



PENINSULA MINES LIMITED

ABN 56 123 102 974

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2016

CORPORATE DIRECTORY

DIRECTORS

Mr Lawrence (Jon) Dugdale	Managing Director
Mr Phillip Jackson	Non-executive Chairman
Mr Daniel Noonan	Executive Director
Mr Martin Pyle	Non-executive Director

AUDITOR

RSM Australia Partners
8 St Georges Terrace
PERTH WA 6000

Company Secretary

Mr Eric Moore

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Your directors submit their report for the half-year ended 31 December 2016:

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Jon Dugdale (Managing Director – appointed 20 January 2017, previously CEO appointed 15 August 2016)
Mr Phillip Jackson (Chairman)
Mr Chris Rashleigh (Director – resigned 6 February 2017)
Mr Martin Pyle (Director)
Mr Daniel Noonan (Director)

RESULTS

The operating loss for the Company for the half-year ended 31 December 2016 was \$1,119,872 (2015: \$368,287), of which \$683,459 (2015: \$125,485) related to exploration and evaluation expenditure expensed.

REVIEW OF OPERATIONS

General

Peninsula Mines Limited ("**Peninsula**" or "**the Company**") operates a diverse, multi-element portfolio of South Korean exploration projects, encompassing graphite, lithium, gold and zinc-silver. All commodities targeted have a positive price outlook and offtake demand in South Korea.

Peninsula made significant progress during the 6 months to 31 December 2016, advancing the Yongwon Graphite Project^{D1} and the Osu Gold Project^{D4} to initial drill target definition, and defining a major zinc district on the Ubeong Zinc Project^{D2,D3}. The Company also identified a large pegmatite corridor at Tonggo (Dongsugok Project) with highly anomalous stream sediment lithium geochemistry^{D5}.

The Company also completed a AUD\$1.7 million (pre-costs) capital raising, in October 2016^{D7}, that will enable the Company to rapidly advance these Projects during 2017.

Yongwon Graphite Project (100% owned, granted tenement, Eumseong 32-1)

Post the reporting period Peninsula reported excellent metallurgical results from its Yongwon Graphite Project including **high-grade concentrate averaging 97% total graphitic carbon (TGC) and 87.3% graphite recovery**. These results were produced from metallurgical testwork by IMO Project Services (IMO), in Perth, on representative samples of outcropping graphitic schist^{D1}.

Additionally, channel sampling of re-excavated historical trenches, that cut across the outcropping graphitic schist, generated a high-grade trenching intersection of **9.7 metres (m) grading 11.7% TGC including 2.5m @ 16.9% TGC and 2.45m @ 16.1% TGC^{D1}**. This trenching has not yet tested the entire width of the graphitic unit, and further trenching is planned along the strike of the unit.

A moving loop electromagnetic (MLEM or EM) survey across the Yongwon graphitic unit was also conducted during the reporting period by Southern Geoscience Consultants (SGC). This EM survey successfully defined the highly conductive graphitic unit, dipping moderately to the northeast, and continuous to at-least 180m down dip and extending the strike length to over 400m, open to the east^{D1}.

The trenching and EM survey results have allowed the Company to produce a 3-dimensional interpretation of the graphitic unit, to be tested with a planned drilling programme to include 16 to 23 diamond drill holes for 1,100m to 1,500m. Drilling will commence as soon as possible during the 2017 field season, following access permission from the Chungju Local Government, Forestry Division.

Ubeong Zinc- Polymetallic Project (100% owned, tenement applications)

In September 2016, the Company secured a 10km strike length of tenement applications over a highly prospective zinc-silver-lead-copper skarn unit near Ubeong in northeast Korea, that lies directly to the east, along strike, from the operating Kumho Zinc Mine^{D2,D3}.

Initial reconnaissance mapping located extensive mine workings associated with the historical Chilbo Mine, at the eastern end of the tenement applications area. Initial rock chip sampling of remnant massive sulphides in these workings generated high-grade zinc (Zn) (+/- silver (Ag), lead (Pb) and copper (Cu)) results including up to **2m @ 29% Zn^{D2} and 0.4m @ 39.7% Zn, 2.0% Pb, 294 g/t Ag^{D3}**.

Detailed ground magnetics has highlighted skarnified magnetic zones in the host marble/limestone and potentially mineralised structures in the Chilbo historical workings area. Further field work in order to define drilling targets for high-grade massive sulphide mineralisation will include a detailed soil sampling programme and additional ground based geophysics, including induced polarization (IP) and potentially electromagnetics (EM), directly targeting sulphide mineralisation.^{D2}

Osu Gold-Polymetallic Project – (100% owned, granted tenement, Osu 23 and surrounding applications)

The Osu Gold Project comprises the granted Osu 23 tenement and three tenement applications that cover historical workings and underground mines on high-grade, near-vertical, polymetallic veins trending north-south along the western flank of Mount Pal Gong, in South Korea. The historical underground workings were worked from the 1930s to the early 1970s and focused on narrow veins and shear zones that occur within an up to 30m wide zone and extend for over 350m in places^{D4}.

During the half year, Peninsula carried out channel sampling across a 30m wide mineralised zone above the Palgong East underground workings, producing results that included **1.25m @ 7.73 g/t Au and 0.20m @ 18.3 g/t Au, 224 g/t Ag, 2.63% Pb^{D4}**.

A proposed diamond drilling programme of 3 to 4 holes for approximately 500m to 650m has been planned to target the down-plunge projection of the high-grade veins/shoots below the channel sampled zones. The new drilling targets will be tested as soon as possible during the 2017 field season, subject to access permission from the Central Government Forestry Department^{D4}.

Lithium Projects (100% owned, tenement applications)

The large-scale stream sediment sampling programme carried out during May and June 2016 generated highly anomalous lithium results corresponding with a north-south trending corridor of pegmatites at Daehyeon Project, and a 3km to 4km northeast trending pegmatite zone at Dongsugok Project, Tonggo Prospect.

Mapping and more detailed sampling, including ridge-and-spur soils, are planned to pinpoint the sources of the anomalies during the first half of 2017.

Daewon Graphite Project (100% owned, tenement applications)

Initial reconnaissance mapping of the Daewon Graphite Project has located a 400m strike length outcropping graphite unit that has produced encouraging channel sampling results including **1.03m @ 24.8% TGC, 1.08m @ 9.6% TGC and 6.4m @ 4.79% TGC^{D6}**.

Petrography has indicated the presence of large (>200um) graphite flakes in samples from the Daewon graphitic schist. Initial metallurgical testwork will be followed by specific testing on a new 50kg composite sample, with the objective of optimising TGC concentrate grade and recovery^{D6}.

The Company anticipates that the key tenement application over the outcropping graphite unit will be granted shortly and, based on encouraging metallurgical results, the next step will be completion of an EM survey to define drilling targets.

Wolmyeong Graphite Project (100% owned, 5 granted tenements and applications over surrounding blocks))

Five tenement sub-blocks were granted on the Wolmyeong Project during the quarter, covering the main area of historical, high-grade, graphite mining. The Wolmyeong Mine was South Korea's largest graphite producer during a period in the 1960s and 1970s when South Korea was one of the world's leading producers of graphite.

Additional high-grade rock-chip and **channel sampling results including up to 76% TGC^{D6}** were obtained from sampling of graphitic units on the Wolmyeong project. Petrography indicates that graphite at Wolmyeong is predominantly microcrystalline in nature, interspersed with remobilised veins of coarser flake material^{D6}.

Further work on the Wolmyeong project will include mapping and channel sampling of key outcrops, and additional petrography and metallurgical testing to determine a metallurgical pathway to producing suitable concentrate for high-end applications (e.g. spherical graphite and/or graphene).

Daehwa Molybdenum -Tungsten Project

No further work has been conducted on this project. The Company is seeking a partner or sale of the project.

Camel Hills Joint Venture (CHJV) (Peninsula 49.4% / Aurora Minerals Limited 50.6%)

No field activity was undertaken during the quarter.

Business Development

The Company will continue to target high-quality projects in South Korea as well as review specific opportunities elsewhere that fit with Peninsula's commodity and geographic focus.

Corporate

During the reporting period the Company completed a capital raising of approximately \$1.7 million (pre-costs), the majority of which came from existing major shareholders. The vast majority of funding will be dedicated to advancing the South Korean exploration projects and accelerating planned programmes.

The board of the Company has been restructured, but remains at four members, with the appointment Jon Dugdale as CEO^{D8}, and subsequently as Managing Director, the retirement of Chris Rashleigh, and Martin Pyle reverting to non-executive Director^{D9}.

Summary List of all previous ASX releases referenced in this report:

- D1. Excellent Metallurgy & High Grade Trenching Results for Yongwon Graphite Project, 12 January 2017
- D2. Major Zinc Skarn District Identified at Ubeong Project in South Korea, 13 December 2016
- D3. Further Exceptionally High-Grade Zinc-Silver Results, Ubeong Project, 31 October 2016
- D4. High-Grade Gold Channel Sampling Results from Osu Gold Project, South Korea, 12 December 2016
- D5. Strongly Anomalous Lithium Results from Stream Sediment Survey, 31 August 2016
- D6. Jumbo and Very Large Identified at South Korean Graphite Projects, 20 September 2016
- D7. Peninsula Completes \$1.68M Placement to Accelerate South Korean Exploration, 6 October 2016
- D8. Appointment of CEO, 9 August 2016
- D9. Appointment of MD, 31 January 2016

There has been no material change to the information contained in the above listed releases.

Forward looking Statements

This report contains certain forward looking statements. These forward-looking statements are not historical facts but rather are based on Peninsula Mines Ltd's current expectations, estimates and projections about the industry in which Peninsula Mines Ltd operates, and beliefs and assumptions regarding Peninsula Mines Ltd's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" "potential" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Peninsula Mines Ltd, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Peninsula Mines Ltd cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Peninsula Mines Ltd only as of the date of this report. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. Peninsula Mines Ltd does not undertake any obligation to report publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this report except as required by law or by any appropriate regulatory authority.

Competent Persons Statement

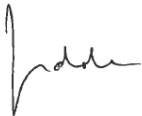
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Daniel Noonan, a Member of the Australian Institute of Mining and Metallurgy. Mr Noonan is an Executive Director of the Company.

Mr Noonan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Noonan consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required by Section 307c of the Corporations Act 2001 is included within the Financial Report.

Signed in accordance with a resolution of Directors:



DIRECTOR

9 March 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		Consolidated	
		31 December 2016	31 December 2015
	Note	\$	\$
Revenue	2(i)	15,583	1,530
Administration expenses	2(ii)	(451,996)	(244,332)
Exploration and evaluation expenditure		(683,459)	(125,485)
Loss before tax		(1,119,872)	(368,287)
Income tax expense		-	-
Net loss for the period		(1,119,872)	(368,287)
Other comprehensive income			
<i>Item that may be reclassified subsequently to operating result</i>			
Foreign currency translation		(1,275)	(1,231)
Total comprehensive loss for the period		(1,121,147)	(369,518)
Basic loss per share (cents per share)		(0.29)	(0.17)
Diluted loss per share (cents per share)		(0.29)	(0.17)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Consolidated	
	Note	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		2,047,913	1,370,959
Trade and other receivables		54,502	34,337
Other current assets		26,561	3,845
Total current assets		<u>2,128,976</u>	<u>1,409,141</u>
Non-Current Assets			
Plant and equipment		<u>50,386</u>	<u>26,272</u>
Total non-current assets		<u>50,386</u>	<u>26,272</u>
Total assets		<u>2,179,362</u>	<u>1,435,413</u>
Current Liabilities			
Trade and other payables		<u>228,910</u>	<u>81,388</u>
Total current liabilities		<u>228,910</u>	<u>81,388</u>
Total liabilities		<u>228,910</u>	<u>81,388</u>
Net Assets		<u>1,950,452</u>	<u>1,354,025</u>
Equity			
Issued capital	3	18,805,433	17,222,817
Reserves		4,474,788	4,341,105
Accumulated losses		<u>(21,329,769)</u>	<u>(20,209,897)</u>
Total Equity		<u>1,950,452</u>	<u>1,354,025</u>

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$	\$
CONSOLIDATED					
At 1 July 2015	14,789,657	(19,170,267)	12,347	4,026,518	(341,745)
Loss for the year	-	(368,287)	-	-	(368,287)
Other comprehensive income	-	-	(1,231)	-	(1,231)
Total comprehensive loss for the year	-	(368,287)	(1,231)	-	(369,518)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	105,097	105,097
Issue of share capital	447,200	-	-	-	447,200
Transaction costs	(5,327)	-	-	-	(5,327)
At 31 December 2015	15,231,530	(19,538,554)	11,116	4,131,615	(164,293)
At 1 July 2016	17,222,817	(20,209,897)	7,183	4,333,922	1,354,025
Loss for the year	-	(1,119,872)	-	-	(1,119,872)
Other comprehensive income	-	-	(1,275)	-	(1,275)
Total comprehensive loss for the year	-	(1,119,872)	(1,275)	-	(1,121,147)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	134,958	134,958
Issue of share capital	1,677,570	-	-	-	1,677,570
Transaction costs	(94,954)	-	-	-	(94,954)
At 31 December 2016	18,805,433	(21,329,769)	5,908	4,468,880	1,950,452

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated	
		31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities			
Other payments to suppliers and employees		(307,175)	(150,361)
Payments for exploration expenditure		(577,355)	(126,040)
Other income		-	568
Interest received		12,719	804
		<u>12,719</u>	<u>804</u>
Net cash (used in) operating activities		<u>(871,811)</u>	<u>(275,029)</u>
Cash flows from/to investing activities			
Purchase of assets		(33,851)	-
		<u>(33,851)</u>	<u>-</u>
Net cash inflow (used in) investing activities		<u>(33,851)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares		1,677,570	305,700
Proceeds from borrowings from ultimate parent entity		-	150,000
Payment for share issue costs		(94,954)	(2,540)
		<u>1,582,616</u>	<u>453,160</u>
Net cash provided by financing activities		<u>1,582,616</u>	<u>453,160</u>
Net increase in cash held		<u>676,954</u>	<u>178,131</u>
Cash at the beginning of the half-year		<u>1,370,959</u>	<u>169,224</u>
Cash at the end of the half-year		<u>2,047,913</u>	<u>347,355</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Peninsula Mines Limited during the half-year reporting period in accordance with the continuous requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

New and Revised Accounting Standards

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		Consolidated	
		31 December	31 December
		2016	2015
		\$	\$
NOTE 2: REVENUE AND EXPENSES			
Loss before income tax expense includes the following revenue and expenditure, the disclosure of which is relevant to explaining the performance of the Company.			
(i) Revenue			
Interest income		15,583	962
Other income		-	568
		<u>15,583</u>	<u>1,530</u>
(ii) Administration expenditure			
Depreciation		9,703	1,807
Less: capitalised to exploration		<u>(9,262)</u>	<u>(1,712)</u>
		441	95
Consulting and labour hire		121,282	27,085
Salaries and wages		37,954	41,904
Facility charges		10,744	3,000
Insurance and legal		14,721	5,084
ASX, ASIC and related fees		26,480	16,126
Share based compensation		134,958	105,097
Audit fees		9,000	9,000
Interest expense		-	21,541
Other expenses		<u>96,416</u>	<u>15,400</u>
		<u>451,996</u>	<u>244,332</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 3 – EQUITY SECURITIES ISSUED

	Consolidated		
	31 December 2016 \$		30 June 2016 \$
Fully paid ordinary shares	18,805,433		17,222,817
	Shares No.	Listed Options No.	Unlisted Options No.
At 1 July 2015	210,932,915	-	41,700,000
Issue of shares	61,140,000	-	-
Issue of shares as partial loan repayment	28,300,000	-	-
Issue of options	-	-	60,996,000
Options cancelled/expired	-	-	(15,600,000)
At 31 December 2015	300,372,915	-	87,096,000
At 1 July 2016	434,523,556	-	99,966,000
Issue of shares	79,884,271	-	-
Issue of options	-	-	27,900,000
Options cancelled/expired	-	-	(8,100,000)
At 31 December 2016	514,407,827	-	119,766,000

Details of Movements in Equity

Date	Action	Type	Quantity	Issued To	Ex/Issue Price	Expiry Date
22 Aug 16	Expiry	Options - unlisted	5,500,000	Directors	\$0.0457	22 Aug 2015
22 Aug 16	Expiry	Options - unlisted	2,600,000	Consultants	\$0.0457	22 Aug 2015
05 Oct 16	Issue	Shares - fully paid	66,779,510	Placement	\$0.021	-
01 Dec 16	Issue	Shares - fully paid	13,104,761	Placement	\$0.021	-
01 Dec 16	Issue	Options A - unlisted	5,100,000	Directors	\$0.0265	29 Nov 2018
01 Dec 16	Issue	Options A - unlisted	1,200,000	Consultants	\$0.0265	29 Nov 2018
01 Dec 16	Issue	Options B - unlisted	5,100,000	Directors	\$0.0379	29 Nov 2019
01 Dec 16	Issue	Options B - unlisted	1,200,000	Consultants	\$0.0379	29 Nov 2019
01 Dec 16	Issue	Options C - unlisted	5,100,000	Directors	\$0.0568	29 Nov 2020
01 Dec 16	Issue	Options C – unlisted	1,200,000	Consultants	\$0.0568	29 Nov 2020
01 Dec 16	Issue	Options D - unlisted	3,000,000	Director	\$0.0389	29 Nov 2018
01 Dec 16	Issue	Options E - unlisted	3,000,000	Director	\$0.0556	29 Nov 2019
01 Dec 16	Issue	Options F - unlisted	3,000,000	Director	\$0.0834	29 Nov 2020

NOTE 4 - SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity operates as two segments, which are mineral exploration and evaluation within Australia and South Korea.

The consolidated entity is domiciled in Australia. Segment revenues are allocated based on the country in which the customer is located. Segment assets are allocated to countries based on where the assets are located.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 4 - SEGMENT INFORMATION (continued)

No operating revenue was derived during the year (2015: nil)

	Australia \$	South Korea \$	Consolidated \$
Half Year Ended 31 December 2016			
Sales to external customers	-	-	-
Other revenue/income	15,569	14	15,583
Total segment revenue	15,569	14	15,583
Segment result from continuing operations before tax	(852,620)	(267,252)	(1,119,872)
As At 31 December 2016			
Segment assets	2,104,956	74,406	2,179,362
Total assets of the consolidated entity			2,179,362
Segment liabilities	176,940	51,970	228,910
Total liabilities of the consolidated entity			228,910
Half Year Ended 31 December 2015			
Sales to external customers	-	-	-
Other revenue/income	962	568	1,530
Total segment revenue	962	568	1,530
Segment result from continuing operations before tax	(241,148)	(127,139)	(368,287)
As At 31 December 2015			
Segment assets	350,706	27,667	378,373
Total assets of the consolidated entity			378,373
Segment liabilities	525,445	17,221	542,666
Total liabilities of the consolidated entity			542,666

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 5 - COMMITMENTS FOR EXPENDITURE

Consultancy Agreements

In the event that the consolidated entity terminates Mr Jon Dugdale's consultancy agreement, there is a requirement to continue payment of his fee for a period of time. Should the services of Mr Dugdale not be required during that period the cost to the consolidated entity would be \$15,000 (2015: nil). All other directors and executives have agreed to forego termination fees to conserve cash within the Company, which will be reviewed subject to future successful capital raisings.

Mineral Tenements

In order to maintain the mineral covenants in which the consolidated entity and other parties are involved, the consolidated entity is committed to fulfil the minimum annual expenditure conditions under which the covenants are granted.

	Consolidated	
	31 December	30 June
	2016	2016
	\$	\$
Minimum estimated expenditure requirements	14,820	14,820

NOTE 6 – CONTINGENT LIABILITIES

Since the last annual reporting date there has been no material change of any contingent liabilities or contingent assets.

NOTE 7 - EVENTS OCCURRING AFTER REPORTING DATE

On 20 January 2017 Mr Lawrence (Jon) Dugdale was appointed Managing Director of the Company.

Other than as stated above, there have been no material items, transactions or events subsequent to 31 December 2016 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

NOTE 8 – DIVIDENDS

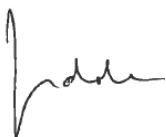
There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the half-year.

DIRECTORS' DECLARATION

In the opinion of the directors:

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended.
2. 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.



Jon Dugdale
MANAGING DIRECTOR
Perth, 9 March 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PENINSULA MINES LIMITED

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Independence

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

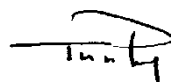
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 9 March 2017

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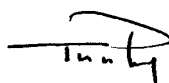
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Peninsula Mines Limited for the half-year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 9 March 2017



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