Peninsula Minerals Ltd

# ANNUAL FINANCIAL REPORT

# 30 JUNE 2007

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# CORPORATE DIRECTORY

| | |
|---|---|
| **Directors** | Malcolm James (Non-Executive Chairman)<br>Warwick Grigor (Non-Executive Director)<br>Jade Styants (Finance Director) |
| **Company Secretary** | Jonathan Whyte<br>Jade Styants |
| **Registered and Principal Office** | 31 Ord Street<br>West Perth WA 6005<br><br>PO Box 781<br>West Perth WA 6872<br><br>Telephone: +61 8 9420 9333<br>Facsimile: +61 8 9321 2477<br><br>Website: www.peninsulaminerals.com.au |
| **Share Registry** | Computershare Investor Services Pty Ltd<br>Level 2<br>45 St Georges Terrace<br>Perth WA 6000<br>Telephone: +61 8 9323 2000<br>Facsimile: +61 8 9323 2033 |
| **Auditors** | Somes & Cooke<br>Chartered Accountants<br>1304 Hay Street<br>West Perth WA 6005 |
| **Stock Exchange** | The Company's fully paid shares are listed on the Australian Stock Exchange Limited. |
| **ASX Codes** | PEN - Fully Paid Shares |

# CHAIRMAN'S REPORT



Dear Shareholders,

I am pleased, and excited, to report on the year – a year highlighted by the significant expansion of the Company's uranium project portfolio and cash reserves.

This expansion has continued with the acquisition of PacMag Metals Limited's highly prospective uranium projects in Wyoming USA, South Australia and Western Australia.

The Sundance Project in Wyoming, in particular, covers an area containing significant deposits of uranium mineralisation. Having acquired the technical data as part of the acquisition, the Company recently purchased much of the original historic data relating to the project. Leading international consultants were appointed to review this historical data and to conduct a drilling programme with a view to converting previous resource and reserve estimates to JORC compliant resources. To bolster our position in Wyoming, the Company is also successfully undertaking an active programme of claim staking to secure further strategic portions of the original project area at Sundance, which we anticipate will lead to a considerably advanced uranium project.

In addition to the above acquisition, we are making progress with the six uranium/molybdenum prospecting licences held in the Karoo region of South Africa. While delays have been encountered in the granting and registration of the tenements, as a result of backlogs with the approval process in South Africa, the required permits have now been issued on three of the sites and initial field work has commenced. It is expected the permits required to allow sampling on the three remaining sites will be issued in the very near future. Approval has been now been received from the relevant bodies to access previously unavailable historic data. As with Wyoming we have appointed specialised local consultants to conduct the field work with a view to preliminary calculations being made on the tonnage and grade of the historic deposits.

Another important development during the year was the joint venture agreement entered into with Zari Exploration Limited to explore for gold and other minerals in the Lupa Goldfield, the second largest goldfield in Tanzania. Previous exploration has highlighted wide spread gold anomalism and following a first pass exploration programme drilling has commenced. The Company awaits the completion and results of this drilling programme with anticipation.

At the Raki Raki project in Fiji the joint venture operator conducted an active program of diamond core drilling with some highly promising results. Assay results from stream sediment samples have also indicated high gold values within the project area.

As detailed in the Directors' Report we have also maintained existing farm out arrangements on several tenements in South Australia which offer an increase in exploration funding on existing tenements and provide the Company with the upside of any future discoveries.

On the corporate front we completed a successful placement to Southern Cross Equities to raise $2.4 million during the year and also raised a further $6.4 million through an entitlement issue to existing shareholders (including a $3 million underwriting component to Euroz Securities Limited) which saw cash reserves increase to in excess of $9.5 million in July 2007.

Given the enhanced portfolio of highly prospective projects and the strong cash position we are now extremely well positioned to create significant opportunity going forward for all shareholders.

I would take this opportunity to thank the members of the Board and staff for their efforts during the year.

I would also take this opportunity to thank those shareholders who have supported not only the Company but also me over the last two years as we have built the Company to its current strong position. I firmly believe that we, as a Company, are now in a position to reward that loyalty and patience.

Yours sincerely

Malcolm James
Chairman

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2007.

**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 independent directors of the Company are:

- Malcolm James (Non-Executive Chairman)
- Warwick Grigor (Non-Executive Director)
- Jade Styants (Finance Director)

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity directly or indirectly associated with the director; and
- none of the directors income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the chairman prior to incurring any expense on the behalf of the Company.

The Board has formally adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. When the Company is of sufficient size, a separate Nomination Committee will be formed.

**Trading Policy**

The Board has formally adopted a Trading Policy Charter which restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

**Audit Committee**

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the Directors' Report.

**Remuneration Policies**

The Board is responsible for determining and reviewing the appropriate compensation arrangements and policies for directors and senior executives. The Board reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice.

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 by remunerating people in a manner that is competitive and can attract, retain and motivate people of the highest calibre.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all directors and executives, including all monetary and non-monetary components, are detailed in the Directors' Report under the heading Key Management Personnel Compensation. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value. The policy complies with the four key principles of IFSA Guidance Note 02-16.

The payment of bonuses, options and other incentive payments are reviewed by the Board annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

**Remuneration Committee**

The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

There are no schemes for retirement benefits other than the statutory superannuation for non-executive directors.

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2007.

## DIRECTORS

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

- Malcolm James
- Warwick Grigor
- Jade Styants (appointed 30 April 2007)
- Keith Johns (resigned 30 November 2006)
- Doug Goodall (resigned 20 April 2007)
- Alastair Hunter (appointed 30 November 2006, resigned 30 April 2007)

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

## COMPANY SECRETARIES

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

**Jonathan Whyte** B.Com, CA

Mr Whyte is a Chartered Accountant with experience in corporate accounting and investment banking sectors, having worked for Credit Suisse First Boston and Barclays Capital Plc in London over a period of 6 years. Previously Mr Whyte worked in the advisory services division of Deloitte Touche Tohmatsu in Perth over a period of 4 years. Mr Whyte is an Associate Director of Resource and Capital Management and is also Company Secretary of ASX listed Lefroy Resources Limited.

**Jade Styants** B.Bus, CA

Refer to the Information on Directors section within this Directors' Report.

## PRINCIPAL ACTIVITIES

The principal activities of the consolidated group during the financial year consisted of the exploration for minerals. There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

## OPERATING RESULTS

The consolidated loss of the consolidated group after providing for income tax for the year ended 30 June 2007 amounted to $251,819 (2006 : $380,444).

## 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 2007.

**REVIEW OF OPERATIONS**

The highlights of the parent entity's operations during the year were as follows:

**EXPANDED URANIUM PORTFOLIO**

The continued expansion of the Company's uranium portfolio was significantly progressed during the year with the acquisition of the 100% of PacMag Metals Limited's uranium exploration assets. These uranium exploration tenements are held by PM Prospecting Pty Ltd (PM Prospecting) and include highly prospective projects in Wyoming, USA, South Australia and Western Australia. Shareholder approval for the acquisition was received at a General Meeting of the Company on 21st May 2007.


**Figure 1: Peninsula Uranium Project Locations**

**WYOMING, USA – SUNDANCE URANIUM PROJECT**

(Peninsula Minerals 100%)

The Sundance uranium project is located in the north-east Powder River Basin in Wyoming, USA. It is an extensive area (35 kilometres by 8 kilometres) containing significant deposits of uranium mineralisation discovered in the 1970's by the Nubeth JV (a joint venture between Nuclear Dynamics Inc and Bethlehem Steel Corporation).

The Nubeth JV discovered several substantial zones of uranium mineralisation, including the Oshoto deposits, associated with an extensive system of roll fronts. Over an eight year period the NuBeth JV drilled more than 5,000 exploration and development holes, totalling in excess of 912,000 metres. The program defined a new uranium district that was estimated to contain significant uranium mineralisation at grades in the range of 0.05% $U_3O_8$ and demonstrated, from the results of the pilot plant program undertaken in the late 1970's, that the deposits are amenable to in-situ leaching.

In-situ leaching is an established $U_3O_8$ extraction method in Wyoming. It involves the development of injection and extraction holes into the porous host unit. A relatively benign oxygen enriched solution is injected into the unit hosting the roll fronts and the $U_3O_8$ is collected in solution and pumped out of the extraction holes for precipitation above ground. This can be a low cost process that has minimal production disturbance to the surface area and minor environmental impact which can in turn result in shorter government permitting and approvals.

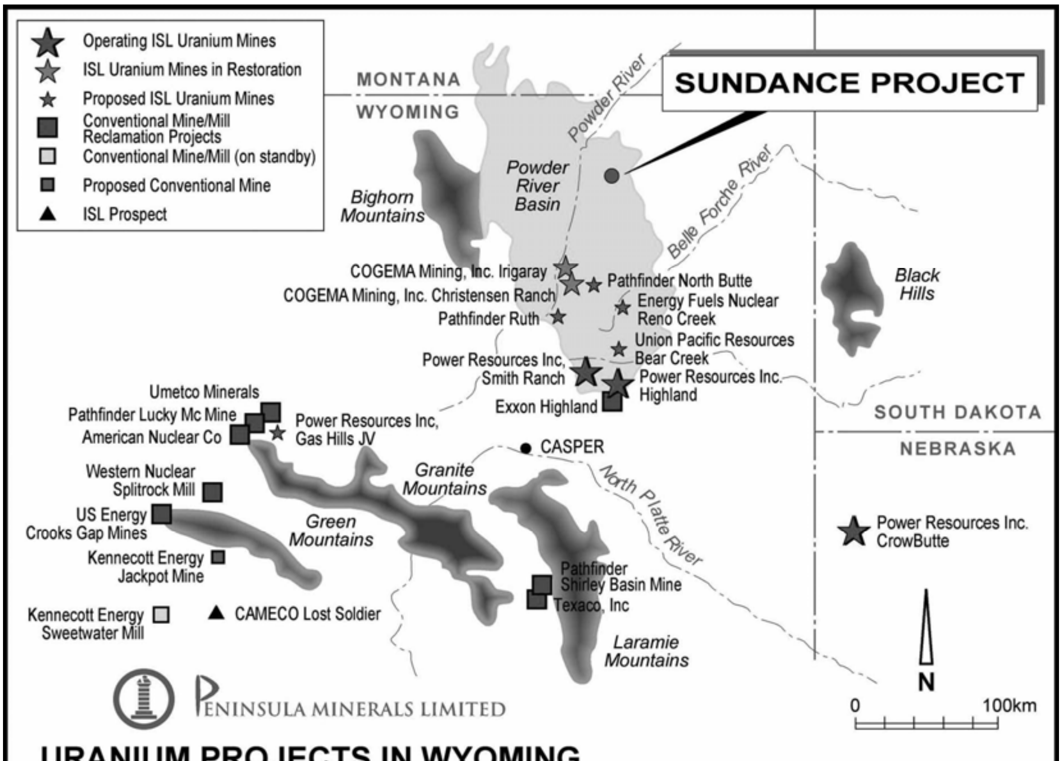


FIGURE 2

The Company now controls key properties hosting major portions of the defined Oshoto uranium deposits (mineral rights of ~400 hectares), as well as state mining leases (~600 hectares) covering portions of the projections of the roll fronts south of the deposits. Better uranium intersections from ground held include; 3.8 metres (12.5 feet) @ 0.243% $eU_3O_8$, 3.5 metres (11.5 feet) @ 0.159% $eU_3O_8$, 6.2 metres (20.5 feet) @ 0.083% $eU_3O_8$ and 9.1 metres (30 feet) @ 0.056% $eU_3O_8$.

The deposits acquired vary in thickness and dimension, the largest accumulation is approximately 700 metres x 600 metres as stacked roll fronts varying in thickness from less than 1 metre to 10 metres, averaging greater than approximately 3 metres. The next largest zone has mineralisation defined over 1.3 kilometres in length and is approximately 150 metres in width and averages 2 metres in thickness. Mineralisation in both deposits shows excellent continuity as sub-horizontal zones.

As part of the acquisition of PM Prospecting the Company acquired technical reports covering the full extents of the roll front systems in the Sundance district based on work completed by the Nubeth JV and has recently purchased much of the original data generated by the Nubeth JV, including original radiometric drill logs, drill core and roller blade drill chips. World Industrial Minerals (WIM) of Denver, Colorado, have been appointed to review the historical data and to conduct a drilling programme to facilitate conversion of the previous resource and reserve estimates to JORC compliant resources, initially on the Oshoto deposit areas currently held and later on other deposit areas. WIM have extensive experience in uranium exploration and production projects in both the Powder River Basin in Wyoming and the Karoo region of South Africa.

An active programme of claim staking and negotiation with landowners and mineral rights holders is underway to secure strategic portions of the original Nubeth JV project area at Sundance which contain uranium intersections similar to those cited above from the existing tenement areas. It is expected that this activity will lead to a considerably enhanced uranium exploration project.

**URANIUM- MOLYBDENUM EXPLORATION PROSPECTS – REPUBLIC OF SOUTH AFRICA**

(Peninsula Minerals 74%, BEE Group 26%)

The Company's shareholders approved the acquisition of 100% of the issued capital in Tasman Pacific Minerals Limited (Tasman) at the AGM on 30 November 2006. Tasman holds prospecting Rights over six highly prospective sandstone-hosted uranium-molybdenum exploration projects covering a total area of 1,985 square kilometres, in the Karoo region of the Republic of South Africa, approximately 460 kilometres east-northeast of Cape Town.

The tenements now held by the Company consist of a mix of advanced projects, which were drilled by previous explorers in the late 1970's and early 1980's, and new areas delineated by ground follow-up of anomalies from the South African Government Geological Survey's airborne radiometric survey which was completed after private exploration ceased in the early 1980's due to the falling uranium price.

The previous exploration did not consider molybdenum a high priority, due to the prevailing low prices for that metalat that time, but the Geological Survey's work highlighted the prospectivity of molybdenum and its association with uranium. The government identified significant uranium and molybdenum mineralisation at each of the six Tasman prospects through surface rock samples but there has been no follow-up work undertaken on these prospects since the Geological Survey work was completed. It is expected that molybdenum would now be a viable by-product of any economic uranium deposit discovered.

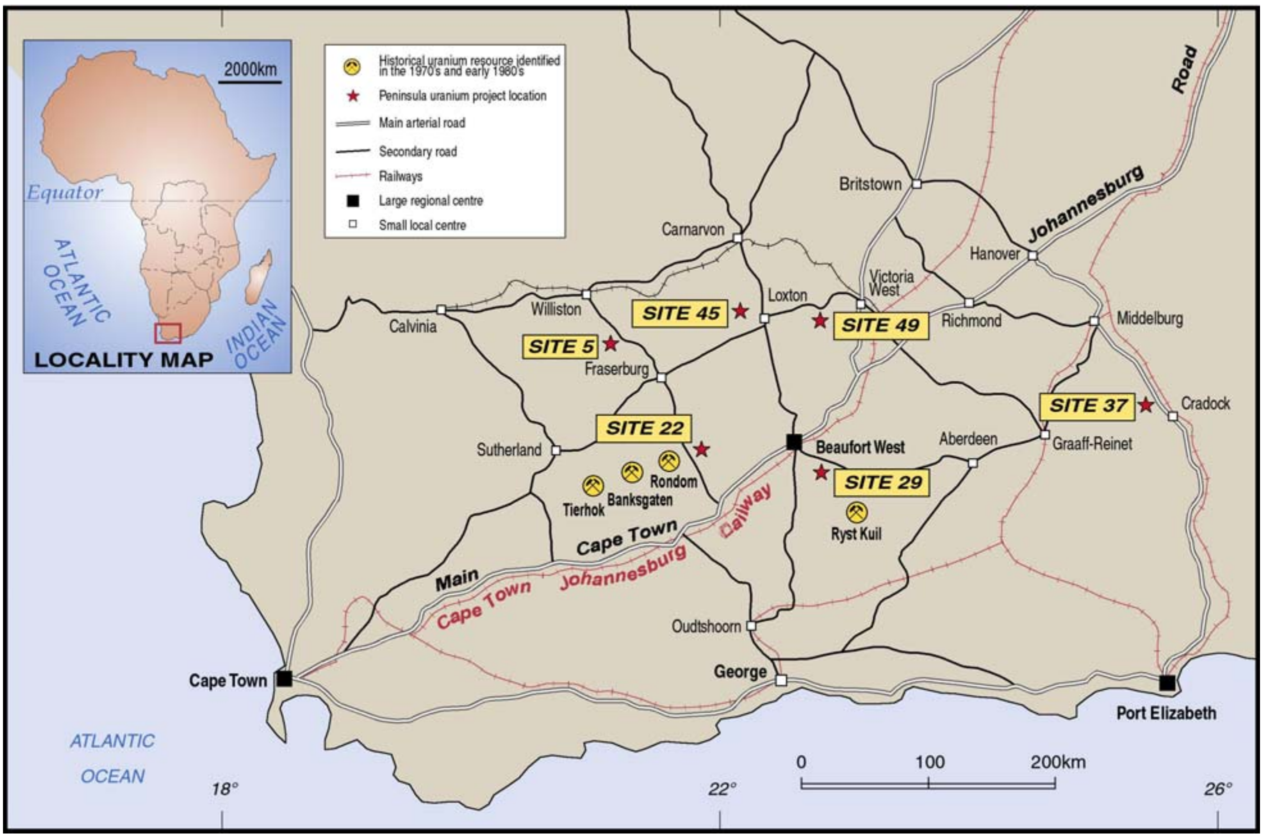



**Figure 3: Uranium/Molybdenum Prospect Site Locations**

## Granted Uranium / Molybdenum Prospecting Licences

| Province | Prospect Number | Area (km²) |
|---|---|---|
| **Western Cape** | Site 22 | 332 |
| | Site 29 | 108 |
| **Eastern Cape** | Site 37 | 225 |
| **Northern Cape** | Site 5 | 205 |
| | Site 45 (incorporating Site 43) | 481 |
| | Site 49 (incorporating Sites 44a & 44b) | 634 |
| | | **1,985** |

Two of the more advanced projects, Sites 22 and 45, were historically reported to contain quantified deposits of 1,100t (2.4 million pounds) and 1,200t (2.6 million pounds) uranium respectively. The deposits were originally drilled by JCI Limited but the original documentation is not all available. However many of the plans and cross sections have been purchased from the legal owner of the data and work has been concentrated on reconstructing the percussion and diamond drill logs from the lithology and the down-hole logging of uranium values recorded on the cross sections. Calculations to compare tonnes and grade with the historic figures will be dependent on the amount of assay data that can be located from old reports. The Company has announced that Geo-Consult International (Pty) Ltd (GCI) of Johannesburg have been appointed to conduct the field work.

The delays encountered with regard to the granting and registration of tenements under the new mining act in South Africa has slowed the exploration process due to the delay in obtaining a Certificate of Registration, to collect samples for uranium assay, from the National Nuclear Regulator. That permit has been issued for Sites 22, 29 and 37 subsequent to the end of the financial year and initial field examination of previous sampling sites has commenced on those areas. It is expected that the Certificate of Registration to allow sampling of Sites 5, 45 and 49 will be issued shortly.

**LUPA GOLD JOINT VENTURE – TANZANIA, AFRICA**

(Zari Exploration Limited, Peninsula Minerals up to 75%)

In October 2006 the Company announced that it had entered into a joint venture agreement with a private Tanzanian Company, Zari Exploration Limited (Zari), to explore for gold and other minerals on three prospecting licences controlled by Zari in the Lupa Goldfield of south west Tanzania.

The tenements cover an area of approximately 167 square kilometers on the eastern margin of the Lupa Goldfield, which is the second largest goldfield in Tanzania. Previous exploration by Zari has highlighted wide spread gold anomalism through a 5km x 2km area and has returned rock samples of 8.2g/t, 14.8g/t, 24.4g/t, 36.3g/t gold with some higher values along the zone to be drill tested.

During the year the Company completed a first pass exploration programme which included soil sampling on 200m x 20m spacing and some 200m x 100m spacing within the gold anomalous trend highlighted by the previous Zari exploration. The initial soil sampling by the Company partially identified a number of gold anomalous trends as defined by a 50ppb gold contour against a background of 25ppb with soil values peaking at several hundreds of ppb gold. An infill soil survey was undertaken to confirm the continuity and give better definition of the anomalies. This programme was carried out on 100m x

200m spacing and the results generally confirm the size and tenor of the anomalies. The largest anomaly in the central part of the grid extended for 650m to 700m in length by 300m in width with several samples peaking at +500 ppb gold and numerous samples at +100 ppb gold within a broad 50 ppb contour.

As at 30 June 2007 the project area was being prepared for drilling to test the gold in soil anomalies over the 5km x 2km area reported above. The road to the camp is being graded and internal roads and drill pads are being prepared. The Company plans to conduct 1,750 metres of reverse circulation drilling of 50 metre long holes at -60 degree dip along seven fences of holes to test the soil anomalies and associated anomalous rock samples.

**RAKIRAKI GOLD PROJECT – FIJI**

(Peninsula Minerals 50%, Geopacific Resources 50%)

The RakiRaki Gold Project is located in the north of Viti Levu, the largest of the Fijian islands and consists of three main gold prospects (Qalau, 4300E and Tataliya Ridge) which cover 137.3km².

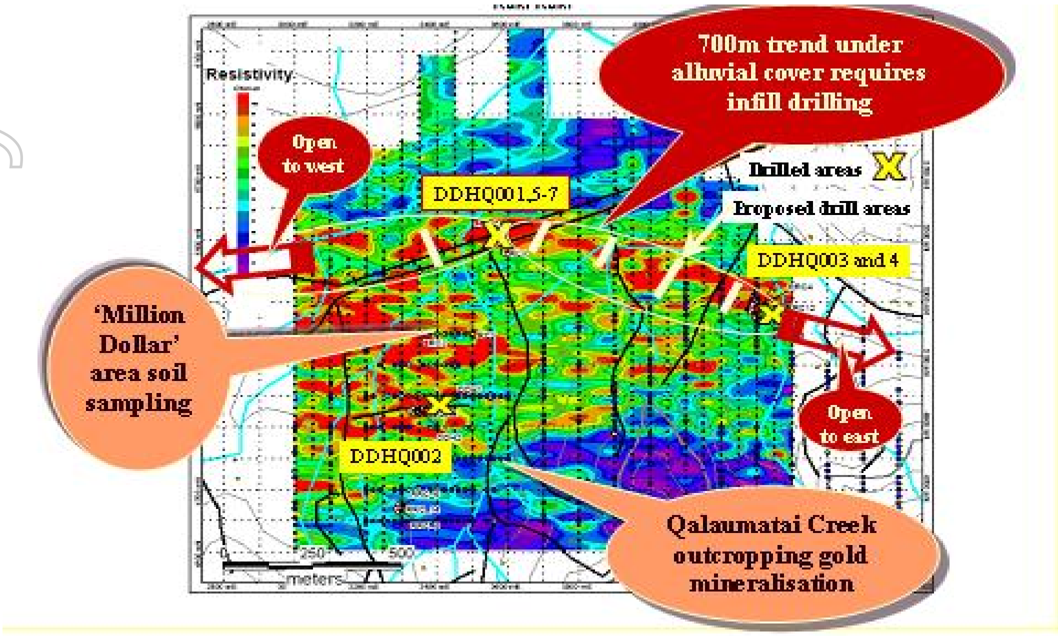
Following a geophysical survey in 2006 which defined a number of structural gold target areas at Rakj Raki, the joint venture operator Geopacific Resources NL (Geopacific) conducted an active program of diamond core drilling, completing seven holes (DDHQ001 to DDHQ007) during the year with some highly promising results, as previously reported. All significant assay results from holes DDHQ001 to DDHQ007 are shown in the table below.

| Drill hole summary | | | | | | Drill core assay summary | | | |
|---|---|---|---|---|---|---|---|---|---|
| Drill hole | coordinates (local grid where grid N is 23° W of true N) | | hole azimuth (grid) | hole dip (deg) | hole depth (m) | down-hole | | interval (meters) | gold (g/t)**** |
| | N | E | | | | from (m) | to (m) | | |
| DDHQ001 | 5565 | 3600 | 180 | 60 | 150.9 | 39 | 40 | 1 | 1.27 |
| | | | | | | 61.2 | 64 | 2.8 | 14.43 |
| | | | | | | 111.3 | 126 | 14.7 | 0.46 |
| DDHQ002 | 5010 | 3350 | 180 | 60 | 150.1 | 9 | 10 | 1 | 1.24 |
| DDHQ003 | 5370 | 4330 | 200 | 60 | 180.1 | 29 | 36 | 7 | 2.23 |
| | | including | | | | 29 | 30 | 1 | 5.14 |
| DDHQ004 | 5335 | 4360 | 200 | 60 | 293.8 | 88 | 133.2 | 45.2 | 1.02 |
| | | including*** | | | | 94 | 99 | 5 | 3.41 |
| | | including*** | | | | 121 | 130.5 | 9.5 | 2.31 |
| | | with | | | | 121 | 124 | 3 | 4.45 |
| DDHQ005 | 5550 | 3600 | 180 | 60 | 120.1 | 47.9 | 48.35 | 0.45 | 3.91 |
| | | | | | | 107.5 | 108.5 | 1 | 1.31 |
| DDHQ006 | 5585 | 3600 | 180 | 60 | 180.1 | 25 | 26 | 1 | 2.52 |
| | | | | | | 28 | 28.5 | 0.5 | 0.96 |
| | | | | | | 80 | 80.5 | 0.5 | 1.51 |
| | | | | | | 80.5 | 81 | 0.5 | 9.37 |
| | | | | | | 120.1 | 120.6 | 0.5 | 3.18 |
| DDHQ007 | 5585 | 3650 | 180 | 60 | 171 | 33.4 | 36 | 2.6 | 1.32 |
| | | | | | | 72.5 | 73.7 | 1.2 | 0.98 |
| | | | | | | 101.2 | 102 | 0.8 | 0.71 |

*** Using a 0.5g/t Au cut-off

**** Fire assays completed on sawn (halved) drill core at Emperor Mines Analytical Laboratory. All results >0.5g/t Au have been re-assayed. Internal and external controls including standard reference material and blanks have been routinely analysed.

**Figure 4: Resistivity Gradient Array map (Qualau-4300 Area) showing prospect locations**




In addition to the drilling results above Geopacific announced that soil sampling was completed at the Million Dollar area of Qalau-4300E grid and outcropping gold mineralisation was sampled at the Qalaumatai Creek Prospect where channel sampling returned rock chip assays up to 7.12 g/t Au. High gold values in stream sediments collected south west of Qalau-4300E have highlighted a two kilometre zone extending from Qalau as the interpreted source of data. The sampling has defined an area south of Wasit Village which extends for over 1 kilometre and includes anomalous BCL stream sediments up to 34.2ppb Au. Assay results for 182 stream sediment samples (BCL) from the eastern and central portions of the project ranged up to 400ppb Au and 51ppb Pd.

## SOUTH AUSTRALIAN EXPLORATION PROJECTS

### Olary Uranium Project

[Peninsula Minerals earning 75%, Giralia Resources NL 25%]

The 1200 km² Olary joint venture project comprises two exploration licences that are considered highly prospective for hard rock and roll front uranium deposits. The Company will acquire a 75% interest in these uranium rights, whilst Giralia Resources NL will retain a 25% free carried interest to the end of a bankable feasibility study. The northern Olary tenement is located approximately 35km equidistant from Pepinnini Minerals Limited's Crocker Well uranium deposit and from the historic Radium Hill uranium mine. Crocker Well contains 12.4 million tonnes @ 0.05% $U_3O_8$ and was the subject of a recent Memorandum of Understanding with Sinosteel Corporation of China valued in excess of $30 million for a 60% interest. The Olary Project contains a similar type and age rock sequences to those at Crocker Well and Radium Hill.

Reconnaissance rock chip sampling defined strong uranium results on the northern Olary tenement E2939 including 0.73% $U_3O_8$, 0.31% $U_3O_8$, 0.30% $U_3O_8$ and 0.29% $U_3O_8$. The high grade samples are quartz veined hematite rock, albitite and gneisses. Follow up work is required to test the extents of the uranium mineralisation

**World's End Uranium Project**

[Peninsula Minerals 100%]

The World's End Licence (EL 3539) located approximately 30km south of Burra in South Australia contains uranium values up to 0.3% $U_3O_8$. Review of historic exploration reports show limited previous exploration for uranium within this licence.

PacMag conducted reconnaissance mapping including a collection of 10 rock chip samples. The sampling returned four strongly anomalous samples ranging from 0.02% $U_3O_8$ up to 0.05% $U_3O_8$ associated with sheared and strongly altered sedimentary rocks (locally copper rich to 0.65% copper) at the Fairview Phosphate occurrence. The samples also returned strongly anomalous rare earth elements cerium and lanthanum. Sampling and reconnaissance mapping using a handheld scintillometer north and south of the workings identified anomalous readings 300 cps (counts per second) to 2400 cps over 375 metres of strike and approximately 5 to 30 metres width. The sampling was of a reconnaissance nature and does not yet provide an indication of continuity or extent of mineralization, however significant uranium exploration potential exists given the lack of previous systematic exploration.

**Mount Anna Uranium Project**

[Peninsula Minerals 100%]

The Mount Anna licence (EL 3558) located in the northern Gawler Craton area of South Australia contains anomalous rock samples (0.04% $U_3O_8$ and 1.2% copper) taken from Proterozoic pegmatite rocks of the Denison-Peake Range Inlier. The host rocks have similar affinities to the Mt Painter Inlier which is considered the source rock for uranium currently mined at Beverley by Heathgate Resources Pty Ltd in South Australia. Potential exists at Mount Anna for both hard rock uranium and for sandstone hosted deposits at the interface between the Proterozoic bedrock and overlying younger sedimentary sequences of a similar style to the Beverley Uranium Mine.

**Tumby Bay Talc Deposit**

[Peninsula Minerals 100%, Luzenac up to 90%]

In April 2006 the Company announced that is had entered into an Option, Farm-In and Joint Venture Agreement with Luzenac Australia Pty Ltd, a wholly owned subsidiary of Rio Tinto Limited and the worlds leading talc producer.

The project area lies within two parallel north-easterly trending structures located 14km northeast of the town of Tumby Bay. Tumby Bay is located on the Eyre Peninsula, historically one of the three main localities for talc in South Australia.

During the current reporting period Luzenac conducted geological mapping to define drill targets at project area and all logistics for a diamond drilling program have now been organized. Difficulties have been experienced in obtaining a suitable drilling contractor with the work scheduled to be completed by the end of the calendar year.

### MINOTAUR JOINT VENTURES

**Roopena Joint Venture (EL 3236. 3443) / Gibraltar Joint Venture (EL2814, 2972)**

[Peninsula Minerals 100%, Minotaur Exploration up to 70%]

On 27 February 2007 Minotaur informed the Company that the required expenditure under the terms of the Roopena and Gibralter Joint Ventures had not been met and the Joint Ventures have therefore lapsed. All exploration activities by Minotaur have now ceased with the management of the tenements now being handled by Toro Energy Limited, as per below.

**Uranium Access Agreement (Roopena and Gibraltar Joint Ventures)**

[Peninsula Minerals 100%, Toro Energy up to 70%]

In February 2006 the Company announced a joint venture agreement with Minotaur and Toro Energy Limited (Toro) under which the Company granted to Toro the uranium exploration rights to the Iron Baron and Roopena tenements ("Roopena Joint Venture"), and the Gibraltar Rocks and Partridge Range tenements ("Gibralter Joint Venture"), situated in the Gawler Craton of South Australia, one of the world's most prospective uranium regions. Toro can earn up to 70% in the Roopena and Gibraltar Joint Ventures by spending $2 million within a 48 month period.

During the current reporting period Toro conducted a review of historic data on the Gibralter and Roopena Joint Venture tenements to define drill targets and to determine the exploration program. An airborne electromagnetic survey (AEM) conducted over a portion of EL3608 has clearly shown that previous drilling missed part of the palaeochannels in the area and a drilling program of up to 7 drill traverses will commence during the quarter ending 30 September 2007 to evaluate their potential. All necessary statutory clearances and approvals have been obtained in readiness for the drill program to commence. As indicated below this program encompasses part of the Gibralter Joint Venture tenement EL 3608.

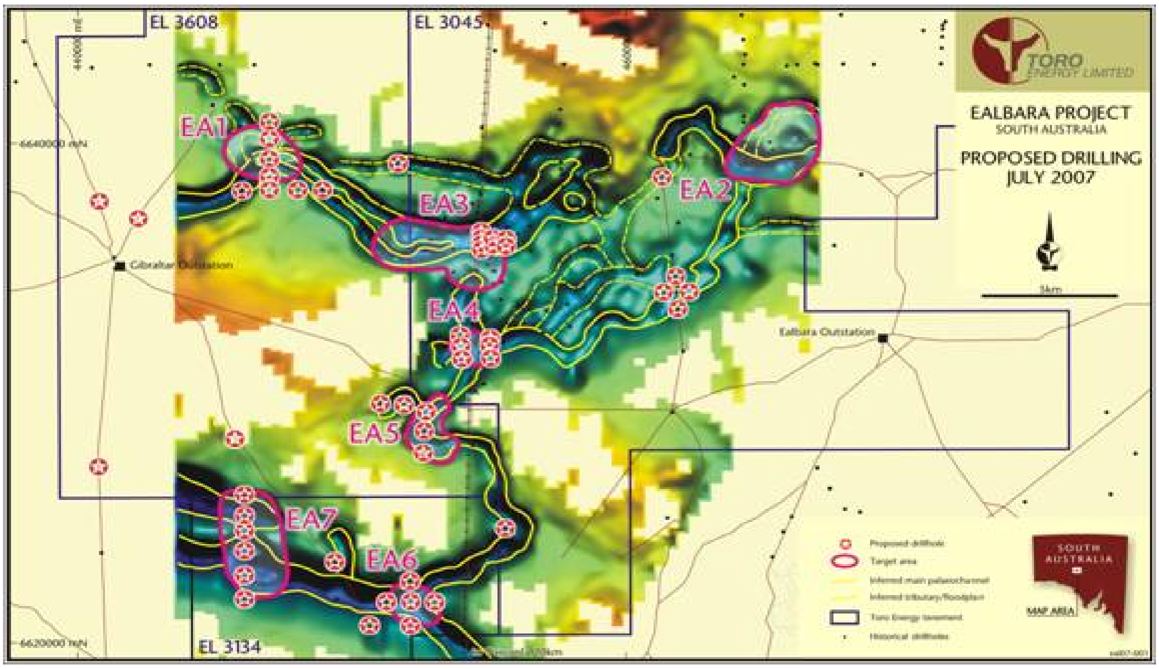



**Figure 5: Toro Energy Limited's Ealbara Project location map (showing interpreted palaeochannels historic drilling (black dots) and proposed drilling program (red stars).**

**WEST AUSTRALIAN EXPLORATION PROJECTS**

**Uranium Projects**

[Peninsula Minerals 100%]

As part of the acquisition of PM Prospecting Pty Ltd, the Company acquired various exploration licence applications in Western Australia. The Company acquired nine tenements that were selected by PacMag using satellite imagery, airborne geophysical data and geology targeting areas along strike of known calcrete uranium deposits where shallow soil cover is capable of masking surface radiometric anomalies. The Nelson Well project covers an additional 16km of prospective untested calcrete channel to the south and east of the Cogla Downs deposit where previous drilling returned up to 0.44m @ 0.03 % $eU_3O_8$. Similar targets exist on the other Western Australian tenements where previous surface sampling has returned results up to 0.08% $U_3O_8$.

**Pinnacles Project**

[Peninsula Minerals 100%]

On 30 June 2006 Bannerman Resources Ltd informed the Company of its intention to withdraw from the Pinnacles Joint Venture. The Company has appointed consultants to conduct a comprehensive review of the existing data at the Pinnacles project with the results of this review to determine the strategy and focus going forward.

**CORPORATE**

**Acquisition of PM Prospecting Pty Ltd**

As mentioned above, the Company expanded its uranium portfolio through the acquisition of all of the issued capital of PM Prospecting Pty Ltd, a wholly owned subsidiary of PacMag Metals Limited. The consideration paid by the Company for the acquisition of PM Prospecting was 200,000,000 fully paid ordinary shares in Peninsula and $200,000.

**Entitlement Issue**

In April 2007 the Company announced a non-renounceable entitlement issue of one fully paid ordinary share with one free attaching option for every ten shares held by shareholders on the 14 June 2007, at an issue price of 6 cents per share. The options are exercisable at 10 cents per option on or before 30 June 2010. As noted in the After Balance Date Events section, on 10 July 2007 the Company advised that it had processed subscriptions from shareholders for 55,859,934 shares (and attaching options) to raise $3,351,596 under the entitlement issue, which closed on 5 July 2007. Pursuant to the Underwriting Agreement entered into 11 April 2007, the Company allotted and issued a further 50,000,000 shares to the underwriter, Euroz Securities Limited, to raise an additional $3,000,000 and bring the total raised from the entitlement issue to $6,351,596.

**Share Placement**

On 13 December 2006 the Company announced that it had secured agreement for the placement of 50 million fully paid ordinary shares at an issue price of 4.8 cents per share to raise $2,400,000 before expenses. The placement was made to institutional or sophisticated clients of Southern Cross Equities Limited (Southern Cross). As part of the placement, Southern Cross received a 5% fee on funds raised, together with 10 million unlisted options at an exercise price of 7 cents per option, expiring 15 December 2009.

## FINANCIAL POSITION

The net assets of the consolidated group have increased by $21,284,263 from 30 June 2006 to $26,531,895 in 2007. The increase has largely resulted from an increase in capitalised exploration expenditure, the majority relating to the acquisition of PM Prospecting Pty Ltd and Tasman Pacific Minerals Limited and the fair value of the uranium/molybdenum assets acquired in these transactions. In addition cash reserves have increased during the year through a placement in December 2006 to raise $2.4 million before expenses and the initial proceeds of the Entitlement Issue in June 2007.

The directors believe the group is in a strong and stable financial position to expand and grow its current operations.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 23 May 2007 the Company announced the completion of the acquisition of PM Prospecting Pty Ltd and its subsidiaries. Please refer to the Review of Operations contained within this Directors Report for further details on this transaction. As approved by shareholders at the Extraordinary General Meeting (EGM) held on 21 May 2007, the Company allotted and issued 200,000,000 fully paid ordinary shares to PacMag Metals Limited as part consideration for the acquisition of all of the issued capital of PM Prospecting.

- In April 2007 the Company announced a non-renounceable entitlement issue of one fully paid ordinary share with one free attaching option for every ten shares held by shareholders on the 14 June 2007, at an issue price of 6 cents per share. The options are exercisable at 10 cents per option on or before 30 June 2010.

- In November 2006 the Company announced that the Department of Minerals and Energy in South Africa had granted the remaining two of six prospecting rights applications held by Tasman Pacific Minerals Limited (Tasman).The grant of the tenements allowed the Company to complete the acquisition of Tasman and hold a 74% interest in the joint venture to explore these properties in the Karoo region of South Africa.

- In November and December 2006 the Company sold its investment in ASX listed Bannerman Resources Limited comprising 450,000 ordinary fully paid shares for a total profit of $679,713.

- In October 2006 the Company announced that it had entered into a joint venture agreement with a private Tanzanian Company, Zari Exploration Limited (Zari), to explore for gold and other minerals on three prospecting licences controlled by Zari in the Lupa Goldfield of south west Tanzania. Please refer to the Review of Operations contained within this Directors Report for further details on this project.

## AFTER BALANCE DATE EVENTS

- As noted above, in April 2007 the Company announced a non-renounceable entitlement issue. On 10 July 2007 the Company advised that it had processed subscriptions from shareholders for 55,859,934 shares (and attaching options) to raise $3,351,596 under the entitlement issue, which closed on 5 July 2007. Pursuant to the Underwriting Agreement entered into on 11 April 2007, the Company allotted and issued a further 50,000,000 shares to the underwriter, Euroz Securities Limited, to raise an additional $3,000,000 and bring the total raised from the entitlement issue to $6,351,596. This increased the Company's cash reserves to approximately $9,664,834, unaudited as at 31 July 2007.

- On 14 September 2007 the Company announced that drilling had commenced at the Lupa Gold Project in south western Tanzania. A reverse circulation drilling program will test the gold in soil anomalies previously reported as occurring over a 5km x 2km area. The drill program consists of 35 reverse circulation holes of approximately 50 metres each at -60 degree dip (totalling 1,750 metres) to test the soil anomalies and anomalous rock samples along seven fences of holes.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely future developments in the operations of the consolidated group are referred to in the Annual Report. Other than as referred to in this report, further information as to likely developments in the operations of the consolidated group and expected results of those operations would, in the opinion of the directors, be speculative and prejudicial to the interests of the consolidated group and its shareholders.

## ENVIRONMENTAL ISSUES

The consolidated group's operations are subject to significant environmental regulation under the law of the Commonwealth and the State. The Board believe that the Company has adequate systems in place for the management of environmental requirements and is not aware of any breach of environmental requirements as they apply to the Company.

## INFORMATION ON DIRECTORS

The names and details of the directors of Peninsula Minerals Limited in office during the financial year and until the date of this report are as follows:

**Mr Malcolm James B.Bus**, CPA, FAICD, MAusIMM
**Chairman**
Mr James joined the board on 8 December 2003 as a non-executive director and was appointed Chairman on 11 April 2005. Mr James is a business graduate of RMIT University in Melbourne, Australia with over 25 years experience in merchant banking, engineering, manufacturing and financing. Over the last 15 years he has played an active role in identifying, exploring, financing and developing a number of significant natural resource projects in Australia, the former Soviet Union, the Middle East, Africa and Asia. To date he has been involved in raising in excess of AUD $3 billion in debt and equity capital. Mr James is the chairman of Resource & Capital Management and is also Chairman of Australian Stock Exchange listed Lefroy Resources Limited. Mr James is also a director of two AIM listed companies namely Summit Resources plc and Cue Energy plc.

**Ms Jade Styants** B.Bus, CA

**Finance Director**

Ms Styants is a Chartered Accountant with corporate finance and accounting experience in both the resource and manufacturing industries, having worked for major companies such as Gillette International SARL and Anaconda Nickel Limited. To date Ms Styants has been involved in numerous companies in the AIM Market and on the Australian Stock Exchange. She is currently a director of AIM listed Cue Energy Plc and Summit Resources Plc and Company Secretary of AIM listed Empyrean Energy Plc and ASX Listed Torrens Energy Limited. Ms Styants was appointed as Finance Director on 30 April 2007.

**Mr Warwick Grigor B.Ec**, LLB., MAusIMM

**Non-Executive Director**

Mr Grigor joined the board on 11 April 2005 as Executive Director. Mr Grigor is a graduate of the Australian National University having completed degrees in law and economics.

Mr Grigor is currently Executive Chairman of Far East Capital Limited, a Sydney based independent private investment bank specialising in the resources sector. Having over 20 years experience as an investment and corporate analyst specialising in the mining sector, Warwick's multi skilled disciplines cover law, economics, accounting and geology. Mr Grigor is also a non-executive director of ASX listed First Australian Resources Limited and Non-Executive chairman of Monaro Mining NL.

**Mr Keith Johns** resigned 30 November 2006
**Mr Doug Goodall** resigned 20 April 2007
**Mr Alastair Hunter** resigned 30 April 2007

**REMUNERATION REPORT**

This report details the nature and amount of remuneration for each director of Peninsula Minerals Limited and for the executives receiving the highest remuneration.

**Remuneration policy**

The remuneration policy of Peninsula Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Peninsula Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the consolidated group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board after seeking professional advice from independent external consultants where necessary.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.

- The Board reviews executive packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to the approval of incentives, bonuses and options, by recommending changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market price, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

**Company performance, shareholder wealth and director and executive remuneration**

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The Board have issued options to all of the directors to encourage the alignment of personal and shareholder interests.

**Key Management Personnel Remuneration Policy**

The Board's policy for determining the nature and amount of remuneration of key management for the group is as follows :

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

The employment conditions of key management personnel are formalised in contracts of employment. The Company may terminate an employment contract without cause by providing three months written notice or making payment in lieu of notice, based on the individual's annual salary. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the case of serious misconduct the Company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

The Board determines the proportion of fixed and variable compensation for each key management personnel. Refer below:

**Key Management Personnel Compensation**

| 2007 Key Management Person | Short-term Benefits | | Post-employment Benefits | Share-based payment | | | |
|---|---|---|---|---|---|---|---|
| **Directors** | **Salary & Fees $** | **Other $** | **Super-annuation $** | **Equity $** | **Options (a) $** | **Total $** | **Performance Related %** |
| *Non Executive* | | | | | | | |
| Malcolm James | 25,000 | - | 2,250 | - | 972 | 28,222 | - |
| Warwick Grigor | 25,000 | - | 2,250 | - | 1,928 | 29,178 | - |
| Jade Styants**** | 52,497 | 10,000 | - | - | 3,104 | 65,601 | - |
| Keith Johns * | 10,417 | - | 938 | - | 1,282 | 12,637 | - |
| Alastair Hunter *** | 10,417 | - | 938 | - | - | 11,355 | - |
| | **123,331** | **10,000** | **6,376** | **-** | **7,286** | **146,993** | |
| *Executive* | | | | | | | |
| Doug Goodall ** | 115,755 | - | 10,418 | - | 16,334 | 142,507 | - |
| | **115,755** | **-** | **10,418** | **-** | **16,334** | **142,507** | |
| *Company Secretary* | | | | | | | |
| Jonathan Whyte | 40,800 | 10,000 | - | - | 6,535 | 57,335 | - |
| | **40,800** | **10,000** | **-** | **-** | **6,535** | **57,335** | |

* Mr Johns resigned as non-executive director on 30 November 2006

** Mr Goodall resigned as managing director on 20 April 2007

*** Mr Hunter was appointed as non-executive director on 30 November 2006 and resigned on 30 April 2007

**** Ms Styants was appointed as Finance Director on 30 April 2007

**(a)** The fair value of the options are calculated at the date of grant using the Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to the current reporting period. In valuing the options, market conditions have been taken into account.

| 2006 Key Management Person | Short-term Benefits | | Post-employment Benefits | Share-based payment | | | |
|---|---|---|---|---|---|---|---|
| **Directors** | **Salary & Fees $** | **Other $** | **Super-annuation $** | **Equity $** | **Options (a) $** | **Total $** | **Performance Related %** |
| *Non Executive Directors* | | | | | | | |
| Malcolm James | 25,000 | - | 2,250 | - | 1,125 | 28,375 | - |
| Warwick Grigor | 41,667 | - | 3,750 | - | 1,125 | 46,542 | - |
| Keith Johns | 25,000 | - | 2,250 | - | 2,544 | 29,794 | - |
| David Lenigas* | 15,694 | - | - | - | 1,125 | 16,819 | - |
| | **107,361** | **-** | **8,250** | **-** | **5,919** | **121,530** | **-** |
| *Executive Directors* | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Doug Goodall | 66,514 | - | 5,986 | - | - | 72,500 | - |
| | **66,514** | **-** | **5,986** | **-** | **-** | **72,500** | **-** |
| *Company Secretary* | | | | | | | |
| Jade Styants | 25,500 | - | - | - | - | 25,500 | - |
| Jonathan Whyte | 7,200 | - | - | - | - | 7,200 | - |
| | **32,700** | **-** | **-** | **-** | **-** | **32,700** | **-** |

***** Mr Lenigas resigned as non-executive director on 20 February 2006

**Options issued as part of remuneration for the year ended 30 June 2007**

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria but are issued to the majority of directors and executives of Peninsula Minerals Limited to increase goal congruence between executives, directors and shareholders.

**Options Granted as Remuneration**

| | | | | **Terms and Conditions** | | | |
|---|---|---|---|---|---|---|---|
| **Key Management Personnel** | **Vested No.** | **Granted No.** | **Grant Date** | **Value per Option at Grant Date $** | **Exercise Price $** | **First Exercise Date** | **Last Exercise Date** |
| *Non Executive Directors* | | | | | | | |
| Malcolm James | - | - | - | - | - | - | - |
| Warwick Grigor | - | - | - | - | - | - | - |
| Keith Johns | - | - | - | - | - | - | - |
| Alastair Hunter | - | - | - | - | - | - | - |
| Jade Styants | 2,000,000 | 2,000,000 | 30/11/2006 | 0.0207 & 0.0128 | $0.03 & $0.06 | - | 30/11/2009 |
| | | | | | | | |
| *Executive Directors* | | | | | | | |
| Doug Goodall | 5,000,000 | 5,000,000 | 30/11/2006 | 0.0207 & 0.0128 | $0.03 & $0.06 | - | 30/11/2009 |
| | | | | | | | |
| *Company Secretary* | | | | | | | |
| Jonathan Whyte | 2,000,000 | 2,000,000 | 30/11/2006 | 0.0207 & 0.0128 | $0.03 & $0.06 | - | 30/11/2009 |

The service and performance criteria set to determine remuneration are included in this remuneration report. All options were granted for nil consideration.

**Shares Issued on Exercise of Compensation Options**

Options exercised during the year that were granted as compensation in prior periods:

| Key Management Personnel | No. of Ordinary Shares Issued | Amount Paid per Share $ | Amount Unpaid per Share $ | Options Exercised $ | Total $ |
|---|---|---|---|---|---|
| *Non-Executive Directors* | | | | | |
| Malcolm James | 2,500,000 | 0.02 | - | 50,000 | 50,000 |
| Keith Johns | 2,500,000 | 0.02 | - | 50,000 | 50,000 |
| David Lenigas* | 2,500,000 | 0.02 | - | 50,000 | 50,000 |
| | | | | | |
| *Company Secretary/Director* | | | | | |
| Jade Styants | 1,000,000 | 0.03 | - | 30,000 | 30,000 |
| | **8,500,000** | | **-** | **180,000** | **180,000** |

***** Mr Lenigas resigned as a non-executive director on 20 February 2006

### Meetings of Directors

During the financial year, six meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

| | Committee Meetings | | | |
|---|---|---|---|---|
| | **Directors Meetings** | | **Audit Committee** | |
| | **Number Eligible to attend** | **Number Attended** | **Number Eligible to attend** | **Number Attended** |
| *Non Executive Directors* | | | | |
| Malcolm James | 5 | 5 | 1 | 1 |
| Warwick Grigor | 5 | 5 | - | - |
| Keith Johns* | 2 | 2 | 1 | 1 |
| Alastair Hunter*** | 3 | 3 | - | - |
| | | | | |
| *Executive Director* | | | | |
| Doug Goodall** | 5 | 5 | - | - |
| | | | | |
| *Finance Director* | | | | |
| Jade Styants**** | 5 | 5 | **-** | **-** |
| | | | | |

* Mr Johns resigned as non-executive director on 30 November 2006

** Mr Goodall resigned as managing director on 20 April 2007

*** Mr Hunter was appointed as non-executive director on 30 November 2006 and resigned on 30 April 2007

**** Ms Styants was appointed as Finance Director on 30 April 2007

### Indemnifying Directors and Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has entered into an agreement to indemnify all the directors against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each director 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 of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $16,775 to insure the directors and officers of the Company.

**Options**

At the date of this report, the unissued ordinary shares of Peninsula Minerals Limited under option are as follows:

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| 30/11/05 | 23/02/09 | $0.02 | 2,500,000 |
| 30/11/06 | 30/11/09 | $0.03 | 2,500,000 |
| 30/11/06 | 30/11/09 | $0.06 | 2,500,000 |
| 30/11/06 | 30/11/09 | $0.03 | 1,000,000 |
| 30/11/06 | 30/11/09 | $0.06 | 2,000,000 |
| 22/12/06 | 15/12/09 | $0.07 | 10,000,000 |

During the year ended 30 June 2007, the following ordinary shares of Peninsula Minerals Limited were issued on the exercise of options granted under the Peninsula Minerals Share Option Incentive Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

| Grant Date | Exercise Price | Number of Shares Issued |
|---|---|---|
| 30/11/06 | $0.03 | 1,000,000 |

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

**Proceedings on Behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

**Non-audit services**

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2007:

| Service | $ |
|---|---:|
| Corporate Services | 585 |
| **Total** | **585** |

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 27 of the Director's Report.

**Rounding of Amounts**

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors

Malcolm James (Chairman)

Dated this 26th day of September 2007

**AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PENINSULA MINERALS LIMITED AND CONTROLLED ENTITIES**

Somes Cooke

**Peninsula Minerals Ltd**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Peninsula Minerals Ltd.

As lead audit partner for the audit of the financial statements of Peninsula Minerals Ltd. for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

SOMES and COOKE

K. C. Somes

26th September 2007
1304 Hay Street
West Perth WA 6005

# INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2007

| | Notes | Consolidated Group 2007 $ | Consolidated Group 2006 $ | Parent Entity 2007 $ | Parent Entity 2006 $ |
|---|---|---|---|---|---|
| Revenue | 3 | 884,398 | 149,023 | 884,398 | 149,023 |
| Employee Benefits Expense | | (166,337) | (125,336) | (166,337) | (125,336) |
| Depreciation and Amortisation Expense | | (277) | (228) | (277) | (228) |
| Other Expenses | | (969,603) | (403,903) | (969,603) | (403,903) |
| Loss before income tax | | (251,819) | (380,444) | (251,819) | (380,444) |
| Income tax expense | 5 | - | - | - | - |
| Net loss after tax from continuing operations | | (251,819) | (380,444) | (251,819) | (380,444) |
| Basic loss per share (cents per share) | 21 | (0.04) | (0.075) | (0.04) | (0.075) |
| Diluted loss per share (cents per share) | 21 | (0.04) | (0.075) | (0.04) | (0.075) |

# BALANCE SHEET AS AT 30 JUNE 2007

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | Notes | 2007 | 2006 | 2007 | 2006 |
| | | $ | $ | $ | $ |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6 | 4,251,271 | 2,318,955 | 4,251,183 | 2,318,879 |
| Trade and other receivables | 7 | 77,524 | 39,254 | 77,568 | 39,254 |
| Financial assets | 8 | - | 156,000 | - | 156,000 |
| TOTAL CURRENT ASSETS | | 4,328,795 | 2,514,209 | 4,328,751 | 2,514,133 |
| NON-CURRENT ASSETS | | | | | |
| Financial assets | 8 | - | - | 20,599,295 | 1,692,694 |
| Property, plant and equipment | 10 | 1,167 | 607 | 648 | 607 |
| Mineral exploration expenditure | 11 | 22,991,586 | 2,816,306 | 2,637,965 | 1,363,976 |
| TOTAL NON-CURRENT ASSETS | | 22,992,753 | 2,816,913 | 23,237,908 | 3,057,277 |
| TOTAL ASSETS | | 27,321,548 | 5,331,122 | 27,566,659 | 5,571,410 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 13 | 126,454 | 83,490 | 131,277 | 83,490 |
| Financial Liabilities | 14 | 663,199 | - | 663,199 | - |
| TOTAL CURRENT LIABILITIES | | 789,653 | 83,490 | 794,476 | 83,490 |
| TOTAL LIABILITIES | | 789,653 | 83,490 | 794,476 | 83,490 |
| NET ASSETS | | 26,531,895 | 5,247,632 | 26,772,183 | 5,487,920 |
| EQUITY | | | | | |
| Issued Capital | 15 | 37,438,837 | 15,834,721 | 37,438,837 | 15,834,721 |
| Reserves | 16 | 57,966 | 126,000 | 57,966 | 126,000 |
| Accumulated losses | | (10,964,908) | (10,713,089) | (10,724,620) | (10,472,801) |
| TOTAL EQUITY | | 26,531,895 | 5,247,632 | 26,772,183 | 5,487,920 |

# STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2007



**Consolidated Group**

| | Notes | Share Capital Ordinary $ | Accumulated Losses $ | Option Reserve $ | Financial Assets Reserve | Total $ |
|---|---|---|---|---|---|---|
| **Balance at 1 July 2005** | | **15,354,745** | **(10,332,645)** | **474,056** | **-** | **5,496,156** |
| Shares Issued during the year | | - | - | - | - | - |
| Cost of Share Based Payment | | 5,920 | - | - | - | 5,920 |
| Reclassification from Option Reserve to Share Capital | | 474,056 | | (474,056) | | - |
| Changes in fair value of available-for-sale financial assets | | - | - | - | 126,000 | 126,000 |
| Loss for the period | | - | (380,444) | - | - | (380,444) |
| **Balance at 30 June 2006** | | **15,834,721** | **(10,713,089)** | **-** | **126,000** | **5,247,632** |
| Shares Issued during the year | | 21,554,500 | - | - | - | 21,554,500 |
| Transaction Costs | | (123,000) | - | - | - | (123,000) |
| Cost of Share Based Payment | | - | - | 50,582 | - | 50,582 |
| Transfer Share Based Payment from prior year | | (7,384) | - | 7,384 | - | - |
| Exercise of Options | | 180,000 | - | - | - | 180,000 |
| Changes in fair value of available-for-sale financial assets | | - | - | - | (126,000) | (126,000) |
| Profit for the period | | - | (251,819) | - | - | (251,819) |
| **Balance at 30 June 2007** | | **37,438,837** | **(10,964,908)** | **57,966** | **-** | **26,531,895** |

**Parent Entity**

| | Notes | Share Capital Ordinary $ | Accumulated Losses $ | Option Reserve $ | Financial Assets Reserve | Total $ |
|---|---|---|---|---|---|---|
| **Balance at 1 July 2005** | | **15,354,745** | **(10,092,357)** | **474,056** | **-** | **5,736,444** |
| Shares Issued during the year | | - | - | - | - | - |
| Cost of Share Based Payment | | 5,920 | - | - | - | 5,920 |
| Reclassification from Option Reserve to Share Capital | | 474,056 | - | (474,056) | - | - |
| Changes in fair value of available-for-sale financial assets | | - | - | - | 126,000 | 126,000 |
| Loss for the period | | - | (380,444) | - | - | (380,444) |
| **Balance at 30 June 2006** | | **15,834,721** | **(10,472,801)** | **-** | **126,000** | **5,487,920** |
| Shares Issued during the year | | 21,554,500 | - | - | - | 21,554,500 |
| Transaction Costs | | (123,000) | - | - | - | (123,000) |
| Cost of Share Based Payment | | - | - | 50,582 | - | 50,582 |
| Transfer Share Based Payment from prior year | | (7,384) | - | 7,384 | - | - |
| Exercise of Options | | 180,000 | - | - | | 180,000 |
| Changes in fair value of available-for-sale financial assets | | - | - | - | (126,000) | (126,000) |
| Loss for the period | | - | (251,819) | - | - | (251,819) |
| **Balance at 30 June 2007** | | **37,438,837** | **(10,724,620)** | **57,966** | **-** | **26,772,183** |

# CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2007 | 2006 | 2007 | 2006 |
| | Notes | $ | $ | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Payments to suppliers and employees | | (618,363) | (378,886) | (613,540) | (378,886) |
| Interest received | | 194,465 | 140,772 | 194,465 | 140,772 |
| Other receipts/(payments) | | (8,315) | 8,419 | (8,359) | 8,419 |
| Net Cash provided by (used in) Operating Activities | 28 | (432,213) | (229,695) | (427,434) | (229,695) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Payments for exploration and evaluation | | (1,464,547) | (386,865) | (1,469,857) | (386,865) |
| Acquisition of plant and equipment | | (836) | - | (317) | - |
| Proceeds from sale of investments | | 709,713 | - | 709,713 | - |
| Loans to related parties | | - | (33,000) | - | (33,000) |
| Proceeds from sale of property plant and equipment | | - | - | - | - |
| Net Cash provided by (used in) Investing Activities | | (755,670) | (419,865) | (760,461) | (419,865) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Proceeds from issue of shares | | 2,277,000 | - | 2,277,000 | - |
| Proceeds from Rights Issue | | 663,199 | - | 663,199 | |
| Proceeds from Exercise of Options | | 180,000 | - | 180,000 | - |
| Net Cash provided by (used in) Financing Activities | | 3,120,199 | - | 3,120,199 | - |
| Net Increase/(Decrease) in Cash Held | | 1,932,316 | (649,560) | 1,932,304 | (649,560) |
| Cash at the beginning of financial year | | 2,318,955 | 2,968,515 | 2,318,879 | 2,968,439 |
| Cash at the end of financial year | 6 | 4,251,271 | 2,318,955 | 4,251,183 | 2,318,879 |

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Peninsula Minerals Limited and controlled entities, and Peninsula Minerals Limited as an individual parent entity. Peninsula Minerals Limited is a listed public Company, incorporated and domiciled in Australia.

The financial report of Peninsula Minerals Limited and controlled entities, and Peninsula Minerals Limited as an individual parent entity complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Accounting Policies

#### (a) Principles of Consolidation

A controlled entity is any entity Peninsula Minerals Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 9 of the Notes to the Financial Statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

**(b) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(c) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to Note 29 of the Notes to the Financial Statements for further details on changes in accounting policy.

The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

**(d) Property, Plant and Equipment**

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

*Property*

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

*Plant and equipment*

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors 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 group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

*Depreciation*

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use as follows:

| | |
|---|---|
| Land and Buildings | 20 years |
| Plant and equipment | 3-5 years |
| Motor Vehicles | 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(e) Exploration and Development Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**(f) Investment Property**

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement as other income.

**(g) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(h) Financial Instruments**

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

*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 stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

These investments have fixed maturities, and it is the group’s intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

*Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

*Derivative instruments*

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Peninsula Minerals Limited and Controlled Entities designates certain derivatives as either:

i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
ii. hedges of highly probably forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

*Fair value*
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*
At each reporting date, the 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 income statement.

**(i) Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(j) Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

**(k) Interests in Joint Ventures**

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 12 of the Notes to the Financial Statements.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

**(l) Intangibles**

*Goodwill*

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*Patents and trademarks*

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life.

*Research and development*

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

**(m) Foreign Currency Transactions and Balances**

*Functional and presentation currency*

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

*Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

*Group companies*
The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

**(n) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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*
The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

*Equity-settled compensation*
The group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

**(o) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(p) Provision for Warranties**

Provision is made in respect of the consolidated group's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the consolidated group's history of warranty claims.

**(q) Debt Defeasance**

Where assets are given up to extinguish the principal repayments and all future interest payments of a debt any differences in the carrying values of assets foregone and the liability extinguished are brought to account in the profit. Costs incurred in establishing the defeasance are expensed in the period that the defeasance occurs.

Where only part of a debt is extinguished the interest payments and principal repayments are defeased proportionately and a liability recognised for the net present value of the remaining future interest and principal repayments. The discount factor applied is the implicit rate in the original debt.

In all cases where defeasance occurs, it is highly unlikely that the Company will again be required to pay any part of the debt or meet any guarantees or indemnities associated with the debt.

**(r) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(s) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with leases agreements.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**(t) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

### (u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (w) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the Financial report and Directors' Report have been rounded off to the nearest dollar.

### Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

*Key Estimates — Impairment*

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

## 3. REVENUE

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| **Operating Activities** | | | | |
| Interest received | 194,465 | 140,772 | 194,465 | 140,772 |
| **Total Interest Revenue** | 194,465 | 140,772 | 194,465 | 140,772 |
| **Non-operating Activities** | | | | |
| Profit on the sale of shares (a) | 679,713 | - | 679,713 | - |
| Other income | 10,220 | 8,251 | 10,220 | 8,251 |
| **Other Income** | 689,933 | 8,251 | 689,933 | 8,251 |
| **Total Revenue** | **884,398** | **149,023** | **884,398** | **149,023** |

(a) In November and December 2006 the Company sold its investment in Bannerman Resources comprising 450,000 ordinary fully paid shares realising a total profit of $679,713.

## 4. LOSS FOR THE YEAR

| | Consolidated Group 2007 $ | Consolidated Group 2006 $ | Parent Entity 2007 $ | Parent Entity 2006 $ |
|---|---|---|---|---|
| **Expenses** | | | | |
| Depreciation of plant and equipment | 277 | 228 | 277 | 228 |
| Write-off of capitalised exploration expenditure | 443,767 | 75,557 | 443,767 | 75,557 |
| Employee Benefits Expense | 166,337 | 125,336 | 166,337 | 125,336 |
| Other | 525,836 | 328,346 | 525,836 | 328,346 |
| **Total Expenses** | 1,136,217 | 529,467 | 1,136,217 | 529,467 |

## 5. INCOME TAX

**(a)** The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

| | Consolidated Group 2007 $ | Consolidated Group 2006 $ | Parent Entity 2007 $ | Parent Entity 2006 $ |
|---|---|---|---|---|
| Loss from ordinary activities | (251,819) | (380,444) | (251,819) | (380,444) |
| Income tax benefit calculated at 30% on operating loss | (75,546) | (114,133) | (75,546) | (114,133) |
| Tax Effect of : | | | | |
| - Mineral exploration written off | 133,130 | 22,667 | 133,130 | 22,667 |
| | - | - | - | - |
| | **57,584** | **(91,466)** | **57,584** | **(91,466)** |
| Benefits of tax losses of prior years recouped | | | | |
| Benefit of tax losses not brought to account as an asset | 57,584 | (91,466) | 57,584 | (91,466) |
| Income tax expense attributable to entity | - | - | - | - |

**(b)** As at the 30 June 2007, the consolidated entity has estimated tax losses of approximately $8,894,599 (2006: $7,622,000) and Peninsula Minerals Limited has tax losses of approximately $8,654,599 (2006: $7,382,000), which may be available to be offset against taxable income in future years. The availability of these losses is subject to satisfying Australian taxation legislative requirements. The deferred tax asset attributable to tax losses has not been brought to account in these financial accounts because the directors believe it is not presently appropriate to regard realisation of the future income tax benefits as probable.

**(c)** Deferred Tax Liability - With regard to Exploration and Evaluation expenditure the tax liability in respect of the book value has not been brought to account as it is offset by the tax losses per 5 (b) above.

## 6. CASH AND CASH EQUIVALENTS

| | Consolidated Group 2007 $ | Consolidated Group 2006 $ | Parent Entity 2007 $ | Parent Entity 2006 $ |
|---|---|---|---|---|
| Cash at bank and in hand | 770,937 | 79,502 | 770,849 | 79,426 |
| Short-term bank deposits | 3,480,334 | 2,239,453 | 3,480,334 | 2,239,453 |
| | **4,251,271** | **2,318,955** | **4,251,183** | **2,318,879** |

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| **Reconciliation of Cash** | | | | |
| Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows: | | | | |
| Cash and cash equivalents | 4,251,271 | 2,318,955 | 4,251,183 | 2,318,879 |
| | **4,251,271** | **2,318,955** | **4,251,183** | **2,318,879** |

## 7. TRADE AND OTHER RECEIVABLES

| | Consolidated Group 2007 $ | Consolidated Group 2006 $ | Parent Entity 2007 $ | Parent Entity 2006 $ |
|---|---|---|---|---|
| CURRENT | | | | |
| Trade receivables | 25,989 | 6,254 | 25,989 | 6,254 |
| Other receivables | 51,535 | - | 18,579 | - |
| | 77,524 | 6,254 | 44,568 | 6,254 |
| Amounts receivable from: | | | | |
| - wholly owned subsidiaries | - | 33,000 | 33,000 | 33,000 |
| | **77,524** | **39,254** | **77,568** | **39,254** |

## 8. FINANCIAL ASSETS

| | Note | Consolidated Group 2007 $ | Consolidated Group 2006 $ | Parent Entity 2007 $ | Parent Entity 2006 $ |
|---|---|---|---|---|---|
| Available-for-sale financial assets | 8 (a) | - | 156,000 | 20,599,295 | 1,848,694 |
| | | - | 156,000 | 20,599,295 | 1,848,694 |
| Less non-current portion | | - | - | 20,599,295 | 1,692,694 |
| Current Portion | | **-** | **156,000** | **-** | **156,000** |
| **a) Available-for-sale financial assets comprise** | | | | | |
| Listed Investments, at fair value | | | | | |
| - shares in listed corporations | | - | 156,000 | - | 156,000 |
| Unlisted Investments, at cost | | | | | |
| - shares in controlled entities | | - | - | 20,599,295 | 1,692,694 |

Available-for-sale financial assets as at 30 June 2006 comprised an investment in the ordinary issued capital of Bannerman Resources Limited. There were no fixed returns or fixed maturity date attached to these investments. This investment was sold during November and December 2006 and the profit on sale recognised in the Income Statement – Refer Note 3 of the Notes to the Financial Statements and also the Directors' Report.

## 9. CONTROLLED ENTITIES

**a) Controlled Entities Consolidated**

| | Country of Incorporation | Percentage Ownership (%) 2007 | 2006 |
|---|---|---|---|
| **Parent Entity** | | | |
| Peninsula Minerals Limited | Australia | | |
| **Subsidiaries of Peninsula Minerals Limited** | | | |
| Tasman Pacific Minerals Limited | Australia | 100% | - |
| PM Prospecting Pty Ltd* | Australia | 100% | - |
| RCM (SA) Pty Ltd | Australia | 100% | 100% |
| Trove Resources Pty Ltd | Australia | 100% | 100% |
| Imperial Mining (Fiji) NL | Australia | 100% | 100% |

* PM Prospecting Pty Ltd holds the entire issued share capital of PM Energy Pty Ltd which in turn holds the entire issue share capital of Strata Energy Inc (a Delaware company incorporated in the USA).

**b) Acquisition of Controlled Entities**

On 23 May 2007 the Company announced the completion of the acquisition of 100% of the issued capital of PM Prospecting Pty Ltd and its subsidiaries. Please refer to the Review of Operations contained within the Directors Report for further details on this transaction.
On 30 November 2006 at the Annual General Meeting, the Company completed the acquisition of 100% of the issued capital of Tasman Pacific Minerals Limited. Please refer to the Review of Operations contained within the Directors Report for further details of this transaction.

## 10. PROPERTY, PLANT & EQUIPMENT

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| **Plant and Equipment** | | | | |
| - At cost | 3,955 | 912 | 1,229 | 912 |
| - Accumulated depreciation | (2,788) | (305) | (581) | (305) |
| **Total Property, Plant & Equipment** | **1,167** | **607** | **648** | **607** |

**a) Movements 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

| | Plant and Equipment $ | Total $ |
|---|---|---|
| **Consolidated Group:** | | |
| Balance at the beginning of the year | 607 | 607 |
| Additions | 837 | 837 |
| Disposals | - | - |
| Depreciation expense | (277) | (277) |
| Revaluation increments/(decrements) | - | - |
| Carrying amount at the end of the year | **1,167** | **1,167** |

| | | |
|---|---|---|
| **Parent Entity:** | | |
| Balance at the beginning of the year | 607 | 607 |
| Additions | 318 | 318 |
| Disposals | - | - |
| Depreciation expense | (277) | (277) |
| Revaluation increments/(decrements) | - | - |
| Carrying amount at the end of the year | **648** | **648** |

## 11. OTHER ASSETS – MINERAL EXPLORATION EXPENDITURE

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007<br>$ | 2006<br>$ | 2007<br>$ | 2006<br>$ |
| Balance at the beginning of the financial year | 2,816,306 | 2,505,427 | 1,363,976 | 1,053,097 |
| Acquisitions | 19,154,500 | - | - | - |
| Exploration expenditure capitalised – exploration and evaluation phases | 1,464,547 | 386,436 | 1,469,857 | 386,436 |
| Exploration expenditure written off | (443,767) | (75,557) | (195,868) | (75,557) |
| Total mineral exploration expenditure | 22,991,586 | 2,816,306 | 2,637,965 | 1,363,976 |

For those areas of interest, which are still in the development or exploration stage, recoverability of the carrying amount is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Capitalised costs amounting to $1,464,547 (2006:$386,436) have been included in cash flows from investing activities in the cash flow statement.

The Company's exploration properties may be subject to claim(s) under native title or contain sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions or incur a liability for compensation. It is not possible to quantify these restrictions and liabilities at this time.

## 12. JOINT VENTURES

**Interest in Joint Venture Operations**

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007<br>$ | 2006<br>$ | 2007<br>$ | 2006<br>$ |
| The economic entity's share of assets employed in the joint ventures are as follows | | | | |
| **Toro (Minotaur) Joint Venture**<br>Peninsula Minerals has a 100% interest in the Toro Energy Ltd Joint Venture, whose principal activity is uranium exploration. Toro can earn up to 70% exploring for uranium only. During the current financial year Minotaur Exploration Limited withdrew from a joint venture on the same tenements (base metal exploration) | | | | |
| NON-CURRENT ASSETS | | | | |
| Exploration development expenditure | 784,508 | 786,101 | 509,508 | 511,102 |

**Centrex Joint Venture**

Peninsula Minerals has the right to earn up to 80% interest in the Centrex Metals Limited Joint Venture, whose principal activity is base metal exploration. During the current financial year Peninsula either withdrew from or did not proceed with the renewal on all joint venture properties. All previously capitalised exploration and development expenditure has been written off in the current year.

| | | | | |
|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | |
| Exploration development expenditure | 0 | 427,742 | 0 | 179,842 |

**Lupa Gold Joint Venture**

Peninsula Minerals has the right to earn up to a 75% interest in the Lupa Gold Joint Venture, whose principal activity is gold exploration. The Joint Venture agreement was entered into with a private Tanzanian company, Zari Exploration Ltd, to explore for gold and other minerals on three prospecting licences controlled by Zari in the Lupa Goldfield of south west Tanzania.

| | | | | |
|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | |
| Exploration development expenditure | 538,933 | 0 | 538,933 | 0 |

**Geopacific Joint Venture**

Peninsula Minerals has a 50% interest in the Geopacific Resources NL Joint Venture, whose principal activity is gold exploration.

| | | | | |
|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | |
| Exploration development expenditure | 1,427,134 | 1,304,712 | 497,703 | 375,281 |

**Luzenac Joint Venture**

Peninsula Minerals has a 100% interest in the Luzenac Australia Pty Ltd Joint Venture, whose principal activity is talc exploration. Luzenac can earn up to 90%.

| | | | | |
|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | |
| Exploration development expenditure | 4,527 | 2,558 | 4,527 | 2,558 |

**Uranium/Molybdenum (RSA) Joint Venture**

Peninsula Minerals has a 74% interest in the Uranium/Molybdenum Joint Venture, whose principal activity will be uranium/molybdenum exploration in the Karoo region of the Republic of South Africa. BEE partner MMakau Mining (Pty) Ltd will hold a 26% interest

| | | | | |
|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | |
| Exploration development expenditure | 1,864,576 | 295,193 | 624,874 | 295,193 |

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## 13. TRADE AND OTHER PAYABLES

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| | $ | $ | $ | $ |
| CURRENT | | | | |
| Trade payables | 122,264 | 66,104 | 122,264 | 66,104 |
| Sundry payables and accrued expenses | 4,190 | 17,386 | 4,190 | 17,386 |
| Amounts payable to wholly owned subsidiaries | - | - | 4,823 | |
| Total trade and other payables | **126,454** | **83,490** | **131,277** | **83,490** |

Trade liabilities are normally settled on 30-day terms.

## 14. FINANCIAL LIABILITIES

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| | $ | $ | $ | $ |
| CURRENT | | | | |
| Funds held in Trust – Entitlement Issue applicants (a) | 663,199 | - | 663,199 | - |
| Total financial liabilities | **663,199** | **-** | **663,199** | **-** |

(a) Balance relates to funds from Entitlement Issue applicants banked prior to 30 June 2007 which were held by the Company in trust for these applicants pending the allotment and issue of the related securities. Please refer to the Directors' Report for further details of the Entitlement Issue.

## 15. ISSUED CAPITAL

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

| | | | | |
|---|---|---|---|---|
| 854,767,237 fully paid ordinary shares (2006: 498,267,237) | 37,438,837 | 15,834,721 | 37,438,837 | 15,834,721 |

| **(a) Ordinary Shares** | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007 No | 2006 No | 2007 No | 2006 No |
| At the beginning of the reporting period | 498,267,237 | 498,267,237 | 498,267,237 | 498,267,237 |
| *Shares Issued During the year* | | | | |
| - Acquisition of Tasman Pacific Minerals Limited (i) | 83,000,000 | - | 83,000,000 | - |
| - Share Placement (ii) | 50,000,000 | - | 50,000,000 | - |
| - Exercise of Options (various dates) | 8,500,000 | - | 8,500,000 | - |
| - Acquisition of PM Prospecting Pty Ltd (iii) | 200,000,000 | | 215,000,000 | |
| - Share Placement (iii) | 15,000,000 | - | 15,000,000 | - |
| At reporting date | 854,767,237 | 498,267,237 | 854,767,237 | 498,267,237 |

| (b) Ordinary Shares ($) | Consolidated Group 2007 $ | Consolidated Group 2006 $ | Parent Entity 2007 $ | Parent Entity 2006 $ |
|---|---|---|---|---|
| At the beginning of the reporting period | 15,834,721 | 15,834,721 | 498,267,237 | 15,834,721 |
| *Shares Issued During the year* | | | | |
| - Acquisition of Tasman Pacific Minerals Limited (i) | 1,245,000 | - | 1,245,000 | - |
| - Share Placement (ii) | 2,400,000 | - | 2,400,000 | - |
| - Exercise of Options (various dates) | 180,000 | - | 180,000 | - |
| - Acquisition of PM Prospecting Pty Ltd (iii) | 16,660,000 | | 16,660,000 | |
| - Share Placement (iii) | 1,249,500 | - | 1,249,500 | - |
| Less Transaction Costs/Other | (130,384) | - | (130,384) | |
| At reporting date | 37,438,837 | 15,834,721 | 37,438,837 | 15,834,721 |

(i) On 26 October 2005 the Company announced that it had entered into an agreement with Tasman Pacific Minerals Limited (Tasman) under which the Company was granted an option to acquire 100% of the issued capital in Tasman. The Company held a General Meeting on 15 February 2006, where shareholder approval was given for the Company to allot and issue 83,000,000 fully paid ordinary shares in the capital of the Company to the shareholders. The Option Agreement required that at least four of the six uranium/molybdenum Prospecting Right applications be granted by 30 June 2006. In the event that the Prospecting Right applications were not granted by 30 June 2006, the Company would allot and issue 16,600,000 ordinary fully paid shares in the Company to Tasman shareholders, which were duly allotted and issued on 10 July 2006. On 27 November 2006 the Company announced that all prospecting right applications had been granted and therefore the Company shareholder approval was sought and received for the balance of the consideration, being 66,400,000 ordinary fully paid shares, to be allotted and issued to Tasman shareholders at the Annual General Meeting held on 30 November 2006.

(ii) On 22 December 2006 the Company announced the allotment and issue of 50,000,000 fully paid ordinary shares at an issue price of 4.8 cents per share to raise $2,400,000 before expenses, pursuant to an announcement made to the ASX on 13 December 2006. The placement was made to clients of Southern Cross Equities Limited. As part of the placement, Southern Cross received 10,000,000 unlisted options at an exercise price of 7 cents, expiring 15 December 2009.

(iii) On 23 May 2007 the Company announced the completion of the acquisition of PM Prospecting Pty Ltd and its subsidiaries. Please refer to the Review of Operations contained within the Directors Report for further details on this transaction. In accordance with Resolution 1 of the Extraordinary General Meeting (EGM) held on 21 May 2007, the Company allotted and issued 200,000,000 fully paid ordinary shares to PacMag Metals Limited as part consideration for the acquisition of all of the issued capital of PM Prospecting. In addition the Company issued 15,000,000 fully paid ordinary shares to Geohen Investments Pty Ltd in accordance with Resolution 2 of the EGM.

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.

**c) Options**

(i) For information relating to the Peninsula Minerals Limited share option incentive plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to note 20 Share-based payments.

(ii) For information relating to share options issued to key management personnel during the financial year, refer to note 20 Share-based payments.

## 16. RESERVES

**(a) Option Reserve**

The option reserve records items recognised as expenses on valuation of employee share options.

**(b) Financial Assets Reserve**

The financial assets reserve records revaluations of financial assets.

Refer to the Statement of Changes in Equity for a reconciliation of movements in the Option Reserve and Financial Assets Reserve during the year.

## 17. AUDITORS' REMUNERATION

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| Remuneration of the auditor of the parent entity for: | | | | |
| - auditing or reviewing the financial report | 16,750 | 12,750 | 16,750 | 12,750 |
| - taxation services | - | 5,231 | - | 5,231 |
| - due diligence services | 585 | 1,000 | 585 | 1,000 |
| Total auditors' remuneration | 17,335 | 18,981 | 17,335 | 18,981 |
| Remuneration of other auditors of subsidiaries for : | | | | |
| - auditing or reviewing the financial report | 11,131 | - | - | - |
| - taxation services | 12,418 | - | 12,418 | - |
| - due diligence services | 227 | - | 227 | - |

## 18. KEY MANAGEMENT PERSONNEL COMPENSATION

**(a) Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are :**

| *Key Management Person* | *Position* |
|---|---|
| Malcolm James | Chairman (Non-Executive) |
| Doug Goodall | Managing Director – resigned 20 April 2007 |
| Keith Johns | Director (Non-Executive) – resigned 30 November 2006 |
| Warwick Grigor | Director (Non-Executive) |
| Alastair Hunter | Director (Non-Executive) – appointed 30 November 2006 and resigned 30 April 2007 |
| Jade Styants | Director (Finance) – appointed 30 April 2007, Company Secretary (Joint) |
| Jonathan Whyte | Company Secretary (Joint) |

Key Management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

### (b) Options and Rights Holdings

**Number of Options Held by Key Management Personnel**

| | *Balance at 1July 2006* | *Granted as Compensation* | *Options Exercised* | *Net Change Other** | *Total Vested* | *Balance at 30 June 2007* |
|---|---|---|---|---|---|---|
| Malcolm James | 2,500,000 | - | 2,500,000 | - | - | - |
| Warwick Grigor | 2,500,000 | - | - | - | 2,500,000 | 2,500,000 |
| Keith Johns | 2,500,000 | - | 2,500,000 | - | - | - |
| Doug Goodall* | - | 5,000,000 | - | - | 5,000,000 | 5,000,000 |
| Alastair Hunter | - | - | - | - | - | - |
| Jade Styants | - | 2,000,000 | 1,000,000 | - | 1,000,000 | 1,000,000 |
| Jonathan Whyte | - | 2,000,000 | - | - | 2,000,000 | 2,000,000 |
| Total | 7,500,000 | 9,000,000 | 6,000,000 | - | 10,500,000 | 10,500,000 |

All options held as at the reporting date are exercisable on or before 3 years from the date of issue (expiry date). All options are granted for nil consideration.

### (c) Shareholdings

**Number of Shares Held by Key Management Personnel**

| | *Balance at 1July 2006* | *Received as Compensation* | *Options Exercised* | *Net Change Other** | *Balance at 30 June 2007* |
|---|---|---|---|---|---|
| Malcolm James | 5,630,000 | - | 2,500,000 | - | 8,130,000 |
| Warwick Grigor | - | - | - | - | - |
| Keith Johns | - | - | - | - | - |
| Doug Goodall | - | - | - | 5,000,000 | 5,000,000 |
| Alastair Hunter | - | - | - | | |
| Jade Styants | - | - | 1,000,000 | - | 1,000,000 |
| Jonathan Whyte | - | - | - | - | - |
| Total | 5,630,000 | - | 3,500,000 | 5,000,000 | 14,130,000 |

* Net Change Other refers to shares received, purchased or sold during the financial year

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.

## 19. EVENTS AFTER THE BALANCE SHEET DATE

In April 2007 the Company announced a non-renounceable entitlement issue of one fully paid ordinary share with one free attaching option for every ten shares held by shareholders on the 14 June 2007, at an issue price of 6 cents per share. The options are exercisable at 10 cents per option on or before 30 June 2010. On 10 July 2007 the Company advised that it had processed subscriptions from shareholders for 55,859,934 shares (and attaching options) to raise $3,351,596 under the entitlement issue, which closed on 5 July 2007. Pursuant to the Underwriting Agreement entered into on 11 April 2007, the Company allotted and issued a further 50,000,000 shares to the underwriter, Euroz Securities Limited, to raise an additional $3,000,000 and bring the total raised from the entitlement issue to $6,351,596.

## 20. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

The Company has a share option incentive plan. Persons eligible to participate in the plan include directors, employees and consultants. The number of options to be granted to eligible persons is at the discretion of the directors. Each option entitles the holder to subscribe for one ordinary fully paid share.

On 30 November 2006 at the Company's Annual General Meeting 5,000,000 share options were granted to Mr Doug Goodall, 2,500,000 at an exercise price of $0.03 per option and 2,500,000 at an exercise price of $0.06 per option. The options are exercisable on or before 30 November 2009. In determining the number of options issued and their terms, consideration was given to the relevant

experience and role of Mr Goodall, his overall remuneration terms, the current market price of the shares and the terms of options packages granted to the directors of other companies within the resources industry. The options shall lapse upon the earlier of the expiry date or two years from the issue date if the respective director ceases to be a director of the Company during that time. At balance date, no share options had been exercised.

In addition, on 30 November 2006 4,000,000 share options were granted to employees under the Peninsula Minerals share option incentive plan, 2,000,000 exercisable at $0.03 per option and 2,000,000 exercisable at $0.06 per option. The options are exercisable on or before 30 November 2009.

All options granted to key management personnel are ordinary shares in Peninsula Minerals Limited, which confer a right of one ordinary share for every option held.

| | Consolidated Group | | | | Parent Entity | | | |
|---|---|---|---|---|---|---|---|---|
| | *2007* | | *2006* | | *2007* | | *2006* | |
| | ***Number of Options*** | ***Weighted Average Exercise Price*** | ***Number of Options*** | ***Weighted Average Exercise Price*** | ***Number of Options*** | ***Weighted Average Exercise Price*** | ***Number of Options*** | ***Weighted Average Exercise Price*** |
| Outstanding at the beginning of the year | 10,000,000 | $0.02 | 2,500,000 | $0.02 | 10,000,000 | $0.02 | 2,500,000 | $0.02 |
| Granted | 9,000,000 | $0.045 | 7,500,000 | $0.02 | 9,000,000 | $0.045 | 7,500,000 | $0.02 |
| Forfeited | - | - | - | - | - | - | - | - |
| Exercised | 8,500,000 | $0.021 | - | - | 8,500,000 | $0.021 | - | - |
| Outstanding at year-end | 10,500,000 | $0.04 | 10,000,000 | $0.02 | 10,500,000 | $0.04 | 10,000,000 | $0.02 |
| Exercisable at year-end | 10,500,000 | $0.04 | 10,000,000 | $0.02 | 10,500,000 | $0.04 | 10,000,000 | $0.02 |

There were 8,500,000 options exercised during the year ended 30 June 2007. These options had a weighted average share price of $0.085 at exercise date.

The options outstanding at 30 June 2007 had a weighted average exercise price of $0.04 and a weighted average remaining contractual life of 2.2 years. Exercise prices range from $0.02 to $0.06 in respect of options outstanding at 30 June 2007.

The fair value of the options granted during the year was calculated using the Black Scholes option pricing model applying the following inputs:

| | |
|---|---|
| Weighted average exercise price | $0.045 |
| Weighted Average life of option | 3 years |
| Underlying share price | various |
| Expected share price volatility | 50% |
| Risk free interest rate | 5.75% |

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the income statement is $50,582 (2006: $5,920), and relates, in full, to equity-settled share-based payment transactions.

## 21. 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 profit or loss** | **2007 $** | **2006 $** |
|---|---|---|
| Loss | (251,819) | (380,444) |
| Loss attributable to minority equity interest | - | - |
| Redeemable and preference share dividends | - | - |
| Earnings used to calculate basic EPS | (251,819) | (380,444) |
| Dividends on converting preference shares | - | - |
| Earning used in the calculation of dilutive EPS | (251,819) | (380,444) |

| **b) Weighted average number of ordinary shares outstanding during the year** | **2007 No.** | **2006 No.** |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic EPS | 604,476,004 | 498,267,237 |
| Weighted average number of options outstanding | 12,401,370 | 6,856,164 |
| Weighted average number of converting preference shares on issue | - | - |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 616,877,374 | 505,123,401 |

## 22. CAPITAL AND LEASING COMMITMENTS

### a) Operating Lease Commitments

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2007<br>$ | 2006<br>$ | 2007<br>$ | 2006<br>$ |
| *Non-cancellable operating leases contracted for but not capitalised in the financial statements* | | | | |
| Payable – minimum lease payments (not later than one year) | 48,000 | 33.000 | 48,000 | 33,000 |

The property lease is a non-cancellable lease with a one year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be reviewed annually.

### b) Exploration Tenement Leases

| | | | | |
|---|---|---|---|---|
| Payable - Exploration Tenement Leases (not later than one year) | 2,670,920 | 155,000 | 2,670,920 | 155,000 |

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 can not be estimated.

## 23. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable. The main purpose of the non-derivative instruments is to raise finance for group operations.

### (i) Financial Risks

*Credit Risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

*Liquidity Risk*

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

*Foreign Currency Risk*

The group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the group's measurement currency. It is the opinion of the Board that the consolidated group does not have any material foreign currency risk at the reporting date

**(ii) Financial Instruments**

*Interest Rate Risk*

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

| | Weighted Average Effective Interest Rate | | Floating Interest Rate | | Fixed Interest Rate Maturing: Within 1 year | | Fixed Interest Rate Maturing: 1-5 years | | Fixed Interest Rate Maturing: > 5 years | | Non Interest Bearing | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** |
| **Financial Assets** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| Cash Assets & cash equivalents | 6.3 | 5.5 | 4,251,271 | 2,318,955 | - | - | - | - | - | - | - | - | 4,251,271 | 2,318,955 |
| Receivables | - | - | - | - | - | - | - | - | - | - | 77,524 | 39,254 | 77,524 | 39,254 |
| Investments | - | - | - | - | - | - | - | - | - | - | - | 156,000 | - | 156,000 |
| **Total Financial Assets** | | | 4,251,271 | 2,318,955 | - | - | - | - | - | - | 77,524 | 195,254 | 4,328,795 | 2,514,209 |
| Financial Liabilities | | | | | | | | | | | | | | |
| Payables | - | - | - | - | - | - | - | - | - | - | 126,454 | 83,490 | 126,454 | 83,490 |
| Other Financial Liabilities | | | | | | | | | | | 663,199 | - | 663,199 | - |
| **Total Financial Liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **789,653** | **83,490** | **789,653** | **83,490** |

**(iii) Net Fair Values**

The aggregate net fair values of recognised financial assets and financial liabilities are consistent with the carrying amounts in the Balance Sheet. 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.
- Other assets and liabilities approximate their carrying value

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

## 24. 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:

**a) Key Management Personnel**

Resource & Capital Management Pty Ltd ("RCM"), a company of which Mr Malcolm James is a director was paid a management fee of $72,000 during the year in relation to the provision of office services, equipment and management and administration services provided to the Company.

## 25. SEGMENT REPORTING

**Primary Reporting – Business Segments**

The economic entity operates in only one business segment being mineral exploration.

**Secondary Reporting – Geographic Segments**

The consolidated group operates in Australia, South Africa, the USA, Tanzania and Fiji.

| | Segment Revenues from External Customers | | Carrying Amount of Segment Assets | | Acquisitions of Non-current Segment Assets | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | $ | $ | $ | $ | $ | $ |
| **Geographic Location :** | | | | | | |
| | | | | | - | - |
| Australia | 884,398 | 149,023 | 5,132,265 | 3,731,217 | - | - |
| South Africa | - | - | 1,864,576 | 295,193 | 1,245,000 | - |
| United States | - | - | 18,358,640 | - | 17,909,500 | |
| Fiji | - | - | 1,427,134 | 1,304,712 | - | - |
| Tanzania | - | - | 538,933 | - | - | - |
| | 884,398 | 149,023 | 27,321,548 | 5,331,112 | 19,154,500 | - |

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of exploration assets, cash, receivables, property, plant and equipment, net of allowances and accumulated depreciation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

## 26. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information which leads them to believe there are any material contingent liabilities outstanding as at 30 June 2007.

## 27. RETIREMENT BENEFIT OBLIGATIONS

**a) Superannuation**

The parent contributes to a non-company sponsored or controlled superannuation fund. Contributions are made to an accumulation fund and are at least the minimum required by law. There is no reason to believe that funds would not be sufficient to pay benefits as vested in the event of termination of the fund on termination of employment of each employee.

## 28. CASH FLOW INFORMATION

**a) Reconciliation of Cash Flow from Operations with Profit after Income Tax**

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | **2007 $** | **2006 $** | **2007 $** | **2006 $** |
| Loss after income tax | (251,819) | (380,444) | (251,819) | (380,444) |
| **Non-cash flows in profit:** | | | | |
| Write-off of capitalised expenditure | 443,767 | 75,557 | 443,767 | 75,557 |
| Depreciation | 277 | 228 | 277 | 228 |
| Net gain on disposal of investments | (679,713) | - | (679,713) | - |
| Share Options Expensed | 50,582 | 5,920 | 50,582 | 5,920 |
| **Change in assets and liabilities** | | | | |
| (Increase)/decrease in trade and term receivables | (38,270) | 167 | (38,314) | 167 |
| Increase/ (decrease) in trade payables and accruals | 42,963 | 68,877 | 47,786 | 68,877 |
| **Cashflow from Operations** | (432,213) | (229,695) | (427,434) | (229,695) |

**b) Acquisition of Entities**

During the year the Company acquired 100% of the controlled entities Tasman Pacific Minerals Limited and PM Prospecting Pty Ltd. Details of this transaction are :

| | **Tasman Pacific Minerals Limited** | **PM Prospecting Pty Ltd** |
|---|---|---|
| **Purchase Consideration** | | |
| Tasman Pacific Minerals Limited - 83,000,000 shares issued | 1,245,000 | |
| PM Prospecting Pty Ltd - 215,000,000 shares issued | | 17,909,500 |
| | **1,245,000** | **17,909,500** |
| **Assets and Liabilities held at acquisition date** | | |
| Cash and Cash equivalents | 26,227 | 12 |
| Receivables | 32,956 | 2,824 |
| Investments | - | 23 |
| Property, plant and equipment | 1,049 | - |
| Exploration | 1,251,152 | 18,153,200 |
| Payables | (66,384) | (246,559) |
| | **1,245,000** | **17,909,500** |

The assets and liabilities arising from the acquisition are recognised at fair value which are equal to their carrying value at acquisition date

## 29. CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

| AASB Amendment | AASB Standard Affected | Nature of Change / Impact | Standard Application Date | Application Date |
|---|---|---|---|---|
| AASB 2005-10: Amendments to Australian Accounting Standards | AASB 1: First-time Adoption of AIFRS | No change, no impact | 1 January 2007 | 1 July 2007 |
| | AASB 4: Insurance Contracts | No change, no impact | 1 January 2007 | 1 July 2007 |
| | AASB 101: Presentation of Financial Statements | No change, no impact | 1 January 2007 | 1 July 2007 |
| | AASB 114: Segment Reporting | No change, no impact | 1 January 2007 | 1 July 2007 |
| | AASB 117: Leases | No change, no impact | 1 January 2007 | 1 July 2007 |
| | AASB 133: Earnings per Share | No change, no impact | 1 January 2007 | 1 July 2007 |
| | AASB 1023: General Insurance Contracts | No change, no impact | 1 January 2007 | 1 July 2007 |
| | AASB 1038: Life Insurance Contracts | No change, no impact | 1 January 2007 | 1 July 2007 |
| | AASB 139: Financial Instruments: Recognition and Measurement | No change, no impact | 1 January 2007 | 1 July 2007 |
| AASB 7: Financial Instruments: Disclosures | AASB 132: Financial Instruments: Disclosure and Presentation | No change, no impact | 1 January 2007 | 1 July 2007 |

# DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 28 to 57 are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and consolidated group;
2. the Chief Finance Officer has declared that:
   a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;
3. in the director's 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.

On behalf of the Board

Malcolm James
Chairman

Perth 26th September 2007

Somes and Cooke

INDEPENDENT AUDITOR'S REPORT

To the members of Peninsula Minerals Ltd

**Report on the Financial Report**

We have audited the accompanying financial report of Peninsula Minerals Ltd, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of Peninsula Minerals Ltd are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (Including the Australian Accounting Interpretations) and the *Corporation Act 2001.* This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Partners

Associates

Chartered Accountants Business Consultants and Financial Advisers

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Peninsula Minerals Ltd on (date), would be in the same terms if provided to the directors as at the date of this auditor's report.

*Auditors Opinion*

In our opinion the financial report of Peninsula Minerals Ltd is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of Peninsula Minerals Ltd's financial position as at 30 June 2007 and of its performance for the year ended on that date ; and

b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

K Somes

Kevin Somes

Date: 26th September 2007

Somes and Cooke
1304 Hay Street
West Perth WA 6005

**a) Distribution of Shareholders (as at 25 September 2007)**

| | Number of Ordinary Shareholders | Number of Shares |
|---|---|---|
| 1 - 1,000 | 180 | 79,030 |
| 1,001 - 5,000 | 594 | 1,748,827 |
| 5,001 - 10,000 | 610 | 4,614,309 |
| 10,001 - 100,000 | 2,745 | 115,569,283 |
| 100,001 - and over | 1,375 | 838,657,458 |
| TOTAL | 5,504 | 960,668,907 |

**b) Top Twenty Shareholders (as at 25 September 2007)**

| Name | Number of Ordinary Shares held | % |
|---|---|---|
| ANZ Nominees Limited | 46,772,192 | 4.87 |
| PacMag Metals Limited | 43,833,682 | 4.56 |
| National Nominees Limited | 21,884,653 | 2.28 |
| Giralia Resources NL | 19,563,504 | 2.04 |
| Geohen Investments Pty Ltd | 13,900,000 | 1.45 |
| HSBC Custody Nominees (Australia) Limited | 13,568,040 | 1.41 |
| Mr George Weda & Ms Janet Weda | 10,890,000 | 1.13 |
| Seapoint Investments Ltd | 10,769,231 | 1.12 |
| Yandal Investments Pty Ltd | 10,119,810 | 1.05 |
| Zero Nominees Pty Ltd | 10,049,277 | 1.05 |
| Piranha Nominees Pty Ltd | 10,000,000 | 1.04 |
| BT Portfolio Services Limited | 7,000,000 | 0.73 |
| Mr Kenneth William Hedley | 6,809,523 | 0.71 |
| Dr Kenneth William Hedley | 6,793,808 | 0.71 |
| Ms Jennie Colleen James | 6,193,000 | 0.64 |
| Breamlea Pty Ltd | 5,938,009 | 0.62 |
| Mr John Anthony Hellier & Mrs Dorothy May Hellier | 5,752,493 | 0.60 |
| Mrs Sarah Jane Mitchell | 5,630,000 | 0.59 |
| Mr Keith Punch | 5,528,867 | 0.58 |
| HSBC Custody Nominees (Australia) Limited | 4,973,993 | 0.52 |
| Total Top 20 | 265,970,082 | 27.70 |
| Other Shareholders | 694,698,825 | 72.30 |
| Total ordinary shares on issue | 960.668,907 | 100.00 |

The number of shareholders holding less than a marketable parcel of shares is 1,189, totalling 4,500,369 ordinary shares.

**c) Unlisted options:**

There are 2,500,000 unlisted options over unissued shares on issue, in the class exercisable at 2 cents per share on or before 23 February 2009. There is 1 holder in this class of option. There are 3,500,000 unlisted options over unissued shares on issue, in the class exercisable at 3 cents per share on or before 30 November 2009. There are 2 holders in this class of option. There are 4,500,000 unlisted options over unissued shares on issue, in the class exercisable at 6 cents per share on or before 30 November 2009. There are 3 holders in this class of option. There are 10,000,000 unlisted options over unissued shares on issue, in the class exercisable at 7 cents per share on or before 15 December 2009. There is 1holder in this class of option.

**d) Voting rights**

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

**e) Schedule of Interests in Mining Tenements:**

| Location/Project Name | Tenement | Percentage Held |
|---|---|---|
| **South Africa** | | |
| Karoo Uranium, South Africa | PR (WC) 168 | 74% |
| Karoo Uranium, South Africa | PR (WC) 170 | 74% |
| Karoo Uranium, South Africa | PR (EC) 28 | 74% |
| Karoo Uranium, South Africa | PR (NC) 330 | 74% |
| Karoo Uranium, South Africa | PR (NC) 331 | 74% |
| Karoo Uranium, South Africa | PR (NC) 347 | 74% |
| **Tanzania** | | |
| Lupa Goldfield, Tanzania (Zari JV) | PL 2333/2003 | Earning 75% |
| Lupa Goldfield, Tanzania (Zari JV) | PL 1602/2000 | Earning 75% |
| Lupa Goldfield, Tanzania (Zari JV) | PL 3538/2005 | Earning 75% |
| **Fiji** | | |
| RakiRaki (Geopacific JV) | SPL 1231 | 50% |
| RakiRaki (Geopacific JV) | SPL 1373 | 50% |
| RakiRaki (Geopacific JV) | SPL 1436 | 50% |
| **South Australia** | | |
| Partridge Range (Toro JV) (1) | EL 2972 | 100% |
| Roopena (Toro JV) (1) | EL 3443 | 100% |
| Gibraltar Rocks (Toro JV) (1) | EL 3608 | 100% |
| Iron Baron (Toro JV) (1) | EL 3236 | 100% |
| Lipson Cove (Luzenac JV) (2) | EL 3235 | 100% |
| Olary – Blue Rose (uranium rights) | EL 3848 | Earning 75% |
| Olary (uranium rights) | EL 3849 | Earning 75% |
| Mount Anna | EL 3558 | 100% |
| Worlds End | EL 3559 | 100% |
| **Western Australia** | | |
| Pinnacles | E 28/589 | 100% |
| Pinnacles | E 28/590 | 100% |
| Pinnacles | E 28/1326 | 100% |
| Pinnacles | P 28/995 | 100% |
| Pinnacles | M 28/207 | 100% |
| Pinnacles | M 28/214 | 100% |
| Pinnacles | M 28/237 | 100% |
| Pinnacles | M 28/247 | 100% |
| Pinnacles | M 28/268 | 100% |
| Pinnacles | E 28/1516 | 100% |
| Pinnacles | M 28/139 | 100% |
| Christmas Well | ELA 58/304 | 100% |
| Copperdie Hills | EL59/1243 | 100% |
| Europium | E09/1301 | 100% |
| Gnaweeda | E51/1121 | 100% |
| Lakeside | E21/124 | 100% |

| | | |
|---|---|---|
| Neil Bore | E58/303 | 100% |
| Nelson Well | ELA 20/605 | 100% |
| Rabbit Well | ELA 58/302 | 100% |
| Lake Nullan | ELA 20/651 | 100% |

(1) Toro can earn up to 70% for uranium.

(2) Luzenac can earn up to 90%

## Wyoming – USA

**Includes rights to uranium minerals relating to the 1,040 acre private Wyoming mineral lease detailed below as per the Berger Mining Lease and Surface Use Agreement Dated 30th January 2007**:

Township 54N, Range 67W, 6th P.M, Section 31: S/2SE

Township 54N, Range 67W, 6th P.M, Section 32: SWSW

Township 53N, Range 67W, 6th P.M, Section 5: Lot 4 (NWNW), SWNW, SWSW

Township 53N, Range 67W, 6th P.M, Section 6: Lot 2 (NWNE), SWNE, SWSE, SESW

Township 53N, Range 67W, 6th P.M, Section 7: NE, SENW, SESW, NWSE

Township 53N, Range 67W, 6th P.M, Section 8: W/2NW

Township 53N, Range 67W, 6th P.M, Section 17: W/2SW

Township 53N, Range 67W, 6th P.M, Section 18: NE, NESE]

**Wyoming State Mineral Leases 100% Strata Energy Inc**

| | County | | Township | Range | Section | Description | Acres | Anniversary |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| | Crook | | 51 N | 67 W | 32 | Nw Ne | | 2/06/2005 |
| | | | | | | S2 Nw | | |
| | | | | | | Nw Se | | |
| | | | | | | Ne Sw | 200.00 | |
| | | | | | | | | |
| | Crook | | 51 N | 67 W | 29 | N2 Sw | | 2/06/2005 |
| | | | | | | Se Sw | 120.00 | |
| | | | | | 30 | Lots 1,2,3 | | |
| | | | | | | Ne Sw | 151.17 | |
| | | | | | | | | |
| | Crook | | 52 N | 67 W | 17 | Nw | 160.00 | 2/06/2005 |
| | | | | | 18 | Ne | | |
| | | | | | | E2 W2 | | |
| | | | | | | Lot 4 | | |
| | | | | | | W2 Se | 435.31 | |
| | | | | | | | | |
| | Crook | | 54 N | 67 W | 16 | E2 | 320.00 | 2/06/2005 |
| | | | | | | | | |
| | Crook | | 54 N | 67 W | 15 | E2 Nw | | 2/06/2005 |
| | | | | | | Ne Sw | 120.00 | |
| | | | | | | | | |
| | | | | | | | **1506.48** | |
| | | | | | | | | |
| | | | | | | | | |

**Federal Mining Claims BER1 – BER5 100% Strata Energy Inc**