INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

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Corporate Directory

Directors	John Harrison *Non-Executive Chairman* Wayne Heili *Managing Director / CEO* Harrison Barker *Non-Executive Director* Mark Wheatley *Non-Executive Director* David Coyne *Finance Director / CFO*
Managing Director / Chief Executive Officer	Wayne Heili
Finance Director / Chief Financial Officer	David Coyne
CEO – Strata Energy	Ralph Knode
Company Secretary	Jonathan Whyte
Registered and Principal Office	Units 32/33, Level 3, 22 Railway Road, Subiaco, WA 6008 PO Box 8129, Subiaco East, WA 6008 Telephone: +61 8 9380 9920 Fax: +61 8 9381 5064 Website: www.pel.net.au
Share Registry	Link Market Services Limited Level 12, QV1 Building, 250 St Georges Terrace, Perth WA 6000 Telephone: 1300 554 474 Fax: +61 2 9287 0303
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street, Subiaco, WA 6008
Stock Exchange	Peninsula Energy Limited is a public company listed on the Australian Securities Exchange (ASX) and incorporated in Western Australia.
ASX Code	PEN – Ordinary Fully Paid Shares
ABN	67 062 409 303

Directors' Report

The Directors of Peninsula Energy Limited and its controlled entities (**Company, Peninsula** or **consolidated group**) submit the financial report of the economic entity for the half-year ended 31 December 2019.

Directors

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

- John Harrison — Non-Executive Chairman
- Wayne Heili — Managing Director / Chief Executive Officer
- Harrison Barker — Non-Executive Director
- Mark Wheatley — Non-Executive Director
- David Coyne — Finance Director / Chief Financial Officer

Review of Operations

WYOMING, USA – LANCE URANIUM PROJECTS

(Peninsula Energy Ltd - 100%)

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

Project Transformation Initiative

In October 2017 the Company announced the outcomes of research initiatives aimed at improving the operating performance at the Lance Projects. These outcomes included encouraging laboratory test results using lower pH solutions (mild acids), which returned increased peak uranium solution grades averaging nearly 1.0 g/L with uranium recoveries typically over 90%. The Company believes that a transition to a low pH recovery system will not only positively transform the Company's key asset in the United States during the currently challenging uranium market conditions but could also position the Company to rapidly grow production when uranium markets improve. All uranium operations globally that are in the 1st quartile of the cost curve are in-situ recovery (**ISR**) facilities that utilise a low pH lixiviant.

Low pH Transition – Interim Operations Report Approved

On 31 July 2019 Strata received formal approval of the Source Materials License (**SML**) amendment request for low pH ISR mining at the Lance Projects. The Wyoming Department of Environmental Quality (**WDEQ**) authorisation confirmed that low pH ISR methodology complies with the regulatory standards and requirements under their purview. This follows the formal approval received from the Land Quality Division within the WDEQ of the Permit to Mine (**PTM**) amendment for low pH ISR mining at the Lance Projects in March 2019.

The PTM and SML are the two overarching regulatory approvals required to enable commercial-scale low pH operations at the Lance Projects and throughout 2019 Peninsula conducted low pH ISR field trials designed to demonstrate the ability to comply with technical requirements contained in the approved PTM and SML amendments.

Following the successful outcomes of the field trials, the required Interim Operations Report (**IOR**) was submitted to the WDEQ on 20 September 2019. In November 2019 the WDEQ approved the IOR and with that approval the Company has received regulatory authorisation for low pH ISR operations in Mine Units 1 and 2, the already developed and partially-mined areas of the Lance Projects, subject only to meeting two pre-operational license conditions (revisions to the radiation protection program and updates to the surety bond).

Implementation of low pH ISR at the Lance Projects is to be completed in four phases. The Phase 1 field demonstration of mining operations and the initial restoration stage is now complete. Phase 2, the commercial scale low pH ISR operations in Mine Units 1 and 2 can now occur along with the Phase 3 groundwater restoration field demonstration activities, which is now in progress. The Phase 3 demonstration will conclude upon approval by the WDEQ of the IRR and Phase 4 is commencement of commercial scale low pH operations in new mine units. The Company will also complete, or predominantly complete, the de-risking and optimisation activities before making an investment decision to re-commence production and develop new mine units.

Low pH Transition - Interim Restoration Report (IRR) Submitted

In December 2019 the Company submitted the IRR to the WDEQ. The Company's management team believes that all of the pre-defined requirements necessary to submit a complete IRR have been met. WDEQ review and approval of the IRR is the final step in the process of gaining authorisation for Phase 4, the implementation of low pH ISR techniques throughout the Lance project license area.

Low pH Technical De-risking Activities

The Company is conducting a series of actions designed to further de-risk and optimise future commercial-scale low pH operations.

Process modifications have been identified during the initial low pH field demonstration which may provide opportunities to improve the outcomes of future low pH operations in comparison to the September 2018 Low pH Feasibility Study. These modifications are being evaluated and may be incorporated in further field demonstrations. Ongoing evaluations include measures with the potential to optimise the ion exchange system capture efficiency and resin loading levels, and engineering and design optimisation in respect of the removal of fines from process streams that are typically encountered during mining zone acidification. The Company has engaged external specialists for technical support and assistance with these activities and is reviewing the relevant regulatory requirements to determine whether any significant ancillary permitting actions may be necessary in order to implement the recommended outcomes.

A new low pH field demonstration is currently being progressed in an unmined area on the southern edge of Mine Unit 1, with several new monitor wells installed during the period. Aquifer pump tests and baseline water sampling were completed in January 2020, and preparation of a wellfield data package has commenced for submission to the WDEQ during the March 2020 quarter.

The Company anticipates that the de-risking and optimisation activities will be completed during the 2020 calendar year and depending on market conditions, an investment decision for funding the implementation and commencement of low pH operations could be made in parallel with these activities. The initiation of commercial scale low pH operations in Mine Units 1 and 2, and the commencement of development of Mine Unit 3 will also be guided by uranium market conditions and the Company's requirements for produced uranium.

The Company is capable of fully satisfying the balance of its 2020 uranium deliveries to its customers without continued production activities.

Production for 6 Months to 31 December 2019

Following an extended period of streamlined operations at the Lance Projects using alkaline lixiviant, in July 2019 the Company decided to idle the alkaline based production activities. This decision enabled the Company to focus on completing the next phase of the low pH field demonstration and on additional de-risking and optimisation activities associated with the future transition to low pH operations.

With production activities idled, there was minimal production for the half year period. 4,629 pounds U_3O_8 were captured on resin (2018: 61,284 pounds U_3O_8) and 31,035 pounds U_3O_8 were dried and drummed (2018: 45,280 pounds U_3O_8).

The Company maintained its focus during the period on cost efficiencies at the Lance Projects ahead of the transition to low pH operations. The Company continues to exercise cost control and restraint at the Lance Project and throughout the Group. Cash expenditure on production and operating activities during the 6 months ended 31 December 2019 was US$3.85 million (2018: US$5.24 million) with the decreased expenditure largely attributable to idling of production activities.

As at 31 December 2019, a total of 27 employees are directly employed on the project (excluding drilling and contractor personnel).

Sales and Marketing

The Company made a contracted delivery of 75,000 pounds U_3O_8 on 10 September 2019 (24,000 pounds Lance origin, 51,000 pounds sourced on market) at an average realised cash price of US$45.06/lb U_3O_8, which is well above current reported Spot and Term contract prices. Cash proceeds of approximately US$3.38 million from this delivery were received in late September 2019.

The average price of uranium purchased during the half-year period was US$24/lb U_3O_8. Contracted deliveries for the 2020 calendar year are 191,000 pounds U_3O_8 and the Company has contracted to purchase 175,000 pounds U_3O_8 for delivery during the course of the calendar year at an average purchase price of US$26/lb U_3O_8. The 16,000 pounds will be delivered from existing dried and drummed inventory. The average cash price that will be received by the Company on these deliveries is approximately US$40/lb U_3O_8.

Before taking into account the proposed 1.0 million lbs U_3O_8 partial contract monetisation, announced by the Company on 5 November 2019, the proceeds of which are to be used to significantly reduce debt (as discussed below), Peninsula has up to 6.2 million lbs of U_3O_8 remaining under contract for delivery to major utilities located in the United States and Europe through to 2030 at a weighted average delivery price of US$51-53/lb U_3O_8. Within the quantity of 6.2 million lbs U_3O_8, 4.3 million lbs U_3O_8 are committed quantities for delivery through to 2030. Up to 1.9 million lbs U_3O_8 are deliveries that are optional, at the election of the respective customers, to be delivered between 2021 and 2026. These contracts provide a substantial revenue stream to the Company whilst allowing it to preserve significant quantities of planned U_3O_8 production for contracting during future periods. A decision to exercise optional deliveries for approximately 450,000 lbs U_3O_8 needs to be made by the relevant customer on or before 31 March 2020.

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

SOUTH AFRICA – KAROO URANIUM PROJECTS

(Peninsula Energy Ltd - 74% / BEE Groups - 26%)

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

The Company continues to progress the sale of the 322 km^2 freehold farmland in the Karoo Basin, the proceeds of which will be sufficient to cover remaining rehabilitation costs. One farm sale settled during the half-year period for gross proceeds of approximately US$0.15 million.

CORPORATE

Placement and Entitlement Offer

In November 2019 the Company received commitments for A$7.0 million through a placement to institutional and sophisticated investors of 42.42 million ordinary shares at an issue price of A$0.165 per share (**Institutional Placement**).

In addition to the Institutional Placement, eligible shareholders were offered the opportunity to participate in a pro-rata renounceable entitlement offer on the same terms as the Institutional Placement, to raise approximately A$2.1 million pursuant to the issue of up to 12.66 million ordinary shares at an issue price of A$0.165 per share (**Entitlement Offer**). Euroz Securities Limited and Canaccord Genuity (Australia) Limited acted as joint lead managers to the Institutional Placement and Entitlement Offer.

In January 2020 the Company advised that pursuant to the Entitlement Offer, the Company had received applications from eligible shareholders for 5.70 million New Shares, raising A$0.94 million and representing a 45% take up. The resulting shortfall of 6.96 million shares (**Shortfall Shares**) were able to be placed at the Entitlement Offer price under a shortfall facility. Subject to the ASX Listing Rules and the Corporations Act, the directors (in conjunction with the joint lead managers of the Entitlement Offer) reserved the right to issue (or to not issue) the Shortfall Shares at their absolute discretion. On 17 February 2020, the Company announced that it had received applications for 6.96 million Shortfall Shares, raising a further A$1.15 million.

Net proceeds from the Institutional Placement and the Entitlement Offer are being used for ongoing site operational costs and low pH de-risking and optimisation activities at the Lance Projects, the purchasing of uranium for delivery to customers under existing contracts, debt servicing costs and for general working capital purposes.

Successful Debt Restructure Negotiated

In November 2019 the Company advised that it reached an agreement with Resource Capital Fund VI L.P. (**RCF VI**), Pala Investments Ltd (**Pala**) and entities associated with investment fund Collins Street Value Fund (**Collins Street**) (together **the Lenders**), on the terms of a proposed restructure to the existing US$17.0 million convertible note facilities (**Convertible Note Facilities**), including a planned significant reduction to the principal outstanding and an extension of the repayment date for the balance owing to 22 April 2021, which is expected to be approximately US$6.0 to US$7.0 million.

Under the arrangement with the Lenders, Peninsula has committed to apply all proceeds of a partial monetisation of an existing uranium concentrate sales and purchase agreement against the Convertible Note Facilities. Such proceeds are expected to be approximately US$10.0 to US$11.0 million with the final amount to be determined by the spot price for uranium at the time of financial close. In the unlikely event that the partial monetisation transaction does not complete by 30 April 2020, then all outstanding loan amounts will become due and payable by 31 October 2020. The agreement also provides for variation of certain other terms of the Convertible Note Facilities (**Revised Loans**) including reduction in the interest rate to 10.0% per annum and removal of the equity conversion aspect of the loans.

Key terms of the Revised Loans are detailed in the ASX announcements dated 5 and 25 November 2019.

Section 232: White House Determination Announced

On 12 July 2019, the President of the United States announced his findings and recommendations with respect to the investigation into the effect of imports of uranium on the national security of the United States conducted under Section 232 of the Trade Expansion Act of 1962 (Act). As outlined in a White House memorandum, the President declined to implement the recommendations of the Secretary of Commerce under Section 232 and the investigation has been closed. However, the President has initiated further action to address the concerns identified by the Secretary of Commerce regarding domestic uranium production, including the establishment of a United States Nuclear Fuel Working Group (**NFWG**) to develop recommendations for reviving and expanding domestic nuclear fuel production. A report containing recommendations from the NFWG has been submitted to the White House in October 2019. The Company, and the US domestic uranium production industry as a whole, await decisions on the timing and extent of implementation of any recommendations that are made.

Assets and Capital

The consolidated group's cash position as at 31 December 2019 was US$5.50 million, including commercial bills but excluding security deposits and performance bonds. This also excludes amounts received through the Entitlement Offer in January and February 2020. The net assets of the consolidated group have decreased by US$2.21 million from 30 June 2019 to US$38.47 million at 31 December 2019. The decrease in net assets is due to the loss on sale of uranium, finance costs on the convertible notes and reduction in the value of derivative financial assets associated with existing uranium concentrate sale and purchase agreements.

The Company had 295,495,063 shares on issue as at 31 December 2019 and 27,425,000 unlisted options.

EVENTS SUBSEQUENT TO REPORTING DATE

In January 2020 the Company advised that pursuant to the Entitlement Offer, the Company had received applications from eligible shareholders for 5.70 million New Shares, raising A$0.94 million and representing a 45% take up. On 17 February 2020, the Company announced that it had received applications for 6.96 million Shortfall Shares, raising a further A$1.15 million.

On 3 February 2020, all conditions precedent to the restructure of the Convertible Note Facilities were met, thereby making the restructure effective as of that date.

On 11 February 2020, the Company announced a summary of a FY2021 budget proposal made by the President of the United States which initially allocates US$150.0 million for the purchase of U.S. mined uranium in order to establish a federal uranium reserve. In the budget proposal submitted to the U.S. Congress, it is noted that the proposed purchases help address immediate challenges to U.S. uranium production and reflects the priorities of the Nuclear Fuel Working Group established by President Trump in July 2019.

No other matter or circumstance has arisen since 31 December 2019, which has significantly affected, or may significantly affect the operations of the consolidated group, the result of those operations, or the state of affairs of the consolidated group in subsequent financial years.

ASIC LEGISLATIVE INSTRUMENT 2018/191: ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Legislative Instrument 2018/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 8 of this report.

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

Wayne Heili
Managing Director / Chief Executive Officer
27 February 2020

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF PENINSULA ENERGY LIMITED

As lead auditor for the review of Peninsula Energy Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2019

	Notes	31 December 2019 US$000s	31 December 2018 US$000s
Continuing operations			
Revenue	2	2,250	4,112
Cost of sales		(5,927)	(7,508)
Gross loss		**(3,677)**	**(3,396)**
Other income	2	24	140
Selling and marketing expense		(37)	(50)
Administration expense		(1,304)	(877)
Depreciation expense		(18)	(57)
Foreign exchange loss		(132)	(81)
Fair value loss on derivative, net of derivative realisation	10	(301)	(1,572)
Other expenses	3	(291)	(404)
Loss before interest and tax from continuing operations		**(5,736)**	**(6,297)**
Net finance costs		(1,961)	(1,516)
Net loss before income tax		**(7,697)**	**(7,813)**
Income tax expense		-	(266)
Loss for the half-year from continuing operations		**(7,697)**	**(8,079)**
Profit/(loss) from discontinued operations	8	26	(1,952)
Loss for the half-year		**(7,671)**	**(10,031)**
Other comprehensive loss:			
Other comprehensive loss may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		183	243
Total comprehensive loss for the half-year		**(7,488)**	**(9,788)**
(Loss)/profit for the half-year attributable to:			
Equity holders of the Parent		(7,688)	(9,537)
Non-controlling interests		17	(494)
		(7,671)	**(10,031)**
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Parent		(7,537)	(9,267)
Non-controlling interests		49	(521)
		(7,488)	**(9,788)**
Loss per share attributable to the members of Peninsula Energy Limited:			
Loss for the half-year			
Basic (cents per share)		(3.01)	(4.01)
Loss for the half-year from continuing operations			
Basic (cents per share)		(3.01)	(3.40)

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

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	31 December 2019 US$000s	30 June 2019 US$000s
Current Assets			
Cash and cash equivalents		5,496	5,269
Trade and other receivables		709	968
Inventory	*7*	1,118	1,488
Held for sale assets	*8*	933	929
Other financial assets	*10*	956	1,596
Total Current Assets		**9,212**	**10,250**
Non-Current Assets			
Trade and other receivables		3,156	3,123
Property, plant and equipment		19,043	18,887
Mineral development	*9*	37,389	36,427
Other financial assets	*10*	797	1,644
Total Non-Current Assets		**60,385**	**60,081**
Total Assets		**69,597**	**70,331**
Current Liabilities			
Trade and other payables		1,852	1,887
Borrowings	*11*	16,847	16,039
Provisions	*12*	194	197
Liabilities associated with held for sale assets	*8*	688	685
Provision for income tax		-	271
Total Current Liabilities		**19,581**	**19,079**
Non-Current Liabilities			
Borrowings	*11*	127	-
Provisions	*12*	11,418	10,567
Total Non-Current Liabilities		**11,545**	**10,567**
Total Liabilities		**31,126**	**29,646**
Net Assets		**38,471**	**40,685**
Equity			
Issued capital	*13*	213,109	207,493
Reserves		6,912	7,103
Accumulated losses		(180,321)	(172,633)
Equity attributable to equity holders of the Parent		39,700	41,963
Non-controlling interest		(1,229)	(1,278)
Total Equity		**38,471**	**40,685**

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

	Issued Capital US$000s	Accumulated Losses US$000s	Option & SBP Reserve US$000s	Foreign Currency Translation Reserve US$000s	Total US$000s	Non-controlling interest US$000s	Total Equity US$000s
Balance 1 July 2018	**205,099**	**(130,112)**	**15,386**	**(8,915)**	**81,458**	**(767)**	**80,691**
Transaction with Owners							
Shares issued during the year	627	-	(627)	-	-	-	-
Share-based payments expense	110	-	190	-	300	-	300
Issue of shares under debt facility agreement	800	-	-	-	800	-	800
Total Transactions with Owners	**1,537**	**-**	**(437)**	**-**	**1,100**	**-**	**1,100**
Comprehensive Loss							
Foreign exchange translation reserve	-	-	-	243	243	-	243
Non-controlling interest	-	-	-	27	27	(27)	-
Loss for the half-year	-	(9,537)	-	-	(9,537)	(494)	(10,031)
Total Comprehensive Loss	**-**	**(9,537)**	**-**	**270**	**(9,267)**	**(521)**	**(9,788)**
Balance 31 December 2018	**206,636**	**(139,649)**	**14,949**	**(8,645)**	**73,291**	**(1,288)**	**72,003**
Balance 1 July 2019	**207,493**	**(172,633)**	**16,008**	**(8,905)**	**41,963**	**(1,278)**	**40,685**
Transaction with Owners							
Shares issued during the year	5,406	-	(621)	-	4,785	-	4,785
Share-based payments expense	12	-	279	-	291	-	291
Issue of shares under debt facility agreement	476	-	-	-	476	-	476
Transaction costs	(278)	-	-	-	(278)	-	(278)
Total Transactions with Owners	**5,616**	**-**	**(342)**	**-**	**5,274**	**-**	**5,274**
Comprehensive Loss							
Foreign exchange translation reserve	-	-	-	183	183	-	183
Non-controlling interest	-	-	-	(32)	(32)	32	-
Loss for the half-year	-	(7,688)	-	-	(7,688)	17	(7,671)
Total Comprehensive Loss	**-**	**(7,688)**	**-**	**151**	**(7,537)**	**49**	**(7,488)**
Balance 31 December 2019	**213,109**	**(180,321)**	**15,666**	**(8,754)**	**39,700**	**(1,229)**	**38,471**

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2019

	31 December 2019 US$000s	31 December 2018 US$000s
Operating Activities		
Receipts from customers	3,379	4,506
Payments to suppliers and employees	(6,532)	(7,023)
Interest paid	(685)	(50)
Interest received	32	148
Income taxes paid	(271)	(150)
Net cash (used in) operating activities	**(4,077)**	**(2,569)**
Investing Activities		
Payments for mineral development	(193)	(652)
Payments for mineral exploration performance bonds and rental bonds	(26)	(135)
Proceeds from sale of property, plant and equipment	154	318
Purchase of property, plant and equipment	(59)	(264)
Net cash (used in) investing activities	**(124)**	**(733)**
Financing Activities		
Proceeds from issue of shares	4,785	-
Equity raising transaction costs	(278)	-
Repayment of borrowings	(41)	(606)
Capitalised borrowing costs	(39)	(545)
Net cash provided by/(used in) financing activities	**4,427**	**(1,151)**
Net increase/(decrease) in cash held	226	(4,453)
Cash at the beginning of the financial year	5,269	11,959
Effects of exchange rate fluctuations on cash held	1	8
Cash and cash equivalents at the end of the half-year	**5,496**	**7,514**

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

Note 1: Basis of Preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with the requirements of the Corporations Act 2001, International Accounting Standards and other authoritative pronouncements of the International Accounting Standards Board (IASB). This interim financial report also complies with Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board (AASB). Compliance with International Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the IASB. Peninsula is a for-profit entity for the purpose of preparing financial statements.

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

This interim report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and operating and financing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Peninsula during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report was approved by the Board of Directors on 27 February 2020.

The half-year financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2019 annual financial statements contained within the annual report of Peninsula, other than as described in this Note 1.

Adoption of New and Revised Accounting Standards

A number of new or amended standards became applicable for the current reporting period resulting in the initial adoption of IFRS 16 *Leases.*

Impact of Adoption

The consolidated group has adopted IFRS 16 with a date of initial application of 1 July 2019 under the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption was minimal and has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Going Concern

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

The consolidated group made a loss of US$7.67 million for the 6 months ended 31 December 2019 (2018: loss of US$10.03 million) and operating cash outflows of US$4.08 million (2018: outflows US$2.57 million). The net working capital deficit of the consolidated group at 31 December 2019 was US$10.37 million (June 2019: US$8.83 million). Included in current liabilities of US$19.58 million is an amount due to convertible note holders with a face value of US$17.0 million (refer to Note 11) which is due and payable no earlier than 31 October 2020 (or 22 April 2021 if a partial uranium sales contract monetisation is completed by 30 April 2020).

Under the terms of the debt restructure announced in November 2019, the Company is to complete the partial monetisation of an existing uranium sales contract by 30 April 2020, and all proceeds from the partial contract monetisation are to be applied to reducing the debt balance. The Company expects that the monetisation will yield US$10.0 to US$11.0 million, thereby decreasing the face value of the debt to US$6.0 to US$7.0 million. The Directors of the Company continue to hold reasonable expectations that the partial monetisation of the uranium sales contract will be completed by 30 April 2020.

The ability of the consolidated group to continue as a going concern is dependent on the successful transition of the Lance Projects in Wyoming from the existing alkaline based production method to one using the low pH method. During the half year period, the Company achieved a number of significant milestones toward a successful transition to the low pH method. Milestones included the following:

- August 2019 – The Company announced that the WDEQ had approved the request to amend the existing Source Materials License (**SML**) to allow the use of low pH lixiviants. The SML was the second of the two key permit and license amendments that were required to allow the use of low pH lixiviants at the Lance Projects.

- November 2019 – WDEQ approved the low pH field demonstration Interim Operations Report (**IOR**). Subject to the Company updating its restoration estimate and surety bond, and approval of a revised site operating procedure, the Company is authorised to use low pH solutions in the two existing mine units at the Lance Projects.

- December 2019 – Low pH field demonstration Interim Restoration Report (**IRR**) submitted to the WDEQ for approval. By submitting the IRR, the Company believes that sufficient data had been gathered to meet the pre-determined initial restoration guidelines. When the IRR is approved by the WDEQ, the Company will be authorised to use low pH solutions in previously unmined areas within the Ross Permit Area of the Lance Projects. The Company holds reasonable expectations that the IRR will be approved during the 1st quarter of the 2020 calendar year.

In September 2019 the Company announced that it had elected to undertake a low pH de-risking and optimisation exercise that is expected to take until the second half of the 2020 calendar year to complete. In December 2019, the Company raised A$7.0 million through a placement to institutional and sophisticated investors. At the same time, the Company launched an Entitlement Offer to raise up to A$2.1 million. The offer closed in January 2020 (refer to Note 14) and raised A$0.94 million. A placement of the Entitlement Offer shortfall was completed in February 2020, raising a further A$1.15 million (refer to Note 14).

Excluding repayment of outstanding convertible note debt, an additional US$2.5 million to US$4.0 million of funding is required to be obtained by the Company to complete its planned activities through to the end of the 2020 calendar year.

When an investment decision is made to commence the transition to low pH mining operations, completion of the work for the transition, ramp-up of low pH mining operations, and capital expenditure for the development of Mine Unit 3 and commencement of development of Mine Unit 4, will require the Company to secure additional sources of finance through to the end of calendar year 2022 of approximately US$20.0 million (excluding convertible note debt repayments). This funding may be sourced progressively during this time period and may be obtained from a number of sources, including proceeds from possible part monetisation of existing uranium sale contracts with nuclear power generating utilities. The Company expects that under low pH operations it will also build a stockpile of uranium inventory that could form the basis of a working capital debt facility such as an inventory finance facility. Other sources of finance that the Company believes is available to it include project finance debt and equity from existing and new shareholders.

As the convertible note debt is due for repayment in October 2020 (or April 2021 if the partial monetisation and debt reduction is completed by 30 April 2020), the Company shall be required to either repay this debt in cash or replace this debt with alternate debt (or a combination of these).

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

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

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

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

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

Rounding of Amounts

The consolidated group has applied the relief available to it under ASIC Legislative Instrument 2018/191. Accordingly, amounts in the Financial Report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Note 2: Revenue

	31 December 2019 US$000s	31 December 2018 US$000s
Revenue from continuing operations		
Sale of goods	2,250	4,112
Total revenue from continuing operations	**2,250**	**4,112**
Other income		
Interest received	24	140
Total other income	**24**	**140**

Note 3: Other Expenses

Other expenses includes share-based payments expense for the period to 31 December 2019:

	31 December 2019 US$000s	31 December 2018 US$000s
Share-based payments expense		
Employee incentive options issued(i)	73	113
Executive Director incentive options issued(ii)	12	31
Accrual for retention incentives(iii)	194	-
Shares issued under employment agreement	12	-
Options issued to Directors	-	46
Shares issued under service agreement	-	110
Total share-based payments	**291**	**300**

Notes:

(i) On 19 December 2017, 2,975,000 unlisted options were issued to employees under existing contracts. The options were valued using the Black Scholes option model and are being expensed over the vesting period of the options. The employee incentive options will be held on trust for the various recipients until the future vesting date being 6 months after the relevant regulatory body approves the amendments to the permits and licenses to allow low pH mining in the Ross Permit area. The options vested on 1 February 2020.

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

(iii) In late 2017 the Company established a retention scheme designed to reward staff of Peninsula and its wholly owned subsidiary Strata Energy, Inc. (**Strata**) for their continued service as the Company commenced the process to transition to low pH operations at the Lance Projects in Wyoming, USA (**Retention Scheme**). The Managing Director / Chief Executive Officer, Mr Wayne Heili, was not part of the original 2017 Retention Scheme.

The Non-Executive Directors have decided to award US$153,000 to Mr Heili, which corresponds to an amount that would have been available to him under the 2017 employee Retention Scheme. As a strong indication of the confidence that Mr Heili has in the low pH transition at the Lance Projects, and in near term improvements in the prospects for US uranium mining projects, Mr Heili has elected to take the full amount of his award as shares in lieu of cash. Subject to shareholder approval, 1,293,323 shares are to be issued to Mr Heili, determined using a 5-day volume weighted average price of A$0.169 per share. Shareholder approval for the issue of shares to Executive Directors will be sought at the next general meeting.

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

Note 4: Dividends

The Company has not paid or provided for dividends during the half-year ended 31 December 2019.

Note 5: Operating Segments

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

The consolidated group has three reportable operating segments as follows:

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

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

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

(b) Inter-segment transactions

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

(c) Segment assets

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

(d) Segment liabilities

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

(e) Unallocated items

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

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

Segment Performance

The following table presents information regarding the consolidated group's operating segments for the half-year ended 31 December 2019:

31 December 2019	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Revenue and other income				
External sales	2,250	-	-	2,250
Cost of sales	(5,927)	-	-	(5,927)
Gross loss	**(3,677)**	**-**	**-**	**(3,677)**
Interest revenue	24	8	-	32
Total other income	**24**	**8**	**-**	**32**
Total gross (loss)/profit and other income	**(3,653)**	**8**	**-**	**(3,645)**
Expenses				
Selling and marketing expense	-	-	(37)	(37)
Administration expense	(35)	(5)	(1,269)	(1,309)
Exploration expense	-	(131)	-	(131)
Depreciation expense	-	(1)	(18)	(19)
Gain on sale of property, plant and equipment	-	155	-	155
Fair value loss on derivative, net of derivative realisation	(301)	-	-	(301)
Allocated segment expenses	**(336)**	**18**	**(1,324)**	**(1,642)**
Unallocated expenses				
Foreign exchange loss	-	-	-	(132)
Other expenses	-	-	-	(291)
Finance costs	-	-	-	(1,961)
Loss for the half-year	**-**	**-**	**-**	**(7,671)**
Segment profit included in discontinued operations	-	-	-	(26)
Loss for the half-year from continuing operations	**-**	**-**	**-**	**(7,697)**

31 December 2019	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Segment assets				
Development	37,389	-	-	37,389
Property, plant and equipment	18,926	5	112	19,043
Cash and cash equivalents	255	338	4,903	5,496
Trade and other receivables	3,489	240	136	3,865
Inventory	1,118	-	-	1,118
Held for sale assets	-	933	-	933
Other financial assets	1,750	-	3	1,753
Total assets	**62,927**	**1,516**	**5,154**	**69,597**
Segment liabilities				
Borrowings	126	-	16,848	16,974
Provisions	11,518	-	94	11,612
Trade and other payables	893	33	926	1,852
Liabilities associated with held for sale assets	-	688	-	688
Total liabilities	**12,537**	**721**	**17,868**	**31,126**

The following table presents information regarding the consolidated group's operating segments for the half-year ended 31 December 2018:

31 December 2018	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Revenue and other income				
External sales	4,112	-	-	4,112
Cost of sales	(7,508)	-	-	(7,508)
Gross loss	**(3,396)**	**-**	**-**	**(3,396)**
Interest revenue	48	7	92	147
Inter-segment interest	-	-	3,762	3,762
Total other income	**48**	**7**	**3,762**	**3,909**
Inter-segment elimination	-	-	(3,762)	(3,762)
Total gross (loss)/profit and other income	**(3,348)**	**7**	**92**	**(3,249)**
Expenses				
Selling and marketing expense	-	-	(50)	(50)
Administration expense	-	(24)	(877)	(901)
Exploration expense	-	(555)	-	(555)
Depreciation expense	-	(1)	(57)	(58)
Impairment expense	-	(1,415)	-	(1,415)
(Loss)/gain on sale of property, plant and equipment	(104)	36	-	(68)
Fair value loss on derivative, net of derivative realisation	(1,572)	-	-	(1,572)
Allocated segment expenses	**(1,676)**	**(1,959)**	**(984)**	**(4,619)**
Unallocated expenses				
Foreign exchange loss	-	-	-	(81)
Other expenses	-	-	-	(300)
Finance costs	-	-	-	(1,516)
Income tax expense	-	-	-	(266)
Loss for the half-year	**-**	**-**	**-**	**(10,031)**
Segment loss included in discontinued operations	-	-	-	1,952
Loss for the half-year from continuing operations	**-**	**-**	**-**	**(8,079)**

30 June 2019	Lance Projects Wyoming, USA US$000s	Karoo Projects South Africa US$000s	Corporate/ Other US$000s	Total US$000s
Segment assets				
Mineral Development	36,427	-	-	36,427
Property, plant and equipment	18,859	5	23	18,887
Cash and cash equivalents	1,573	283	3,413	5,269
Trade and other receivables	3,739	245	107	4,091
Inventory	1,488	-	-	1,488
Held for sale assets	-	929	-	929
Other financial assets	3,237	-	3	3,240
Total assets	**65,323**	**1,462**	**3,546**	**70,331**
Borrowings	46	-	15,993	16,039
Provisions	10,679	-	85	10,764
Trade and other payables	1,337	33	517	1,887
Liabilities associated with held for sale assets	-	685	-	685
Provision for income tax	-	-	271	271
Total liabilities	**12,062**	**718**	**16,866**	**29,646**

Note 6: Contingent Liabilities

The Board is not aware of any circumstances or information which leads them to believe there are any material contingent liabilities outstanding as at 31 December 2019 other than those disclosed in the 30 June 2019 annual report.

Note 7: Inventory

	31 December 2019 US$000s	30 June 2019 US$000s
Inventory		
Inventory – In-Process Uranium	1,545	5,216
Inventory – Drummed Uranium	4,094	1,080
Net Realisable Value write-down[(i)]	(4,521)	(4,808)
Carrying amount at the end of the year	**1,118**	**1,488**

Notes:

(i) The carrying value of inventory was reviewed as at 31 December 2019. An expense has been recorded to write inventory down to the lower of cost and net realisable value (**NRV**). The NRV has been calculated using the average selling price of the Company's existing off-take agreements.

Note 8: Assets and Liabilities Classified as Held for Sale

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

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the consolidated statement of financial position as at 31 December 2019:

	31 December 2019 US$000s	30 June 2019 US$000s
Assets		
Property – Land	933	929
Assets held for sale	**933**	**929**
Liabilities		
Restoration provision	688	685
Liabilities associated with held for sale assets	**688**	**685**

	31 December 2019 US$000s	31 December 2018 US$000s
Results of discontinued operations		
Other income	8	-
Administration expense	(5)	(17)
Depreciation expense	(1)	(1)
Exploration expense	(131)	(555)
Impairment expense	-	(1,415)
Gain on sale of property, plant and equipment	155	36
Profit/(loss) on discontinued operations	**26**	**(1,952)**

	31 December 2019 US$	31 December 2018 US$
Profit/(loss) per share from discontinued operations		
Basic (cents per share)	0.01	(0.82)

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

	31 December 2019 US$000s	31 December 2018 US$000s
Statement of cash flows		
Operating activities	(131)	(553)
Investing activities	155	-
Financing activities	-	-
Net cash used by discontinued operations	**24**	**(553)**

Note 9: Mineral Development

	31 December 2019 US$000s	30 June 2019 US$000s
Development		
Balance at the beginning of the period	36,427	55,779
Development costs	323	1,219
Increase in provision for rehabilitation	849	156
Amortisation of development costs	(210)	(1,917)
Impairment expense	-	(18,810)
Carrying amount at the end of the period	**37,389**	**36,427**

Impairment of Assets

An impairment indicator was identified for the Lance Projects Cash Generating Unit (**CGU**) as a result of the Market Capitalisation of the consolidated group being below the carrying value of the Lance Projects CGU. In assessing the recoverable amount for the Lance Projects CGU, it was determined that property, plant and equipment, and mineral properties, were not impaired as at 31 December 2019.

Note 10: Other Financial Assets

	31 December 2019 US$000s	30 June 2019 US$000s
Current		
Derivative financial asset(i)	956	1,596
Total Current Assets	**956**	**1,596**
Non-Current		
Derivative financial asset(i)	794	1,641
Available-for-sale financial assets	3	3
Total Non-Current Assets	**797**	**1,644**

Notes:

(i) During the 30 June 2018 financial year the consolidated group announced that it was seeking to transition the Lance Projects from an alkaline based mining method to a low pH mining method. To assist with the transition period, the Company agreed to vary certain uranium concentrate sale and purchase agreements to reduce the quantity of Lance origin uranium to be delivered under two of its existing contracts. At that time, the Company also entered into initial purchase agreements to acquire an aggregate of 225,000 lbs U_3O_8 (to be delivered over 2019 and 2020), at fixed purchase prices set at the date that the purchase agreements were signed, with the intent to use the purchased uranium to partly satisfy 572,000 lbs U_3O_8 of committed deliveries then remaining under the existing contracts that were varied.

As a result of these actions, management assessed that these offtake agreements no longer satisfied the "own-use" exemption under IFRS 9 *Financial Instruments* to not fair value the contractual rights and obligations of the arrangement. A Derivative Financial Asset has been recognised and accounted for as Financial Instruments at Fair Value through Profit or Loss. The net derivative gain recognised as an asset is US$1.75 million (30 June 2019: US$3.24 million). The decrease of US$1.49 million is primarily attributable to US$1.19 million realised as a result of the completion of physical sales to customers and purchases of product during the financial year. The remaining US$0.30 million is attributable to the movement in uranium prices and partial unwinding of the present value discount applied to the opening balance, recognised as an expense in the Statement of Profit or Loss in the 2019 financial year.

Note 11: Borrowings

	31 December 2019 US$000s	30 June 2019 US$000s
Current		
Borrowings – Convertible Bridge Loan(i)	16,755	15,993
Borrowings – Strata	57	46
Office lease liability – corporate	35	-
Total Current Financial Liabilities	**16,847**	**16,039**
Borrowings – Convertible Bridge Loan		
Face value of notes issued	17,000	17,000
Transaction costs	(2,522)	(2,483)
Coupon expense	(3,117)	(2,085)
Effective interest	5,394	3,561
Total Borrowings – Convertible Bridge Loan	**16,755**	**15,993**

Notes:

(i) In November 2019 the Company advised that it reached an agreement with Resource Capital Fund VI L.P., Pala Investments Limited and entities associated with investment fund Collins Street Asset Management, on the terms of a proposed restructure to the existing US$17.0 million Convertible Note Facilities, including a planned significant reduction to the principal outstanding and an extension of the repayment date for the balance owing to 22 April 2021, which is expected to be approximately US$6.0 to US$7.0 million.

Under the arrangement with the Lenders, Peninsula has committed to apply all proceeds of a partial monetisation of an existing uranium concentrate sales and purchase agreement against the Convertible Note Facilities. Such proceeds are expected to be approximately US$10.0 to US$11.0 million with the final amount to be determined by the spot price for uranium at the time of financial close. In the unlikely event that the partial monetisation transaction does not complete by 30 April 2020, then all outstanding loan amounts will become due and payable by 31 October 2020. The agreement also provides for variation of certain other terms of the Convertible Note Facilities including reduction in the interest rate to 10.0% per annum and removal of the equity conversion aspect of the loans.

The debt restructure became effective on 3 February 2020 (refer Note 14).

	31 December 2019 US$000s	30 June 2019 US$000s
Non-Current		
Borrowings – Strata	69	-
Office lease liability – corporate	58	-
Total Non-Current Financial Liabilities	**127**	**-**

Note 12: Provisions

	31 December 2019 US$000s	30 June 2019 US$000s
Current		
Employee entitlements – annual leave	194	197
Total Current Provisions	**194**	**197**
Non-Current		
Employee entitlements – long service leave	16	15
Rehabilitation provision(i)	11,402	10,552
Total Non-Current Provisions	**11,418**	**10,567**

Notes:

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

Note 13: Issued Capital

(a) Ordinary Shares	31 December 2019 US$000s	30 June 2019 US$000s
295,495,063 fully paid ordinary shares (June 2019: 247,157,824)	**213,109**	**207,493**

For the six months ended 31 December 2019	Number	US$000s
Balance at 1 July 2019	247,157,824	207,493
Shares issued during the half-year		
• Equity raising – Private Placement(i)	42,424,243	4,785
• Shares issued under service agreement(ii)	3,404,864	633
• Debt facility fees and interest(iii)	2,508,132	476
• Capital raising fees	-	(278)
Balance as at 31 December 2019	**295,495,063**	**213,109**

Notes:

(i) In November 2019 the Company received commitments for A$7.0 million through a placement to institutional and sophisticated investors of 42.42 million ordinary shares at an issue price of A$0.165 per share.

(ii) In August 2019 the Board approved the payment of Long-Term Incentive Plan incentives for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2019. These amounts were accrued for at 30 June 2019 and subsequently issued on 20 November 2019. Restricted share units (**RSUs**) are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A$0.2721 per share. No RSU will vest for any participant before 1 July 2020.

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

For the twelve months ended 30 June 2019	Number	US$000s
Balance at 1 July 2018	233,697,385	205,099
Shares issued during the year		
• Shares issued under service agreement	3,186,515	627
• Shares issued under termination agreement	676,043	110
• Debt facility fees and interest	9,597,881	1,657
Balance as at 30 June 2019	**247,157,824**	**207,493**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. At 31 December 2019, the Company had on issue 27,425,000 unlisted options.

Note 14: Events Subsequent to Reporting Date

In January 2020 the Company advised that pursuant to the Entitlement Offer (detailed in the Review of Operations), the Company had received applications from eligible shareholders for 5.70 million New Shares, raising A$0.94 million and representing a 45% take up. On 17 February 2020, the Company announced that it had received applications for 6.96 million Shortfall Shares, raising a further A$1.15 million.

On 3 February 2020, all conditions precedent to the restructure of the Convertible Note Facilities were met, thereby making the restructure effective as of that date.

On 11 February 2020, the Company announced a summary of a FY2021 budget proposal made by the President of the United States which initially allocates US$150.0 million for the purchase of U.S. mined uranium in order to establish a federal uranium reserve. In the budget proposal submitted to the U.S. Congress, it is noted that the proposed purchases help address immediate challenges to U.S. uranium production and reflects the priorities of the Nuclear Fuel Working Group established by President Trump in July 2019.

No other matter or circumstance has arisen since 31 December 2019, which has significantly affected, or may significantly affect the operations of the consolidated group, the result of those operations, or the state of affairs of the consolidated group in subsequent financial years.

Directors' Declaration

The directors declare that:

1. The financial statements and notes, as set out on pages 9 to 23, are in accordance with the *Corporations Act 2001*, including

   (a) complying with Australian Accounting Standard 134; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.

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

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

Wayne Heili
Managing Director / Chief Executive Officer
27 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Peninsula Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Peninsula Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

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

Emphasis of matter – Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO Audit (WA) Pty Ltd

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Dean Just

Director

Perth, 27 February 2020