue:	9,138	249	-	58,694	68,081
Total Segment Revenue	**9,138**	**249**	**-**	**3,035,675**	**3,045,062**
Inter-Segment elimination	-	-	-	(2,952,981)	(2,952,981)
Total Segment Revenue	**9,138**	**249**	**-**	**82,694**	**92,081**
Expenses					
Depreciation and amortisation	(96,729)	(2,214)	-	(6,510)	(105,453)
Allocated Segment Expenses	**(96,729)**	**(2,214)**	**-**	**(6,510)**	**(105,453)**
Unallocated					
Employee benefits expense	-	-	-	-	(1,156,470)
Share-based payment – debt facility fees	-	-	-	-	(192,000)
Other share-based payments	-	-	-	-	(515,866)
Interest expense	-	-	-	-	(49)
General and administrative expenses	-	-	-	-	(658,885)
Professional fees	-	-	-	-	(393,598)
Foreign exchange gain	-	-	-	-	492,137
Loss before and after income tax	**-**	**-**	**-**	**-**	**(2,438,103)**

The following table presents information regarding the Group's operating assets as at 31 December 2014:

31 December 2014	Lance Projects Wyoming, USA $	Karoo Projects South Africa $	Raki Raki Fiji $	Australia $	Total $
Segment Assets					
Exploration, evaluation and development	96,069,872	8,714,414	2,088,391	-	106,872,677
Property, plant and equipment	6,149,981	18,087	-	48,461	6,216,529
Cash and cash equivalents	384,918	41,749	-	21,383,925	21,810,592
Trade and other receivables	2,750,716	2,482,549	-	869,720	6,102,985
Investment accounted for using equity method	-	5,441,664	-	-	5,441,664
Available-for-sale financial assets	-	-	-	1,088	1,088
Total Assets	**105,355,487**	**16,698,463**	**2,088,391**	**22,303,194**	**146,445,535**

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

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

The following table presents information regarding the Group's operating assets as at 30 June 2014:

30 June 2014	Lance Projects Wyoming, USA $	Karoo Projects South Africa $	Raki Raki Fiji $	Australia $	Total $
Segment Assets					
Exploration, evaluation and development	78,640,198	9,825,719	2,088,391	-	90,554,308
Property, plant and equipment	4,694,094	19,296	-	54,970	4,768,360
Cash and cash equivalents	3,094,268	11,675	-	3,915,650	7,021,593
Trade and other receivables	2,344,623	23,835	-	700,490	3,068,948
Investment accounted for using equity method	-	5,441,664		-	5,441,664
Available-for-sale financial assets	-	-	-	1,088	1,088
Total Assets	**88,773,183**	**15,322,189**	**2,088,391**	**4,672,198**	**110,855,961**

NOTE 4: CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information which leads them to believe there are any material contingent liabilities outstanding as at 31 December 2014.

NOTE 5: SHARE BASED PAYMENTS EXPENSES

Share based payment expenses for the half year to 31 December 2014 comprises:

	$
BlackRock facility fees (i)	192,000
Total share-based payments expense – debt facility fee	**192,000**
Employee incentive shares issued (ii)	11,500
Shares issued to consultants (iii)	80,645
Performance Rights granted (iv)	423,721
Total other share-based payments expense	**515,866**

(i) 8,000,000 ordinary shares issued to BlackRock under terms of the note purchase agreement during the period.

(ii) 500,000 ordinary shares issued to an employee under an existing contract during the period.

(iii) 3,360,215 ordinary shares issued to consultants under existing contracts during the period.

(iv) In previous financial years, 177,000,000 Class D, E and F Performance Rights were issued. The Performance Rights are convertible into ordinary shares upon the satisfaction of various criteria which are set out in the Notice of Meeting released to the ASX on 27 October 2011. The fair value of the Performance Rights is determined at the date of grant and is being brought to account over their vesting periods. A further 6,000,000 Performance Rights were issued during the half-year to 31 December 2014.

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

NOTE 6: MINERAL EXPLORATION, EVALUATION AND DEVELOPMENT

	Exploration and evaluation $	**Development $**	**Total $**
Year to 30 June 2014			
Book value at 1 July 2013	11,092,007	66,306,927	77,398,934
Exploration and evaluation costs incurred	1,692,114	-	1,692,114
Development costs incurred	-	14,394,542	14,394,542
Foreign exchange translation	(870,011)	(2,061,271)	(2,931,282)
Book value at 30 June 2014	**11,914,110**	**78,640,198**	**90,554,308**
Half-year to 31 December 2014			
Book value at 1 July 2014	11,914,110	78,640,198	90,554,308
Exploration and evaluation costs incurred	396,900	-	396,900
Development costs incurred	-	5,079,140	5,079,140
Reclassification to receivables (i)	(2,056,754)	-	(2,056,754)
Foreign exchange translation	548,549	12,350,534	12,899,083
Book value at 31 December 2014	**10,802,805**	**96,069,872**	**106,872,677**

(i) From 1 July 2014, all Tasman Lukisa JV Company (Pty) Ltd exploration and evaluation expenditure was reclassified to Trade & Other Receivables to align the accounting treatment with the joint venture classification outlined in Note 12 in the annual report for the year ending 30 June 2014. This represents the loan receivable from the joint venture, which totalled $2,457,383 at 31 December 2014.

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

NOTE 7: BORROWINGS

	31 December 2014 $	30 June 2014 $
CURRENT		
Borrowings – BlackRock facility (i)	-	14,348,514
Borrowings – Strata (ii)	236,936	188,019
Total Current	**236,936**	**14,536,533**
NON-CURRENT		
Borrowings – Strata (ii)	897,624	795,730
Total Non-Current	**897,624**	**795,730**

(i) On 22 December 2014 the amount drawn under the notes issued by BlackRock funds were repaid in full and all notes on issue were redeemed in full on this date.

(ii) Balance consists of a mortgage over the Strata Energy Inc. office buildings and loans for company vehicles.

NOTE 8: ISSUED CAPITAL

	31 December 2014 $	30 June 2014 $
5,476,640,447 fully paid ordinary shares (June 2014: 3,426,402,505)	178,515,560	138,326,267

For the six months ended 31 December 2014	**Number**	**$**
Balance at 1 July 2014	3,426,402,505	138,326,267
Equity raising – Share Placement (i)	840,000,000	16,800,000
Equity raising – Entitlement Offer (ii)	1,196,958,445	23,939,169
Share issued to consultants (Note 5)	3,360,215	80,645
Salary Sacrifice Scheme (iii)	1,419,282	27,000
BlackRock facility fees (Note 5)	8,000,000	192,000
Employee incentive shares issued (Note 5)	500,000	11,500
Capital raising fees - equity facility agreement	-	(88,889)
Capital raising fees - Placement & Entitlement Offer	-	(1,034,060)
Balance as at 31 December 2014	**5,476,640,447**	**178,253,632**

(i) On 16 December 2014 the Company completed a $16.8 million Placement to Resource Capital Fund VI L.P. at $0.02 per share with one free attaching option exercisable at $0.05 on or before 31 December 2018 for every two new shares subscribed under the Placement. Refer to the Directors Report for further information.

(ii) On 22 December 2014 the institutional component of the Entitlement Offer was completed, raising $23.9 million at $0.02 per share, with one free attaching option exercisable at $0.05 on or before 31 December 2018 for every two new shares subscribed. Participants included Resource Capital Fund VI L.P, Pala Investments Ltd, BlackRock funds and JP Morgan AM UK. Refer to the Directors Report for further information.

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

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

At 31 December 2014, the Company had on issue 781,927,277 PENOC listed options and 98,000,000 unlisted options. 1,018,479,223 PENOD options were quoted on the ASX on 10 February 2015.

NOTE 9: CAPITAL AND LEASING COMMITMENTS

(a) Exploration of tenement Leases

	31 December 2014 $	30 June 2014 $
Payable – Exploration Tenement Leases (not later than one year)	2,303,510	1,645,609

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

(b) Capital Commitments

Payable – Equipment Items (not later than one year)	-	701,323

As part of the construction of the Lance Projects CPP, Strata had capital commitments to a fabricator of equipment that were paid out during the period.

(c) Office Building Lease

Payable - Commercial Lease (not later than one year)	279,248	279,248
Payable - Commercial Lease (later than one year and not later than five years)	811,659	951,283
	1,090,907	1,230,531

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

(d) Photocopier Lease

Payable – Operating Lease (not later than one year)	6,944	6,944

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

In January 2015 the United States Atomic Safety and Licensing Board (ASLB) ruled in favour of the Company and dismissed the three remaining environmental contentions (EC) brought against the Lance Projects Central Processing Plant (CPP) and Ross Project Area in Wyoming USA. In making its ruling the ASLB determined that the contentions raised by the Natural Resources Defence Council and the Powder River Basin Resource Council (together, the Joint Intervenors) were unable to be substantiated by the evidence presented.

In February 2015 the Company completed the Retail Entitlement Offer, which closed on 30 January 2015. The Retail Entitlement Offer was strongly supported, raising gross proceeds of $9.78 million. The Retail Shortfall Bookbuild commenced on 2 February 2015 and was completed on 4 February 2015, raising a further $8.06 million.

In addition, $10.87 million was raised through sub-underwriting commitments from Resource Capital Fund VI L.P and Pala Investments Limited bringing the total funds raised under the Retail Entitlement Offer to $28.7 million and the total funds raised under the Entitlement Offer to $52.6 million (pre-costs). The issue and allotment of Retail Entitlement Offer shares and also the Entitlement Offer attaching PENOD options occurred on the 10th and 11th of February 2015.

In February 2015, Mr Evgenij Iorich was appointed to the Board as a Non-Executive Director.

Except for the above, no matter or circumstance has arisen since 31 December 2014, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

The directors declare that:

1. The financial statements and notes, as set out on pages 10 to 21, are in accordance with the *Corporations Act 2001*, including

   (a) complying with Australian Accounting Standard 134; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.

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

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

John (Gus) Simpson
Executive Chairman

13 March 2015

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Business Consultants
Financial Advisors

Independent Auditor's Review Report

To the members of Peninsula Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Peninsula Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Peninsula Energy Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Peninsula Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Peninsula Energy Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

Somes Cooke

Somes Cooke

K Somes

Kevin Somes

13 March 2015

Perth

Western Australia