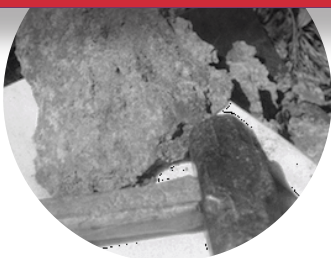




ANNUAL **REPORT** 2018

High-purity
graphite and other
metals for
South Korea's
battery industry



CORPORATE DIRECTORY

DIRECTORS

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

AUDITOR

RSM Australia Partners
8 St Georges Terrace
PERTH WA 6000

Company Secretaries

Mr Eric Moore
Mr Bruce Waddell

REGISTERED OFFICE

Suite 2, Level 2
20 Kings Park Road
WEST PERTH WA 6005
Telephone: +61 8 6143 1840
Fax: +61 8 9321 4692

Email: contact@peninsulamines.com.au
Web Site: www.peninsulamines.com.au

SHARE REGISTRY

Computershare Investor Services
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9323 2000
Fax: +61 8 9323 2033

POSTAL ADDRESS

PO Box 644
WEST PERTH WA 6872

ABN

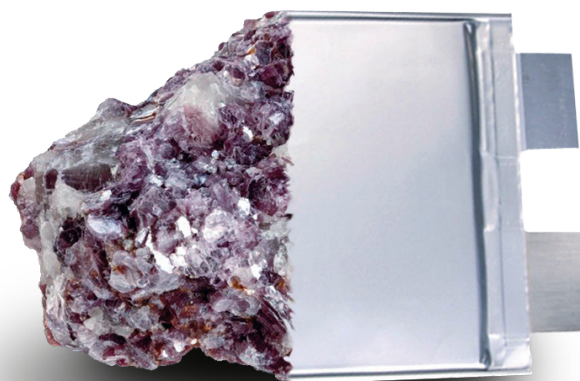
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Dear Fellow Shareholders,

Peninsula Mines Limited ("Peninsula" or the "Company") has significantly progressed its key projects and development strategy in South Korea during the 2017/18 financial year.

The Company has a focussed strategy around delineation and development of high-grade flake-graphite deposits in South Korea, and downstream processing to produce high-purity and high-value spherical graphite to feed Korea's lithium-ion battery anode manufacturers right on their doorstep.

The key project that has been progressed is the flag-ship Gapyeong high-grade flake graphite deposit, located only 50km east of Seoul in South Korea.

The Company has made rapid progress at Gapyeong, within a 6 month period achieving grant of the main Gapyeong tenement (100% owned) and completing mapping, surface sampling and electromagnetics, resulting in the definition of a large and high-grade Exploration Target that will now be drilled with the objective of defining a maiden flake-graphite Mineral Resource.

In parallel to defining the resource drilling target at Gapyeong, bulk-sample metallurgical testwork has achieved marketable flake graphite concentrate grades of over 95% graphitic carbon for both the Gapyeong and Eunha projects. However the Company is looking to take its graphite plan further downstream, through completing metallurgical test-work in Germany and via the CSIRO in Australia to produce high-purity spherical graphite to meet the stated specifications of Korean end-users.

The added bonus of Peninsula's programme in South Korea is the identified potential for discovery based on drilling of multiple, high-grade, zinc-lead-copper targets on its Ubeong and Ilweol Projects, as well as the gold-silver targets at the Osu Project.

Business development activities remain a core part of our strategy, as the Company looks for opportunities, principally in South Korea, that fit within the strategic framework and focus of the Company to advance key projects towards development within a reasonable timeframe.

The Company remains very positive on the outlook for the emerging "energy metals" sector, and is ideally located at the epicentre of these industries in South Korea.

We are delighted that shareholders and investors have strongly supported the Company, allowing Peninsula to raise approximately \$2 million (before costs) in late 2017 to advance its key projects, which, in the case of the Gapyeong and Eunha flake-graphite projects, are now set to deliver Mineral Resources and be advanced towards development of a cash-flow producing graphite business.

Your board and management team remain focussed on achieving the Company's key objectives, in a challenging market environment, and ensuring that a very high proportion of funds raised are devoted to its exploration and development activities.

I would like to take this opportunity to thank my fellow Directors and the whole team for their contributions during the year. I am delighted with the progress the Company has made this year and look forward to seeing the Peninsula team capitalising on this momentum to build significant shareholder value during 2018/2019.

Phillip Jackson

Chairman

Operations Report

REVIEW OF OPERATIONS

During the 2017/18 financial year (“FY 17/18”) Peninsula Mines Limited (“Peninsula” or “the Company”) has significantly advanced key projects in South Korea towards discovery and development. Highlights include:

- **Peninsula defines Exploration Targets for South Korean Flake Graphite Projects, post year-end^{D1}**

Peninsula has defined Exploration Targets for further drilling at its three, key, 100% owned graphite projects in South Korea - Gapyeong, Yongwon and Eunha. Drilling is planned to recommence in Q4, 2018.

- **Resource drilling at Eunha Graphite Project^{D5, D7}**

Diamond drilling of electromagnetic targets commenced at Eunha Graphite Project in May 2018, confirming 2 to 4% TGC (total graphitic carbon) over 4 to 8m true width.

- **Key tenement granted over Gapyeong and high-grade graphite channel intersections^{D2, D6}**

Post year-end, high grade graphite was confirmed in channel sampling at the key tenement secured over Gapyeong Project, including 13.1m (10.4m true width) at 12.3% TGC. These results contributed to the definition of an Exploration Target. Drilling access has been granted by the local landowners.

- **Launch of Korea Graphite value-added processing programme^{D11}**

Independent Metallurgical Operations (“IMO”) has been appointed to manage the testing programme to generate very high purity spherical graphite to meet Korean anode manufacturers’ specifications.

- **High purity graphite concentrates from Gapyeong and Eunha Projects^{D8, D12}**

Metallurgical testing has generated high purity >95% TGC concentrate from Gapyeong and Eunha bulk samples. A 5kg concentrate sample is being produced at IMO for spherical graphite testing.

- **Exceptional EM Conductors at Gapyeong and Daewon Graphite Projects^{D14}**

Ground electromagnetic geophysics has proved successful in defining graphite drill targets at Peninsula’s key, 100% owned, graphite projects.

- **Binding agreement to supply graphite for Korean end users^{D19}**

Peninsula’s binding supply agreement with Canadian company, DNI Metals Inc., secures the supply of 24,000 tonnes per annum of flake graphite from Madagascar. This high-purity, large flake product is processed to create expandable graphite for use in construction and insulation.

- **Ground magnetics highlights extensions to high-grade zinc targets at Ilweol, Ubeong Project^{D4, D10}**

Peninsula is progressing the Ilweol Zn-Pb-Cu Prospect where magnetic anomalies have demarcated extensions to the known, historically mined, mineralisation. Korean Resources Corporation (“KORES”) released historical drilling records relating to the Ilweol massive sulphide skarn, including intersections of up to 7m @ 14.6% Zn, 2.1% Cu. Follow-up drilling is planned subject to the finalisation of access agreements with local land holders to drill from the valley floor.

- **Drill testing of key Ubeong zinc, lead and copper targets^{D15, D18, D22, D25, D27, D31}**

At the Ubeong Zinc Project a number of targets were diamond drilled during the year, including at Python where massive, breccia and disseminated sulphides were intersected in diamond drillhole UBD0005 (9.31m @ 1.17% Zn + Pb incl. 1.03m @ 3.03% Zn, 2.53% Pb) and at Tiger where minor massive sulphides were intersected in UBD0003 (2.22m @ 0.86% Zn incl. 0.2m @ 6.3% Zn).

- **Highly anomalous lithium in soil results at Tonggo^{D20}**

Anomalous lithium pegmatite corridor of 1.2km strike length at Tonggo Lithium Project. Peninsula conducted soil sampling to define pegmatite targets for follow up.

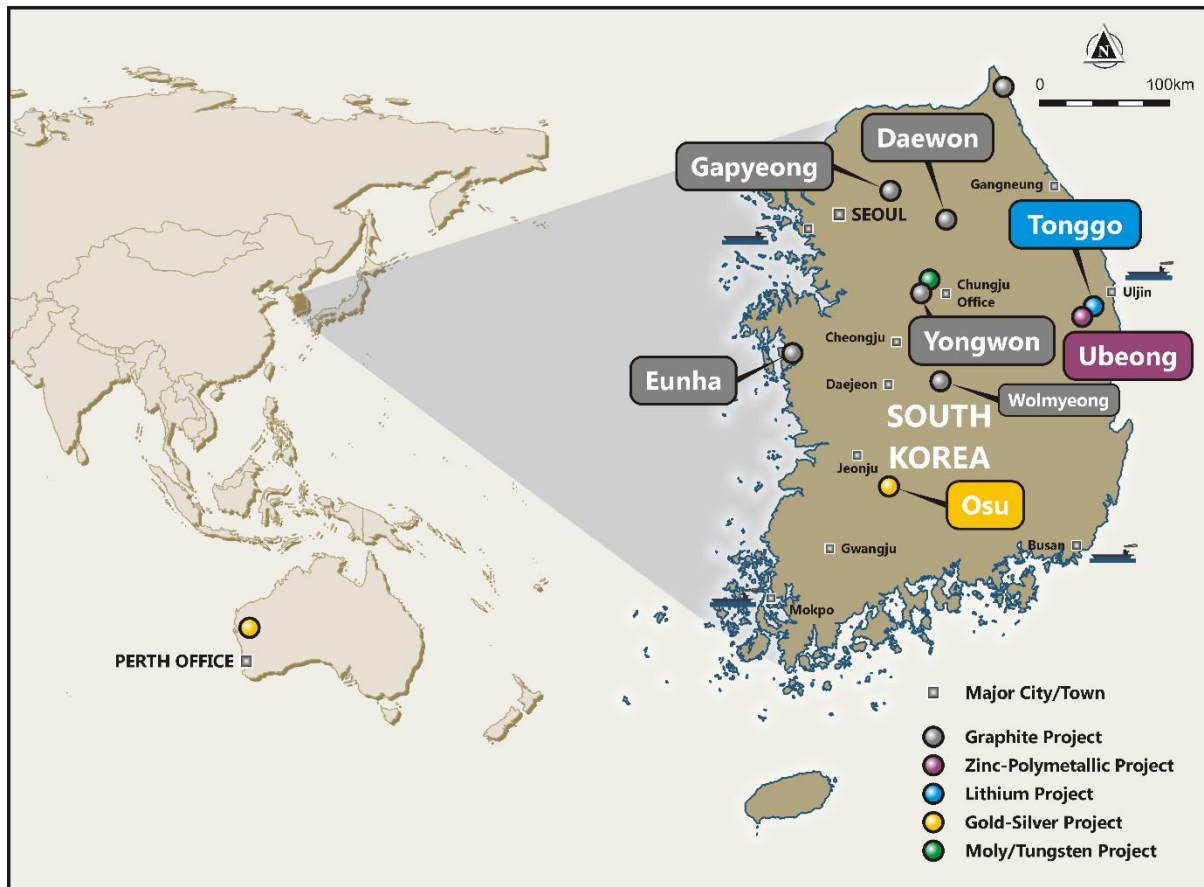
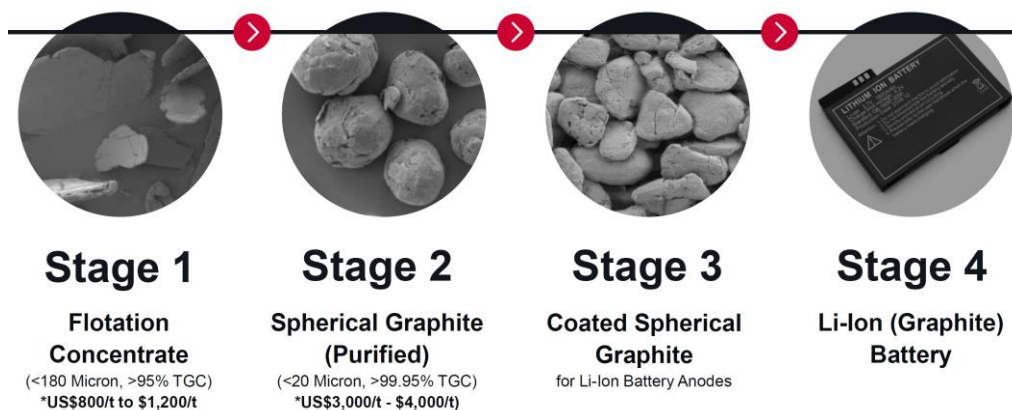


Figure 1: Peninsula Mines' South Korean Project Locations

Peninsula Mines' Graphite Business

South Korea is one of the world's largest producers of lithium-ion batteries, but obtains downstream graphite products, including spherical graphite for Lithium-Ion battery anodes, predominantly from China (see value-chain below). Peninsula has identified the opportunity to mine and process graphite to produce value-added spherical graphite, in South Korea, to directly supply lithium-ion battery manufacturers and other graphite end-users in-country.



Note: US\$ pricing from Benchmark Mineral Intelligence graphite price assessments, May – June 2018.

Peninsula and its subsidiaries have tenements and tenement applications in South Korea with fine to large and jumbo flake graphite identified. Peninsula intends to progress these and other projects to JORC compliant resource definition and, potentially, development of mining and flake graphite concentrate production for spherical graphite – lithium-ion battery applications and/or expandable graphite and other markets in Korea.

Operations Report *continued...*

Graphite Projects:

General

Peninsula's South Korean graphite business is operated by 100% owned subsidiary, Korea Graphite Company Ltd (KGCL) and underpinned by the portfolio of 100% owned, flake graphite projects that it is advancing towards development.

Post year end, Peninsula defined an Exploration Target for the Gapyeong, Yongwon and Eunha North Flake-Graphite Projects of **13 to 17 million tonnes, grading at 8 to 11% TGC, containing 1.1 to 1.7 million tonnes of graphite^{D1}**, see Table 1, below. The potential quantity (tonnage and contained graphite) and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration work conducted to estimate a Mineral Resource and it is uncertain if further exploration will result in the definition of a Mineral Resource at any of the Company's graphite projects.

Table 1: Exploration Target Estimates for Peninsula's Flake-Graphite Projects in South Korea

Project	Tonnes (Approximate)		Grade (TGC)		Graphite Tonnes (Approximate)	
	Low	High	Low	High	Low	High
Eunha North	750,000	1,000,000	2%	4%	20,000	40,000
Gapyeong South	8,000,000	10,500,000	8%	12%	740,000	1,100,000
Gapyeong Middle	1,500,000	2,000,000	8%	12%	140,000	220,000
Gapyeong North	1,000,000	1,250,000	7%	11%	80,000	120,000
Yongwon	1,750,000	2,250,000	8%	12%	160,000	240,000
Total	13,000,000	17,000,000	8%	11%	1,140,000	1,720,000

The Gapyeong Graphite Project represents over 80% of the Exploration Target and resource drilling is planned to commence at the Gapyeong in the fourth Quarter of 2018.

In addition to the planned flake-graphite resource drilling, the Company has initiated a value-added processing research and development test work programme that will involve a three-stage process targeting very high-purity (>99.95% TGC) spherical graphite to meet the specifications of Korean lithium-ion battery anode manufacturers using non-fluoride techniques:

- i) Generation of >5kg, **high-grade (>95% TGC), concentrate** from the key projects, including the Eunha Graphite Project and the Gapyeong Graphite Project, for spherical graphite testing.
- ii) High-grade graphite concentrate sample(s) despatched to a German firm specialising in spherical graphite process development and engineering, who will then undertake **Micronisation and Spheroidisation** of flake graphite (to spherical graphite), then
- iii) **Purification of spherical graphite** – targeting >99.95% TGC purity, followed by electrochemical (battery) testing of purified spherical graphite, to be conducted by the German firm, in collaboration with the Australian CSIRO.

Gapyeong Flake-Graphite Project

The Gapyeong Project is located 50km north east of Seoul in South Korea. Historical records (KORES) noted high grade graphite over a 1km strike which has been confirmed by Peninsula's exploration, including ground electromagnetic surveys, surface mapping and rock chip and channel sampling (see Figure 2, below).

Granting of the key tenement over Gapyeong^{D6} enabled channel sampling across two, thick, parallel, high-grade, graphitic units, which occupy a synform trending roughly north-south, clearly coinciding with the electromagnetic conductivity anomaly (see Figure 2, below)^{D1}. The high grade graphite channel sampling results, including: **13.1m (10.4m true width, TW) @ 12.3% TGC including 6.66m (5.2m TW) @ 17.2% TGC and 12.5m (8.0m TW) @ 10.6% TGC including 2.6m (2m TW) @ 14.5% TGC** have demonstrated the potential to define a significant mineral resource at Gapyeong and further channel sampling and follow-up resource definition drilling is now planned for the fourth quarter of 2018^{D2}.

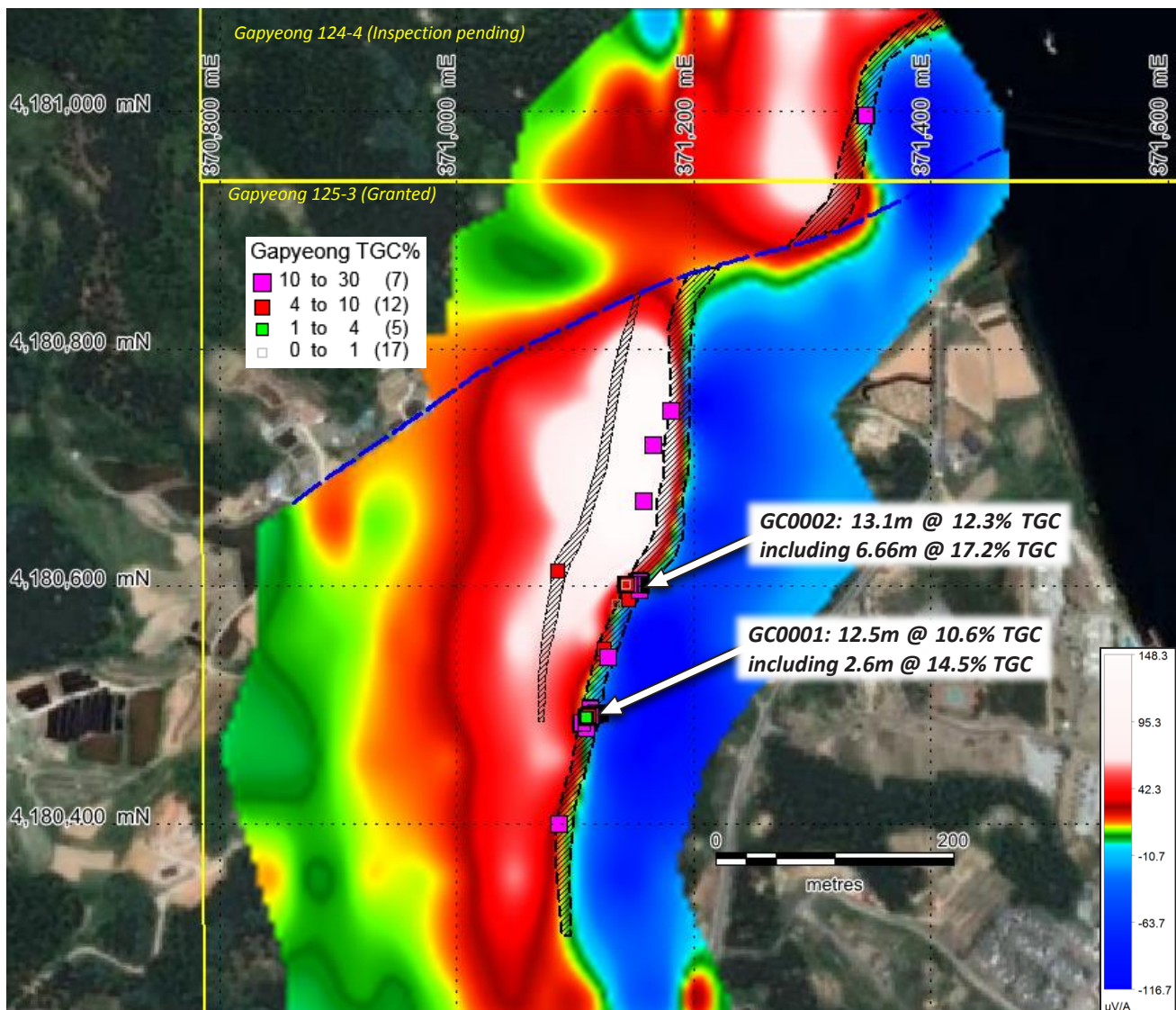


Figure 2: Gapyeong Project channel and rock chip sample locations, graphitic units and EM anomalies^{D2}

Drilling access agreements were announced post-quarter end to allow drilling to commence subject to local council consent.

In parallel with advancing the Gapyeong Project towards resource definition and development, a metallurgical test-work programme conducted by Independent Metallurgical Operations Pty Ltd (“IMO”) has produced a high-grade metallurgical concentrate result of 95.4% TGC from initial batch grinding and flotation testing of the >80kg composite sample that averaged 17.7% TGC ^{D1}. The next step is to generate a >5kg composite graphite concentrate sample of +95% TGC for spherical graphite test work to meet Korean lithium-ion battery anode manufacturers’ specifications^{D11}.

Yongwon Graphite Project

The Yongwon Project includes a moderately northeast dipping flake graphite unit located on Forest Land owned and managed by the Chungju City Council. Exploration to date has included moving loop ground electromagnetics (EM), mapping and rock chip and channel sampling, confirming high grade graphite with down-dip continuity, open down-dip towards the east. Figure 3, below depicts the graphitic unit modelled from the EM, with grades confirmed by channel sampling.

Metallurgical testing produced a high-grade metallurgical concentrate result of 96.8% TGC in January 2017, from initial batch grinding and flotation testing.

Resource drilling has been planned pending access grant by the Chungju City Council to the Forest land.

Operations Report continued...

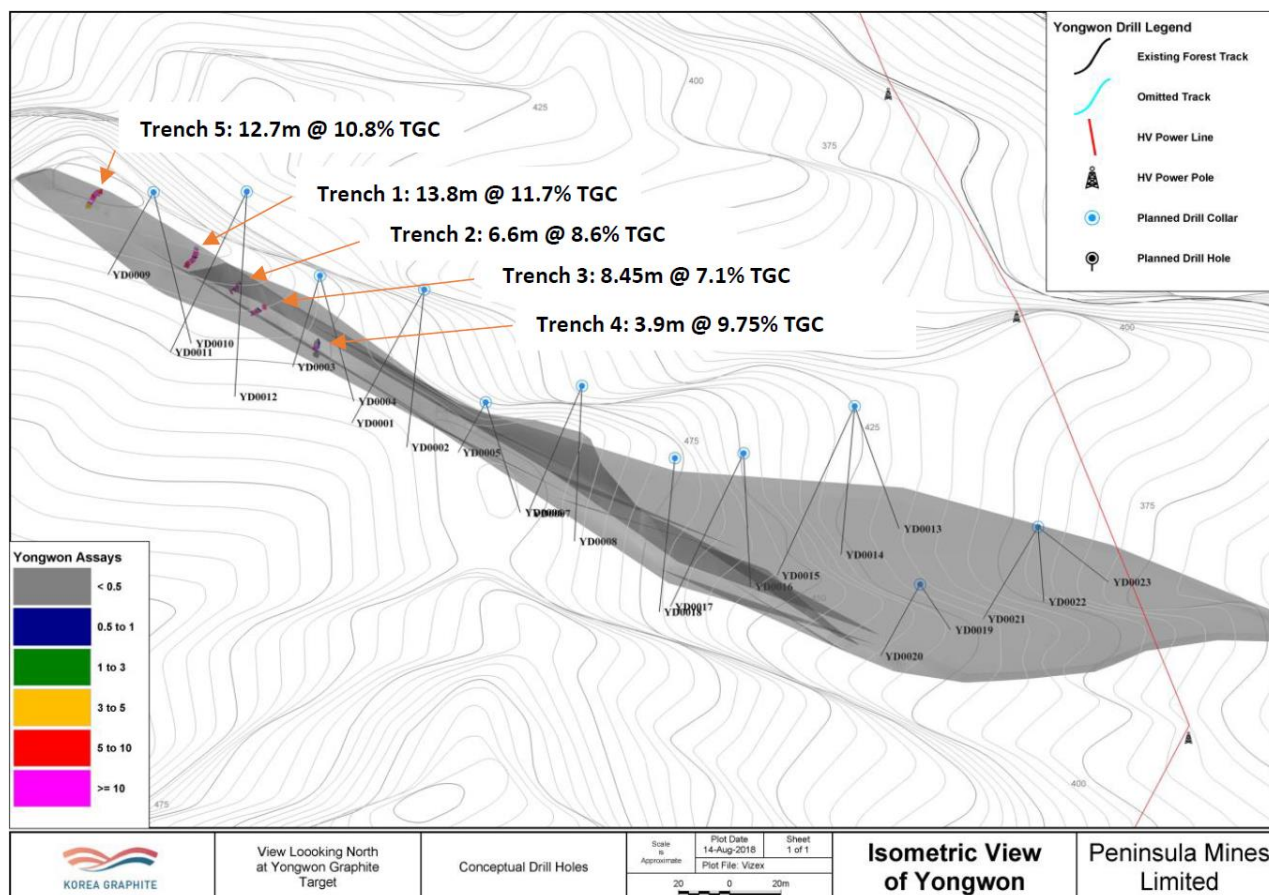


Figure 3: Isometric view of the modelled Yongwon graphitic unit based on EM inversion modelling, surface mapping and channel sampling. 23 drill holes have been planned on five 80m spaced lines as shown.^{D1}

Eunha Graphite Project

Eunha Project is favourably located in Chungnam Province, where graphite industry development is encouraged by the Provincial Government.

Diamond drilling at Eunha North was prioritised thanks to an access agreement being agreed with the local land holder. The drilling targeted EM, confirming a steeply dipping graphitic unit. Drilling results included EDH0003: **10.87m (8.3m TW) @ 2.5% TGC from 56.1m including 5.19m @ 4.0% TGC incl. 2.35m @ 6.3% TGC** and EHD0005: **6.68m (4.3m TW) @ 2.8% TGC from 66.99m including 4.53m @ 3.73% TGC incl. 1.33m @ 10.9% TGC**.

Channel sampling was carried out to the south at Eunha Roadhouse with results including **6.89m @ 3.1% TGC from 11.57m including 3.11m @ 4.5% TGC** (see Figure 4, below).

These results contributed towards the definition of Peninsula's Korean graphite Exploration Target.

Drilling has now been prioritised for Gapyeong and Yongwon, pending the successful conclusion of access agreements, with further drilling to define a maiden Mineral resource at Eunha to be considered in due course^{D1, D3}.

In parallel with advancing the Eunha Project towards resource definition and development, a metallurgical test-work programme conducted by IMO has produced a very high-grade metallurgical concentrate result of **97.6 TGC** from initial batch grinding and flotation testing of the >100kg composite sample that averaged 6.3% TGC^{D1}. A >5kg composite graphite concentrate sample of +95% TGC has now been generated for spherical graphite test work to meet Korean lithium-ion battery anode manufacturers' specifications^{D11}.

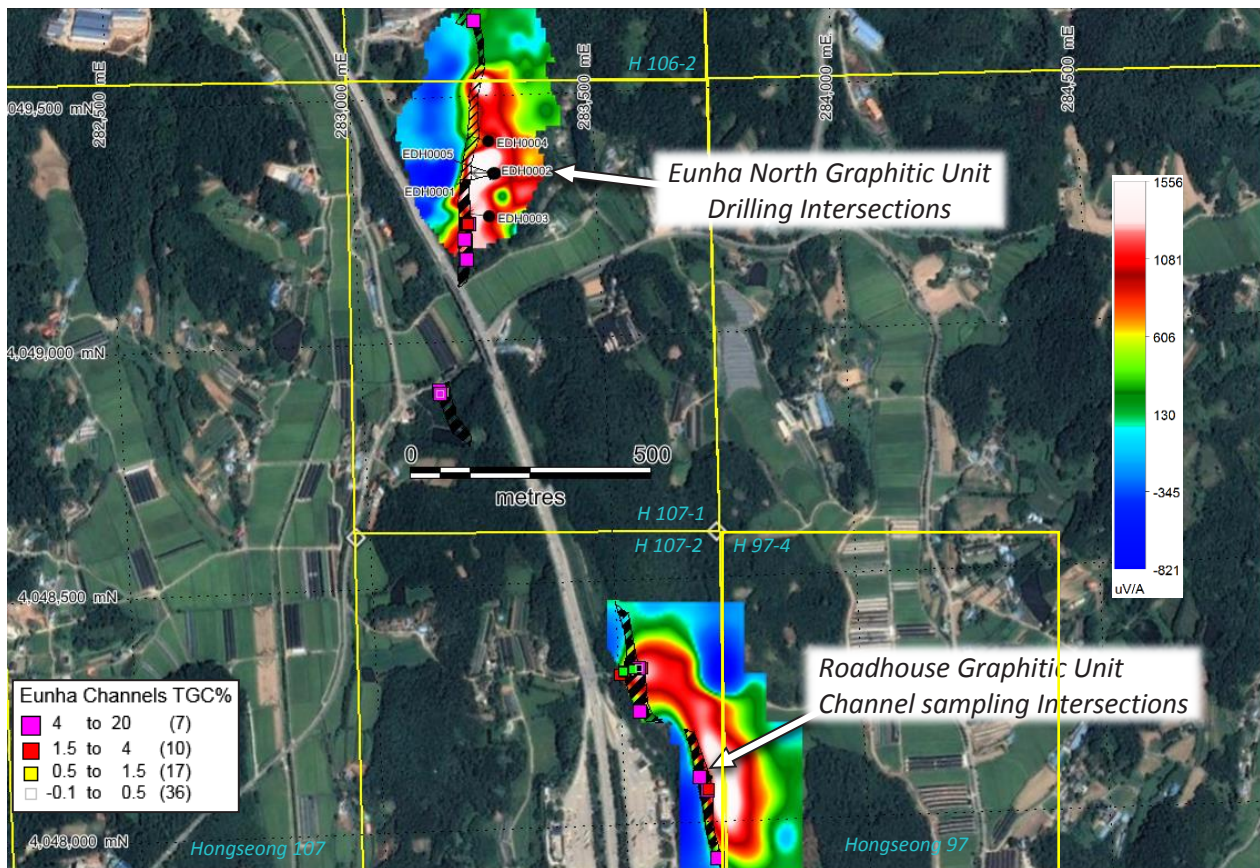


Figure 4: Eunha Project EM conductors, mapped graphitic units, drill holes & channel sampling ^{D3}

Daewon Graphite Project

A shallow northwesterly dipping, contact metamorphosed, graphitic unit outcrops in the western highwall of limestone quarry and was found to extend over a strike length of 600m at Daewon. Rock chip sampling confirmed high grade results, including 1.03m @ 24.8% TGC, with coarse flake size and excellent metallurgical properties^{D32}.

Fixed loop EM in March 2018 defined an intense EM anomaly and increased the identified strike length of the graphitic unit to over 1km^{D14}. Peninsula has since been contacting the numerous local landholders to enable access for the planned resource drilling of the deposit.

Wolmyeong Graphite Project

Formerly Korea's largest graphite mine, the Wolmyeong very-high-grade graphitic units extend over 9km and are secured within granted tenure.

Previous petrographic work and preliminary metallurgy indicates that the majority of the graphite at Wolmyeong is fine grained or 'amorphous', suitable for steel making but not applicable to flake-graphite applications such as lithium-ion battery anodes or expandable graphite. Potential partners are being sought to develop the project to supply the Korean steel industry.

Base and Precious Metals Projects, South Korea

Ubeong Zinc-Lead-Copper Project

Peninsula has secured six granted tenements^{D4} and multiple tenement applications over the eastern 10-kilometre strike length of a highly prospective, magnetic limestone-skarn unit that includes the historical Chilbo Mine and adjoins the operating Keumho Zinc Mine (see Figure 5 below). In addition, the company has secured tenure over a further two tenements and multiple applications covering the historic Ilweol Mine developed on a separate northwest-southeast trending locally magnetic limestone skarn unit.

Operations Report continued...

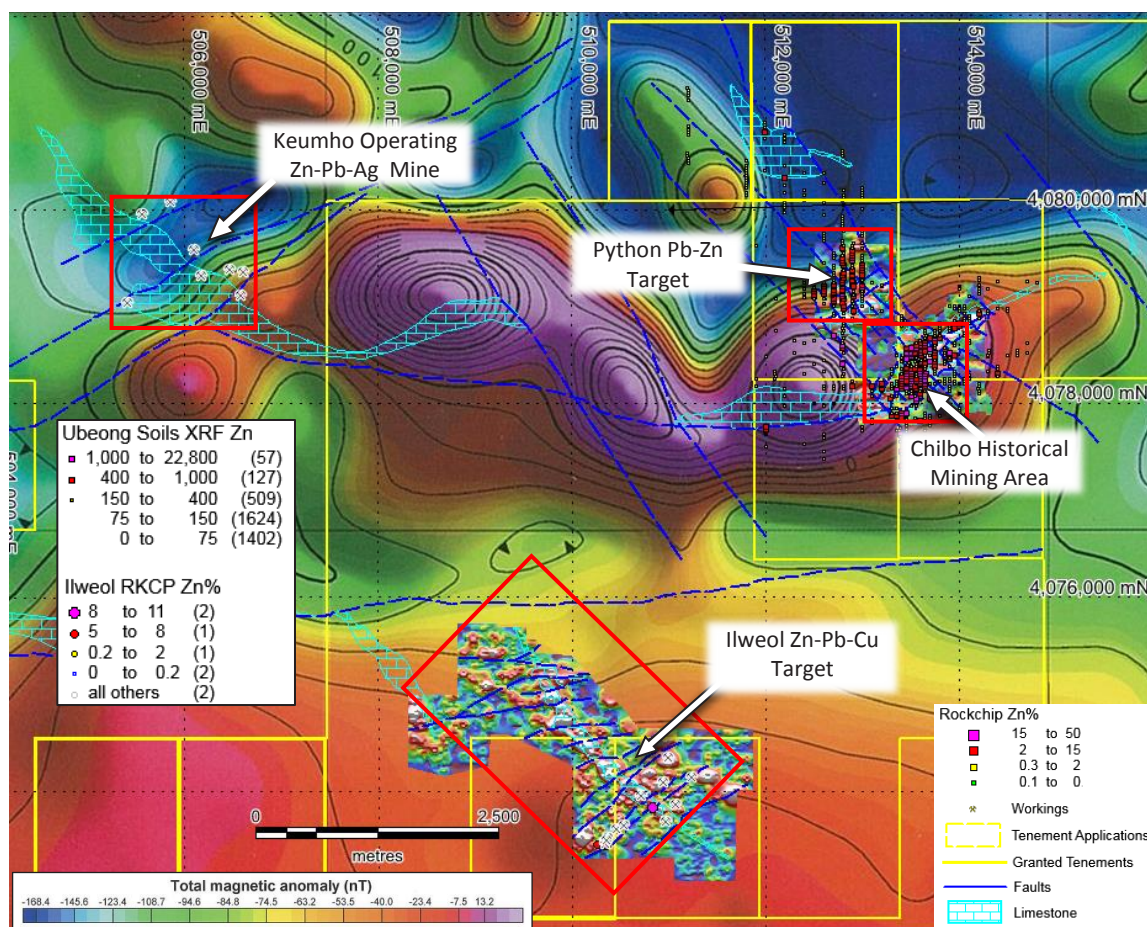


Figure 5: Ubeong Project, mapped skarn-limestone unit with tenements on aero & ground magnetics image^{D8}

During the 2017/18 FY the Ubeong Project has been significantly advanced, including extensive soil sampling, Induced Polarisation (IP) ground geophysics and ground magnetics to identify sulphide-mineralised skarns for follow-up drilling.

Magnetic surveys have proved most successful at the Ilweol Prospect (see Figure 5) located approximately 6km to the southwest of Chilbo. Ilweol was initially mined by the Japanese following its discovery in 1936 and post World War II was intermittently operated by Korean interests through to the mines closure in 1976.

The ground magnetics programme has effectively doubled the strike length of the zinc-lead-copper skarn target from 1 to 2 km post year-end^{D4}. Magnetic highs coincide with the mapped, zinc-lead-copper mineralised, skarn horizon where historical drilling by KORES beneath underground mining areas produced the following intersections^{D4, D10}:

- ILW 77-1: **7.0m (4.0m True Width – “TW”) @ 14.58% Zn, 1.37% Pb, 2.12% Cu** from 191.9m
- ILW 77-3: **2.1m (1.5m TW) @ 18.66% Zn, 11.08% Pb, 3.21% Cu** from 253.6m
and **5.5m (4.0m TW) @ 10.16% Zn, 1.61% Pb, 1.45% Cu** from 263.6m
- ILW 76-3: **3.6m (2.5m TW) @ 15.5% Zn, 1.48% Pb** from 181.3m

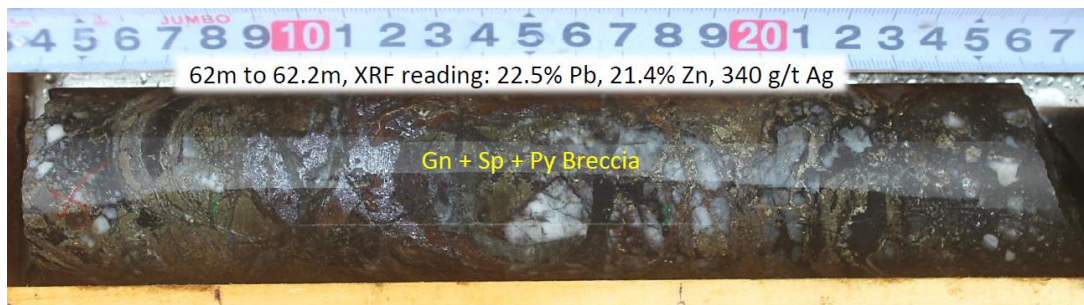
The KORES diamond drilling records for Ilweol were released to Peninsula with the grant of the tenements. Soil sampling is planned to further refine targeting before additional drilling is planned to test the massive sulphide targets^{D10}.

Peninsula’s own diamond drilling programme has so far focused on the Chilbo historical mining area with four drill holes targeting geophysical and surface geochemical anomalies, intersected disseminated, brecciated and massive sulphides, including sphalerite and galena^{D15, D18, D22, D25, D27, D28}, and producing an intersection in **UBD0003 of 2.22m @ 0.86% Zn from 131.18m incl. 0.2m @ 6.3% Zn**.

Chilbo Prospect displays zoned mineralisation, with zinc-silver-lead and copper-gold zonation, suggesting proximity to the porphyry source.

One diamond drillhole was also completed at the Python Target (see Figure 5), located to the north west of Chilbo and along strike of the Chilbo interpreted mineralising structures. Diamond drillhole UBD0005 intersected massive, breccia and disseminated sulphides below pelitic rocks, producing an intersection of **9.31m @ 1.17% Zn + Pb including 1.03m @ 3.03% Zn, 2.53% Pb**. This included a 20cm zone of massive/breccia sulphides from 62m that produced hand-held XRF results of **22.5% Pb and 21.4% Zn** (see core-photograph below):

Further drilling is planned to penetrate the mineralised skarn interpreted to lie beneath the sulphide breccia zone^{D9}.



Photograph 1: Python Prospect, UBD005, 62m to 62.2m. Sulphide breccia including galena, sphalerite and pyrite^{D9}

Ubeong Project covers a large porphyry intrusive system with extensive, mineralised skarn targets. Peninsula continues to prioritise these targets for exploration with the ultimate aim of defining a maiden mineral resource and advancing these projects towards development.

Osu Gold-Silver Project

The Osu Project consists of one granted tenement, Osu 23, with applications for 3 adjoining tenements, in state and local council forest land. The granted tenement encompasses the historical Baegun and Palgong Mines located on the northern and southern flanks of Mount Palgong, where vein structures were historically mined underground over a strike length in excess of 1,500m. The polymetallic veins are thought to represent near surface, sub-epithermal mineralisation originating from a deep-seated, porphyry intrusive source.

During 2016, channel sampling across the 30m wide mineralised shear zone at Palgong East generated high-grade results across individual veins, including 0.2m @ 18.3 g/t gold (Au), 224 g/t silver (Ag) and 1.25m @ 7.73 g/t Au^{D34}.

In July this year the Company received 6-month drill access approval from the Korean Forest Service to access two, separate, drilling sites one at Palgong West and a second potential drill site at Palgong East (see Figure 6, below). The drill access approval will enable Peninsula to test the high-grade gold and silver targets at Osu.

Operations Report continued...

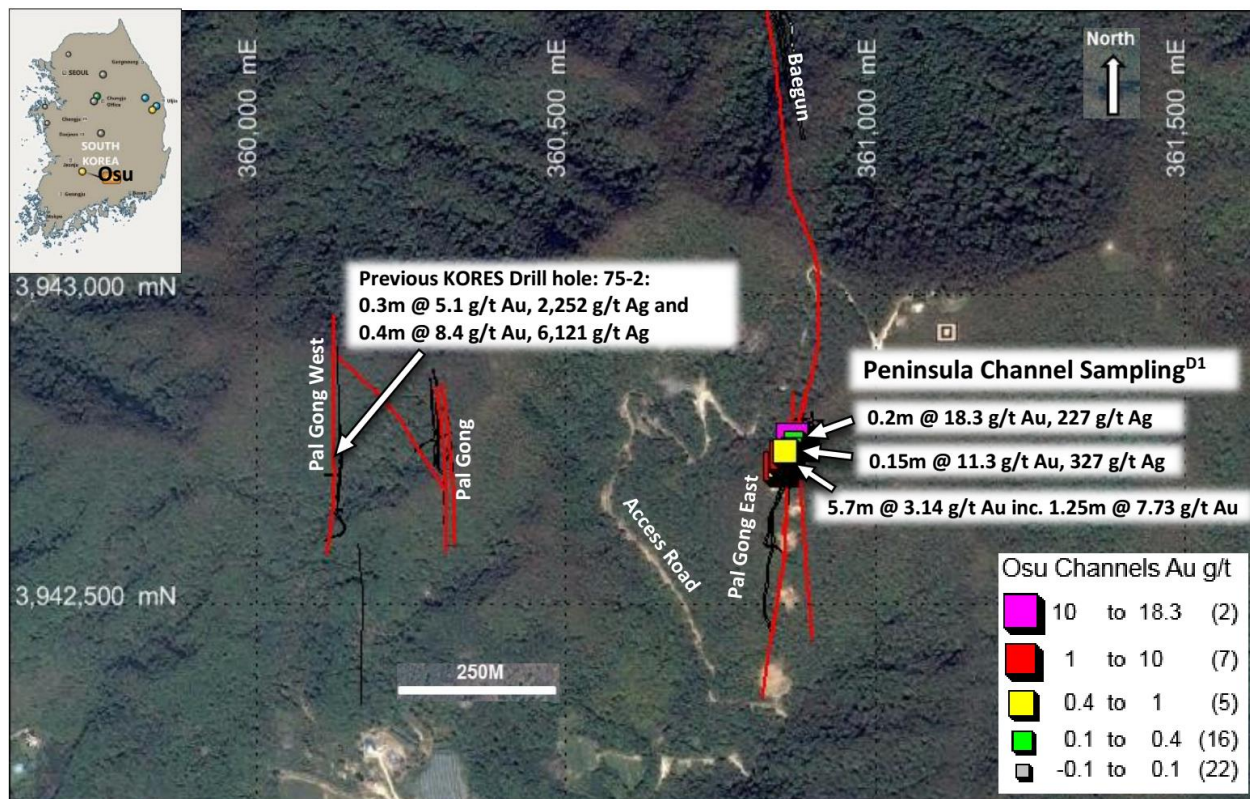


Figure 6: Osu Project Palgong E and W Lodes (red traces), channel sampling and KORES drilling results ^{D30,D34}

Other Projects

Tonggo Lithium Project

In late December 2017, Peninsula reported highly anomalous lithium in soil geochemistry across a north east trending pegmatite corridor at Tonggo of dimensions 1.2km by 200m. Further field work is planned to pinpoint lithium-bearing pegmatite targets^{D20}.

Daehwa Molybdenum-Tungsten Project Sale

The Daehwa Molybdenum-Tungsten Project in South Korea was sold to a Korean company for a total of 600 million Korean Won (KRW 600M), or approximately AUD 675,000. An initial sum of KRW 200M has been paid and the Company is awaiting the final installment of KRW 400M that is now due and payable, the Company having met conditions precedent that included the transfer and renewal of forest access and the extension of term of the mining tenements.

Camel Hills Joint Venture (CHJV), WA (Aurora Minerals Ltd 51.29% / Peninsula 48.71%)

The Camel Hills Joint Venture Project, operated by Aurora Minerals Limited, was surrendered post year-end, on 9 August 2018.

Previous Peninsula ASX announcements and reports referenced in this report:

- D1 Exploration Target for Korean Flake Graphite Projects, 15 August 2018
- D2 Gapyeong high-grade graphite channel intersections, 1 August 2018
- D3 Eunha significant graphite intersections, 27 July 2018
- D4 New magnetics highlights high-grade zinc targets at Ilweol, 3 July 2018
- D5 Eunha North drilling graphite intersections, 21 June 2018
- D6 Key tenement granted over high-grade Gapyeong graphite, 12 June 2018
- D7 Resource drilling commences at Eunha Graphite Project, 31 May 2018

- D8 High purity graphite concentrate from high grade Gapyeong Project, 23 May 2018
- D9 High grade zinc and lead in sulphide breccia at Python Prospect, 21 May 2018
- D10 High grade zinc intersections at Ilweol Prospect, 15 May 2018
- D11 Launch of Korean Graphite Value Added Processing Programme, 24 April 2018
- D12 Eunha Graphite very high purity concentrate results, 10 April 2018
- D13 High grade graphite results confirm EM target at Gapyeong, 19 March 2018
- D14 Exceptional EM conductors at Gapyeong and Daewon Graphite Projects, 14 March 2018
- D15 Drilling restarted testing key Ubeong zinc and copper targets, 6 March 2018
- D16 Outstanding EM results at Eunha Graphite Project, 28 February 2018
- D17 PSM update and Letter to Shareholders, 10 February 2018
- D18 Encouraging zinc & silver drilling results and large, new lead-zinc target, 5 February 2018
- D19 Binding agreement to supply graphite for Korean end users, 15 January 2018
- D20 Highly anomalous lithium soil results at Tonggo, 22 December 2017
- D21 Peninsula completes \$1.9 Million placement of its \$2 million Capital Raising, 19 December 2017
- D22 Ubeong drilling intersects massive and disseminated sulphides, 19 December 2017
- D23 Peninsula Raises \$2 million in oversubscribed Capital Raising, 11 December 2017
- D24 Ilweol trend high grade Zn-Pb-Cu results, 28 November 2017
- D25 Ubeong drilling intersects sulphide zones, 24 November 2017
- D26 Super-jumbo and high-grade flake graphite at new projects, 20 October 2017
- D27 Drilling to test key Cu-Au and Zn-Pb-Ag targets at Ubeong, 26 September 2017
- D28 Ubeong massive sulphide Cu-Au zone and further drilling, 6 September 2017
- D29 Peninsula signs cooperative MOU to develop & supply graphite to Korean end users, 15 August 2017
- D30 Osu Gold-Silver Project drilling access, 26 July 2017
- D31 Ubeong IP geophysics and XRF soil results define drill targets, 12 July 2017
- D32 Daewon graphite high grade concentrate and other new projects, 27 June 2017
- D33 MOU signed with graphite end-user in Korea, 14 June 2017
- D34 High Grade Gold Channel Sampling Results from the Osu Project, 12 December 2016

Other than the information included in this report, there has been no material change to the information contained in the above releases. Full versions of all the company's releases are available for download from the company's website www.peninsulamines.com.au

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.

Operations Report [continued...](#)

Competent Persons Statements

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.

The information in this release that relates to metallurgical test work is based on information compiled and / or reviewed by Mr Peter Adamini who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Adamini is a full-time employee of Independent Metallurgical Operations Pty Ltd. Mr Adamini consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this release that relates to Geophysical Results and Interpretations is based on information compiled by Karen Gilgallon, Principal Geophysicist at Southern Geoscience Consultants. Karen Gilgallon is a Member of the Australasian Institute of Geoscientists (AIG) and 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'. Karen Gilgallon consents to the inclusion in the release of the matters based on this information in the form and context in which it appears.

Peninsula Mines Limited (“**the Company**” or “**Peninsula**”) is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The registered office of the Company is located at Suite 2, Level 2, 20 Kings Park Road, West Perth, Western Australia.

The Directors of the Company present their report on the group, which comprises Peninsula Mines Limited and its controlled entities, for the year ended 30 June 2018.

DIRECTORS AND EXECUTIVES

The names and details of the Directors of Peninsula Mines Limited during the financial year and up to the date of this report are:

Chairman

Mr Phillip Sidney Redmond Jackson BJuris, LLB, MBA, FAICD

Phillip Jackson, the Chairman and a Director of the Company, is a barrister and solicitor with over 25 years legal and international corporate experience, especially in the areas of commercial and contract law, mining law and corporate structuring. He has worked extensively in the Middle East, Asia and the United States of America. In Australia he was formerly a managing legal counsel for a major international mining company, and in private practice specialised in small to medium resource companies. Phillip was managing region legal counsel: Asia Pacific for a leading oil services company for 13 years. He was General Counsel for a major international oil and gas company and is now Special Counsel. Phillip has been Chairman of Aurora Minerals Limited since it listed in June 2004 and Chairman of Predictive Discovery Limited since December 2014. Phillip is also a non-executive director of listed company Scotgold Resources Limited.

Managing Director

Mr Lawrence Jonathon (“Jon”) Dugdale, BSc (Hons), FAusIMM, MAICD

Jon graduated as a geologist with first class honours from the University of Melbourne in 1986 and has 32 years of mining industry experience. This includes a 20 year track record of exploration discovery with WMC Ltd and MPI Mines Ltd, and 12 years of corporate experience in Australia and the Asian region as an analyst/investment manager with Lion Selection Ltd then as Director and CEO (MD) with Mindoro Resources Ltd and Red Mountain Mining Ltd.

Jon’s 32 year discovery and corporate track record and proven ability to operate in international environments, in particular in Asia, will be valuable to Peninsula as the company looks to advance its projects through discovery and into development.

In the three years immediately prior to the end of the financial year, Jon also served as a director of the following listed company:

Red Mountain Mining Ltd	01/04/2014 to 30/06/2016
-------------------------	--------------------------

Non-executive Director

Mr Martin James Pyle BSc, MBA

Martin has a broad range of experience gained over more than 30 years in the resources industry in Australia. His roles have included positions as Corporate Finance Executive with prominent east and west coast broking firms. During this time he was responsible for the generation and execution of resources related equity raisings, mergers & acquisitions, corporate advisory and research. Most recently he has provided corporate advisory services to a number of junior resource companies. Martin has a Bachelor of Science degree with First Class Honours in Geology and a Masters of Business Administration.

In the three years immediately prior to the end of the financial year, Martin also served as a director of the following listed companies:

Gold Road Resources Ltd	22/06/2010 to 30/06/2017
Aurora Minerals Ltd	06/05/2010 to 31/03/2018
Nusantara Resources Ltd	03/02/2017 to 30/05/2018

Directors Report continued...

Executive Director

Mr Daniel James Noonan BSc (Hons) MAusIMM

Danny is a geologist and has extensive experience in the fields of mining and exploration across several jurisdiction including Australia, Korea, Mexico and India. He has performed in operational roles in a range of base metal and gold mines. In addition, Danny has managed drill-outs of large gold and base metal deposits. Danny is currently Peninsula's In Country Manager of the Company's projects in South Korea. Danny has been with the Company since the purchase of the South Korean assets in May 2013.

Company Secretary

Mr Eric Gordon Moore

Eric (Ric) Moore has been Peninsula Mines Limited's General Manager since its foundation and was appointed as Company Secretary in July 2012. He has held senior managerial positions in a number of resource companies during the past 30 years and prior to joining Peninsula was Company Secretary of a public listed company between 1996 and 2005. Ric is also Company Secretary of Aurora Minerals Limited and Predictive Discovery Limited.

Mr Bruce David Waddell

Bruce Waddell was appointed as additional Company Secretary on 21 August 2017. A member of CPA Australia, he has over 25 years accounting and administration experience in the resources industry. Bruce is also Company Secretary of Aurora Minerals Limited and Predictive Discovery Limited.

PRINCIPAL ACTIVITIES

The principal activity of the group is exploration in South Korea and Western Australia and assessing, and if appropriate, acquiring exploration and mine development projects worldwide.

OPERATING RESULTS

The consolidated loss of the group for the financial year after providing for income tax amounted to \$2,633,311 (2017: \$2,477,080).

FINANCIAL POSITION

The net assets of the group at 30 June 2018 were \$481,129 (2017: \$875,547). At year end, the group had \$0.58 million net cash (2017: \$1.04 million).

DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 27 August 2018 Peninsula Mines Limited announced that it had received commitments to raise \$600,000 in a Placement, and was going to launch a Share Purchase Plan to raise a further \$0.6 to \$1 million. As part of the placement, 36,150,000 shares were issued at \$0.006 on 04 September and a further 55,703,333 shares were issued at \$0.006 on 11 September to raise a total of \$551,120. Directors of the Company intend to participate to the amount of \$70,000, of which the Placement component will be subject to shareholder approval at the Annual General Meeting.

Other than the above, no matters or circumstances have arisen after the end of the financial year which significantly affected or could significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

REVIEW OF OPERATIONS

Refer to the Operations Report commencing on Page 4 of this Report.

Corporate

On 27 August 2018 Peninsula announced it had received commitments to raise \$600,000 in a placement, to be followed by a Share Purchase Plan to raise a further \$0.6 to \$1million. The placement resulted in the issue of 91,853,333 shares at \$0.6c/share at the date of this report.

Net proceeds of the funding raisings are being used primarily to fund South Korean exploration activities and for general working capital.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the financial year ended 30 June 2018 and the number of meetings attended by each Director:

Director	Full Board Meetings		Meetings by Circular Resolution	
	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend
Phillip Jackson	7	7	15	15
Jon Dugdale	7	7	15	15
Martin Pyle	7	7	15	15
Daniel Noonan	7	7	15	15

REMUNERATION REPORT (Audited)

Board policy

The objective of the Company's remuneration policy for key management personnel is to ensure reward for performance is appropriate for the results delivered. The policy is designed to ensure that the following key criteria for good governance practices are followed:

- Acceptability to shareholders
- Transparency
- Capital management

Company performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and key management personnel by the issue of options to the key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in a general meeting. The Company has entered into separate Consulting Agreements with each of the Directors and pays Directors' fees as additional remuneration to the non-executive Directors.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

REMUNERATION REPORT (audited) (continued)

Terms and Conditions of Engagement (as at the date of this report):

Name	Role	Associated Company	Date of Agreement	Date last Modified	Current Annual Consulting Fee	Notice Period Required from Company	Notice Period Required from Consultant	Termination Fees Payable
Directors								
Jon Dugdale	Managing Director	Discover Resources Pty Ltd	08 Aug 2016	16 Feb 2018	\$216,000	3 months ⁽ⁱ⁾	3 months	\$54,000
Phillip Jackson	Chairman	Holihox Pty Ltd	13 April 2010	16 Feb 2018	\$30,000	6 months ⁽ⁱⁱ⁾	6 months	\$15,000
Daniel Noonan	Executive Director	-	17 July 2013	16 Feb 2018	\$189,000	3 months ⁽ⁱⁱⁱ⁾	3 months	\$47,250
Martin Pyle	Non-executive Director	-	06 May 2010	16 Feb 2018	\$30,000	6 months ⁽ⁱⁱ⁾	6 months	\$15,000
						-	-	-
Specified Executives								
Eric Moore ⁽ⁱⁱⁱ⁾	Company Secretary	Golden Kilometre Mines Pty Ltd	11 June 2007	01 April 2018	-	-	-	-
Bruce Waddell	Group Accountant/ Company Secretary	Adelphi Resources Pty Ltd	28 Mar 2010	16 Feb 2018	\$36,000	3 months ⁽ⁱⁱⁱ⁾	3 months	\$9,000

(i) J Dugdale's termination benefits/notice period was increased from 1 to 3 months' notice by either party.

(ii) On 5 February 2015, Directors and Consultants agreed to the cessation of termination benefits until such time as a capital raising of no less than \$2.0 million was completed. Upon the completion of a \$2 million raising in January 2018, these benefits were re-instated.

(iii) E Moore commenced on a contract with Aurora Minerals Ltd on 01 April 2018 that provides for services amounting to 2 days per calendar to Aurora Minerals Ltd and its associated companies Peninsula Mines Limited and Predictive Mines Limited for an annual fee of \$19,200. Additional days are paid at \$750 per day. His fees are allocated to the individual companies in proportion to the time spent assisting each of them. The contract is for 12 months, with a 12 month option.

Directors Report continued...**REMUNERATION REPORT (audited) (continued)****(a) Principles used to determine the nature and amount of remuneration**

The nature and amount of remuneration paid to key management personnel has been determined by reference to the services provided, prevailing market rates and with the objective of retaining their services.

Key management personnel are not directly remunerated by way of salary. The Company entered into agreements with entities related to key management personnel for the provision of their services to the group. Details of these agreements are set out within the remuneration report which is contained in the directors' report.

(b) Details of Remuneration

The remuneration of the key management personnel, being the Directors, and other specified executives is summarised below.

No salaries, fees, commissions, bonuses, superannuation or other form of remuneration were paid or payable to key management personnel during the year other than fees, shares and options paid to companies associated with the directors, in terms of consulting agreements, as follows:

2018	Short-term Benefits	Long Term Benefits	Other Benefits	Total	Represented by Equity
	Fees Paid to Associated Entity	Equity ⁽ⁱ⁾			
	\$	\$	\$	\$	%
Directors					
J Dugdale	216,000	-	-	216,000	0
P Jackson	30,000	-	-	30,000	0
M Pyle	30,000	-	-	30,000	0
D Noonan	189,000	-	-	189,000	0
Specified Executives*					
E Moore ⁽ⁱⁱ⁾	34,283	-	-	34,283	0
B Waddell ⁽ⁱⁱⁱ⁾	30,968	-	-	30,968	0
	530,251	-	-	530,251	

(i) Long Term Benefits – Equity includes options granted and vested during the year.

(ii) Terminated executive contract on 31 March 2018. Remunerated through a contract with associate Aurora Minerals Ltd.

(iii) Appointed additional company secretary on 21 August 2017.

* Specified executives are not key management personnel as defined by Accounting Standard AASB 124

2017	Short-term Benefits	Long Term Benefits	Other Benefits	Total	Represented by Equity
	Fees Paid to Associated Entity	Equity ⁽ⁱ⁾			
	\$	\$	\$	\$	%
Directors					
C Rashleigh ⁽ⁱⁱ⁾	10,500	9,889	10,000	30,389	33
J Dugdale ⁽ⁱⁱⁱ⁾	179,848	30,304	-	210,152	14
P Jackson	23,000	12,361	-	35,361	35
M Pyle	33,323	12,361	-	45,684	27
D Noonan	184,750	49,443	-	234,193	21
Specified Executives*					
E Moore	32,500	9,889	-	42,389	23
	463,921	124,247	10,000	598,168	

(i) Long Term Benefits – Equity includes options granted and vested during the year.

(ii) Resigned 6 February 2017.

(iii) Appointed director 20 January 2017.

* Specified executives are not key management personnel as defined by Accounting Standard AASB 124.

The Company has not entered into any agreements to remunerate consultants on the basis of performance.

REMUNERATION REPORT (audited) (continued)**(c) Shares issued as remuneration**

No shares were issued as remuneration during the period to the key management personnel or specified executives.

(d) Compensation Options**Options granted as Compensation**

There were no options granted to Directors and Specified Executives in the year ended 30 June 2018.

In the previous period, the following were issued:

	Number Granted	Grant Date	Exercise Price	Expiry Date	Vesting Date
2017					
Directors					
J Dugdale	3,000,000	29 Nov 2016	\$0.03890	29 Nov 2018	29 Nov 2016
	3,000,000	29 Nov 2016	\$0.05560	29 Nov 2019	29 Nov 2016
	3,000,000	29 Nov 2016	\$0.08340	29 Nov 2020	29 Nov 2016
C Rashleigh	600,000	29 Nov 2016	\$0.02650	29 Nov 2018	29 Nov 2016
	600,000	29 Nov 2016	\$0.03790	29 Nov 2019	29 Nov 2016
	600,000	29 Nov 2016	\$0.05680	29 Nov 2020	29 Nov 2016
M Pyle	750,000	29 Nov 2016	\$0.02650	29 Nov 2018	29 Nov 2016
	750,000	29 Nov 2016	\$0.03790	29 Nov 2019	29 Nov 2016
	750,000	29 Nov 2016	\$0.05680	29 Nov 2020	29 Nov 2016
P Jackson	750,000	29 Nov 2016	\$0.02650	29 Nov 2018	29 Nov 2016
	750,000	29 Nov 2016	\$0.03790	29 Nov 2019	29 Nov 2016
	750,000	29 Nov 2016	\$0.05680	29 Nov 2020	29 Nov 2016
D Noonan	3,000,000	29 Nov 2016	\$0.02650	29 Nov 2018	29 Nov 2016
	3,000,000	29 Nov 2016	\$0.03790	29 Nov 2019	29 Nov 2016
	3,000,000	29 Nov 2016	\$0.05680	29 Nov 2020	29 Nov 2016
Specified Executives					
E Moore	600,000	29 Nov 2016	\$0.02650	29 Nov 2018	29 Nov 2016
	600,000	29 Nov 2016	\$0.03790	29 Nov 2019	29 Nov 2016
	600,000	29 Nov 2016	\$0.05680	29 Nov 2020	29 Nov 2016
	<u>26,100,000</u>				

Directors Report continued...**REMUNERATION REPORT (audited) (continued)****(e) Additional disclosures relating to key management personnel****(i) Shareholding**

The number of shares in the Company held during the financial year by each director and other members of key management personnel, including their personally related parties, is set out below:

	Opening Balance	Purchased	Sold	Converted from Options	Net Change Other ⁽ⁱ⁾	Closing Balance
2018						
Directors						
J Dugdale	1,500,000	500,000	-	-	-	2,000,000
P Jackson	10,037,344	-	-	1,448,000	-	11,485,344
M Pyle	8,439,837	2,000,000	-	4,344,000	-	14,783,837
D Noonan	11,656,000	100,000	-	4,344,000	-	16,100,000
Specified Executives						
E Moore	3,163,378	-	-	-	-	3,163,378
B Waddell	-	-	-	-	2,900,000	2,900,000

(i) Net Change Other – B Waddell appointed additional company secretary on 21 August 2017.

(ii) Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel, including their personally related parties, is set out below:

	Opening Balance	Received as Remuneration	Options Expired	Converted to Shares	Net Change Other ⁽ⁱ⁾	Closing Balance
2018						
Directors						
J Dugdale	9,00,000	-	-	-	-	9,000,000
P Jackson	3,698,000	-	-	(1,448,000)	-	2,250,000
M Pyle	6,594,000	-	-	(4,344,000)	-	2,250,000
D Noonan	14,844,000	-	(1,500,000)	(4,344,000)	-	9,000,000
Specified Executives						
E Moore	1,800,000	-	-	-	-	1,800,000
B Waddell	-	-	-	-	1,800,000	1,800,000

(i) Net Change Other – B Waddell appointed additional company secretary on 21 August 2017.

(iii) Other transactions with key management personnel and their related parties

Aurora Minerals Limited, a company of which P Jackson is a director, and of which M Pyle was a director until 31 March 2018, provided office facilities and overheads to Peninsula to the value of \$34,312 (2017: \$25,480) by means of a Facilities agreement.

Additional information

The table below shows the performance of the Company as measured by earnings and share price:

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Total comprehensive loss for the year	(2,633,311)	(2,477,080)	(1,044,794)	(1,019,645)	(1,440,349)
Basic and diluted loss per share	(0.0042)	(0.0050)	(0.0036)	(0.0051)	(0.0086)
Share price at 30 June	0.008	0.023	0.027	0.006	0.010

****END OF REMUNERATION REPORT (AUDITED) ****

PARTICULARS OF DIRECTORS' INTERESTS IN SHARES IN THE COMPANY

The relevant interest of each Director in the share capital of the Company at the date of this report is as follows:

	Ordinary Shares Fully Paid		Unlisted Options	
	Direct	Indirect	Direct	Indirect
J Dugdale	2,000,000	-	9,000,000	-
P Jackson	11,485,344	-	2,250,000	-
M Pyle	14,783,837	-	2,250,000	-
D Noonan	16,100,000	-	9,000,000	-

SHARE OPTIONS

Options to take up ordinary fully paid shares in the Company at the date of this report are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
700,000	Unlisted	30 Nov 15	\$0.014	30 Nov 18
15,000,000	Unlisted	28 Apr 16	\$0.021	29 Oct 18
6,300,000	Unlisted	29 Nov 16	\$0.0265	29 Nov 18
6,300,000	Unlisted	29 Nov 16	\$0.0379	29 Nov 19
6,300,000	Unlisted	29 Nov 16	\$0.0568	29 Nov 20
3,000,000	Unlisted	29 Nov 16	\$0.0389	29 Nov 18
3,000,000	Unlisted	29 Nov 16	\$0.0556	29 Nov 19
3,000,000	Unlisted	29 Nov 16	\$0.0834	29 Nov 20
25,000,000	Unlisted	04 May 17	\$0.03	04 May 20
80,975,002	Unlisted	19 Dec 17	\$0.02	19 June 19
3,125,000	Unlisted	24 Jan 18	\$0.02	24 July 19

- 4,344,000 options expiring 30 November 2017 were converted to fully paid shares on 02 August 2017
- 34,150,000 options expiring 30 September 2017 were converted to fully paid shares on 18 August 2017
- 10,000,000 options expiring 30 September 2017 were converted to fully paid shares on 02 October 2017
- 7,272,910 options expiring 30 November 2017 were converted to fully paid shares on 24 November 2017
- 329,090 options expiring 30 November 2017 were cancelled on 24 November 2017
- 80,975,002 options expiring 19 July 2019 were issued as part of a Placement on 19 December 2017
- 3,125,000 options expiring 24 July 2019 were issued to shareholder Aurora Minerals Ltd as part of a Placement on 24 January 2018
- 1,500,000 options issued on 28 April 2016 to a Director expired on 30 April 2018
- 20,000,000 options issued on 13 June 2017 for corporate advisory services were cancelled on 28 June 2018.

The names of all persons who currently hold options are entered in the register kept by the Company pursuant to section 170 of the Corporations Act (2001). Inspection of the register and of the documents kept pursuant to subsection 170 (3) may be made free of charge.

Options do not entitle their holders to participate in entitlement offers of new shares in the Company unless the holders first exercise their options. No person entitled to exercise any option above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. Matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

Directors Report continued...

ENVIRONMENTAL REGULATIONS

In Western Australia the mining leases, exploration licences and prospecting licences granted to the group pursuant to the Mining Act (1978) (WA) are granted subject to various conditions which include standard environmental requirements. The group's policy is to adhere to these conditions and the Directors are not aware of any contraventions of these requirements.

In South Korea the Mining Rights granted to the Company's wholly owned subsidiaries Suyeon Mining Co. Ltd. And Korea Graphite Co. Ltd. pursuant to the Mining Industry Act and the Mining Industry Act Enforcement Decree are granted subject to various conditions which include environmental requirements. The group's policy is to adhere to these conditions and the Directors are not aware of any material contraventions of these requirements.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

INSURANCE OF OFFICERS

The Company paid a premium in respect of a contract insuring directors and officers of the Company. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity

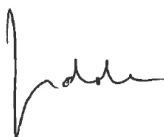
NON AUDIT SERVICES

The Company's external auditor, RSM Australia Partners, did not provide any non-audit services to the Company during the year ended 30 June 2018.

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

Perth, 28 September 2018

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	2018 \$	2017 \$
Revenue	3	245,136	30,088
Administration expenses	4	(904,214)	(1,153,642)
Exploration and evaluation expenditure	10	<u>(1,975,040)</u>	<u>(1,344,855)</u>
Loss before tax		(2,634,118)	(2,468,409)
Income tax expense	5	<u>-</u>	<u>-</u>
Net loss for the year		(2,634,118)	(2,468,409)
Other comprehensive income			
<i>Item that may be reclassified subsequently to operating result</i>			
Foreign currency translation		<u>807</u>	<u>(8,671)</u>
Total comprehensive loss for the year		<u><u>(2,633,311)</u></u>	<u><u>(2,477,080)</u></u>
Basic loss per share (cents per share)	26	(0.42)	(0.50)
Diluted loss per share (cents per share)	26	(0.42)	(0.50)

The accompanying notes form part of these financial statements

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		Consolidated	
	Note	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	6	585,393	1,038,724
Trade and other receivables	7	65,522	45,535
Other current assets	8	815	15,566
Total current assets		<u>651,730</u>	<u>1,099,825</u>
Non-Current Assets			
Plant and equipment	9	74,402	56,482
Exploration and evaluation expenditure	10	-	-
Total non-current assets		<u>74,402</u>	<u>56,482</u>
Total assets		<u>726,132</u>	<u>1,156,307</u>
Current Liabilities			
Trade and other payables	12	245,003	280,760
Total current liabilities		<u>245,003</u>	<u>280,760</u>
Total liabilities		<u>245,003</u>	<u>280,760</u>
Net Assets		<u>481,129</u>	<u>875,547</u>
Equity			
Issued capital	13	20,926,504	18,839,783
Reserves	14	4,867,049	4,714,070
Accumulated losses		<u>(25,312,424)</u>	<u>(22,678,306)</u>
Total Equity		<u>481,129</u>	<u>875,547</u>

The accompanying notes form part of these financial statements

Statement of Changes in Equity

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

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$	\$
CONSOLIDATED					
At 1 July 2016	17,222,817	(20,209,897)	7,183	4,333,922	1,354,025
Loss for the year	-	(2,468,409)	-	-	(2,468,409)
Other comprehensive income	-	-	(8,671)	-	(8,671)
Total comprehensive loss for the year	-	(2,468,409)	(8,671)	-	(2,477,080)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	381,636	381,636
Issue of share capital	1,715,420	-	-	-	1,715,420
Transaction costs	(98,454)	-	-	-	(98,454)
At 30 June 2017	18,839,783	(22,678,306)	(1,488)	4,715,558	875,547
At 1 July 2017	18,839,783	(22,678,306)	(1,488)	4,715,558	875,547
Loss for the year	-	(2,634,118)	-	-	(2,634,118)
Other comprehensive income	-	-	807	-	807
Total comprehensive loss for the year	-	(2,634,118)	807	-	(2,633,311)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
Unvested share based payments cancelled	-	-	-	(4,783)	(4,783)
Issue of share capital	2,413,240	-	-	-	2,413,240
Transaction costs	(326,519)	-	-	156,955	(169,564)
At 30 June 2018	20,926,504	(25,312,424)	(681)	4,867,730	481,129

The accompanying notes form part of these financial statements

Statement of Cash Flows

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	2018 \$	2017 \$
Cash flows from operating activities			
Other payments to suppliers and employees		(750,470)	(687,946)
Payments for exploration expenditure		(2,018,237)	(1,215,998)
Other income		483	-
Interest received		14,747	30,892
		<u>14,747</u>	<u>30,892</u>
Net cash (outflow) from operating activities	25	<u>(2,753,477)</u>	<u>(1,873,052)</u>
Cash flows from investing activities			
Proceeds from sale of permits		230,776	-
Payments for purchase of plant and equipment		(34,307)	(41,149)
		<u>(34,307)</u>	<u>(41,149)</u>
Net cash inflow/(outflow) from investing activities		<u>196,469</u>	<u>(41,149)</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,273,240	1,680,420
Payment for share issue costs		(169,563)	(98,454)
		<u>(169,563)</u>	<u>(98,454)</u>
Net cash inflow from financing activities		<u>2,103,677</u>	<u>1,581,966</u>
Net (decrease) in cash held		<u>(453,331)</u>	<u>(332,235)</u>
Cash at the beginning of the financial year		<u>1,038,724</u>	<u>1,370,959</u>
Cash at the end of the financial year	6	<u><u>585,393</u></u>	<u><u>1,038,724</u></u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held -for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company will adopt this standard from 1 July 2018 but the impact of its adoption is not material for the company.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

NOTES TO THE FINANCIAL STATEMENTS**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

At the date of this report, the initial review by the directors is that the application of AASB 15 will not have a material impact on the financial position and/or financial performance of the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 July 2019. The impact of the new leases standard is that leased asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term and a liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(v).

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

SIGNIFICANT ACCOUNTING POLICIES**(a) Principles of consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Peninsula Mines Limited at the end of the reporting period. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

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

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

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Notes to the Financial Statements *continued...*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(b) Taxation

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax consolidation

The Company (the 'head entity') and its wholly-owned Australian resident entities have formed a tax-consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(c) Segment Reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Exploration, evaluation and development expenditure**

Exploration and evaluation are written off as incurred. The group's policy is that such costs will only be carried forward when development of the area indicates that recoupment will occur or where activities in the area have reached an advanced stage which permits reasonable assessment of the existence of economically recoverable reserves.

Exploration, evaluation and development costs comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure but do not include general overhead expenditure which has no direct connection with a particular area of interest. Revenue received from the sale or disposal of product, materials or services during the exploration and evaluation phase of operation is offset against expenditure in respect of the area of interest concerned.

(e) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(f) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expenses.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating activities. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(g) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss.

Notes to the Financial Statements *continued...*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(g) Business combinations (*continued*)

Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(h) Revenue Recognition

Interest income

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

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

(i) Comparatives

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(j) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(k) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(m) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(n) Equity based payments

The group provides benefits to its directors, consultants and contractors in the form of share-based payments, whereby directors, consultants and contractors render services in exchange for options to acquire shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value to the group of the equity instruments at the date at which they were granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis, over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant directors and employees become fully entitled to the options (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to profit or loss reflects:

- the grant date fair value of the options;
- the current best estimate of the number of options that will ultimately vest, taking into account such factors as the likelihood of personnel turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance date; and the extent to which the vesting period has expired.

Notes to the Financial Statements *continued...*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(n) Equity based payments (*continued*)

The charge to profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of the modification.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(o) Plant and Equipment

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

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on a straight line basis so as to write off the net cost of each fixed asset over its effective life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	7.5% - 33.33%

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(p) Fair value measurement (continued)**

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(q) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(r) Employee benefits*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(s) Leases

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

(t) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Notes to the Financial Statements *continued...*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(t) Investments and other financial assets (*continued*)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

(u) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

(v) Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(w) Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(x) Foreign Currency Transactions

The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTE 2: FINANCIAL RISK MANAGEMENT

The group, in its normal course of business, is exposed to financial risks comprising market risk (essentially interest rate risk), credit risk and liquidity risk.

The directors have overall responsibility for the group's management of these risks and seek to minimise these risks through on-going monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the group.

Market risk

The group's market risk exposure is to the Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 90 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return.

The weighted average rate of interest earned by the group on its cash assets during the year was 1.35% (2017: 1.90%).

Notes to the Financial Statements continued...**NOTE 2: FINANCIAL RISK MANAGEMENT (continued)**

The table below summarises the sensitivity of the group's cash assets to interest rate risk. The group has no interest rate risk associated with any of its other financial assets or liabilities.

Financial Assets	Effect of decrease or increase of interest rate on profit and equity of the Group			
	-1%		+1%	
	Profit \$	Equity \$	Profit \$	Equity \$
CONSOLIDATED				
30 June 2018				
Total increase/(decrease)	(10,211)	(10,211)	10,211	10,211
30 June 2017				
Total increase/(decrease)	(15,826)	(15,826)	15,826	15,826

Liquidity risk

The group has no significant exposure to liquidity risk as the group's only debt is that associated with trade creditors in respect of which the group's policy is to ensure payment within 30 days. The group manages its liquidity by monitoring forecast cash flows.

Credit risk

The group's only exposure to credit risk arises from its cash deposits at the bank. The group manages this minimal exposure by ensuring its funds are deposited only with major banks with high security ratings.

Exposure to credit risk

	Consolidated	
	2018	2017
	\$	\$
Trade and other receivables	65,522	45,535
Cash and cash equivalents	585,393	1,038,724

Fair value estimates

The carrying amount of the group's financial assets and liabilities approximates fair value due to their short term maturity.

Capital management risk

The group's objective in managing capital is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may issue new shares, sell assets, or farm out joint venture interests in its projects.

	Consolidated	
	2018	2017
	\$	\$
NOTE 3: REVENUE		
Interest income	13,877	30,088
Profit on sale of mining permits	230,776	-
Other income	483	-
	<u>245,136</u>	<u>30,088</u>

	Consolidated	
	2018	2017
	\$	\$
NOTE 4: ADMINISTRATION EXPENSES		
Loss before income tax expense includes the following specific expenses:		
Depreciation	16,387	10,939
Less: allocated to exploration	(14,961)	(9,933)
	1,426	1,006
Consulting and labour hire	456,264	347,759
Salaries and wages	126,546	90,793
Facility charges	34,312	25,480
Insurance and legal	53,728	485,801
Share based compensation	(4,783)	381,636
ASX, ASIC and related fees	56,789	45,049
Other expenses	179,932	216,118
	904,214	1,153,642

NOTE 5: INCOME TAX**(a) Income tax expense/benefit**

The components of income tax expense/benefit comprise:

Current tax	-	-
Deferred tax	-	-
	-	-

(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable on accounting profit/(loss)

Operating (loss) before income tax	(2,634,117)	(2,468,409)
Prima facie tax payable/(benefit) at Australian rate of 27.5% (2017: 27.5%)	724,382	678,812
Adjusted for tax effect of the following amounts:		
Tax effect of different tax rate of foreign subsidiaries	(58,357)	(45,878)
Taxable/non-deductible items	(476,191)	(459,755)
Non-taxable/deductible items	24,110	14,975
(Over)/Under-provision in prior year	(14,745)	-
Adjustment for change in tax rate	-	(142,452)
Income tax benefit not brought to account	(199,199)	(45,702)
Income tax expense	-	-

(c) Deferred tax assets and liabilities not brought to account

The directors estimate that the potential future income tax benefits carried forward but not brought to account at year end at the Australian corporate tax rate of 27.5% (2017: 27.5%) are made up as follows:

Carry forward tax losses	4,290,709	4,094,507
Deductible temporary differences	14,277	11,518
Taxable temporary differences	(194)	(434)
	4,304,792	4,105,591

These benefits will only be obtained if:

- the group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised,
- the group continues to comply with the conditions for deductibility imposed by tax legislation, and
- no changes in tax legislation adversely affect the group in realising the benefit from the deduction for the losses.

Notes to the Financial Statements continued...

	Consolidated	
	2018	2017
	\$	\$
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at bank	585,393	1,038,724
	<u>585,393</u>	<u>1,038,724</u>
NOTE 7: TRADE AND OTHER RECEIVABLES		
Interest receivable	707	1,577
GST receivable	59,669	38,903
Others	5,145	5,055
	<u>65,521</u>	<u>45,535</u>
NOTE 8: OTHER CURRENT ASSETS		
Prepayments	815	15,566
	<u>815</u>	<u>15,566</u>
NOTE 9: PLANT AND EQUIPMENT		
Field equipment – at cost	116,696	82,389
Accumulated depreciation	(60,413)	(47,137)
	<u>56,283</u>	<u>35,252</u>
Motor vehicles and mobile equipment – at cost	32,839	32,839
Accumulated depreciation	(14,720)	(11,609)
	<u>18,119</u>	<u>21,230</u>
Total plant and equipment	<u>74,402</u>	<u>56,482</u>

A reconciliation of the carrying amounts of each class of plant and equipment at the beginning of the current financial year is set out below:

	Field equipment	Vehicles & mobile plant	Total
	\$	\$	\$
CONSOLIDATED			
Carrying amount at 1 July 2016	2,746	23,526	26,272
Acquisitions during the year	41,149	-	41,149
Disposals during the year	-	-	-
Depreciation expense	(8,643)	(2,296)	(10,939)
Carrying amount at 30 June 2017	<u>35,252</u>	<u>21,230</u>	<u>56,482</u>
Carrying amount at 1 July 2017	35,252	21,230	56,482
Acquisitions during the year	34,307	-	34,307
Disposals during the year	-	-	-
Depreciation expense	(13,276)	(3,111)	(16,387)
Carrying amount at 30 June 2018	<u>56,283</u>	<u>18,119</u>	<u>74,402</u>

continued... **Notes to the Financial Statements**

	Consolidated	
	2018	2017
	\$	\$
NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE		
Balance at beginning of period	-	-
Exploration and evaluation costs incurred	1,975,040	1,344,855
Exploration and evaluation costs written off	(1,975,040)	(1,344,855)
Balance at end of year	-	-

NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		2018	2017
Parent Entity:			
Peninsula Mines Limited	Australia	-	-
Subsidiaries of Peninsula Mines Ltd:			
Dawn Metals Pty Ltd	Australia	100%	100%
Korean Resources Pty Ltd	Australia	100%	100%
Suyeon Mining Company Limited	South Korea	100%	100%
Korea Graphite Mining Company Limited	South Korea	100%	-

The group's registered office is located at Suite 2, Level 2, 20 Kings Park Road, West Perth, Western Australia.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

	Consolidated	
	2018	2017
	\$	\$
NOTE 12: CURRENT TRADE AND OTHER PAYABLES		
Accruals and other creditors	245,003	280,760
	<u>245,003</u>	<u>280,760</u>

	2018	2017
	\$	\$
NOTE 13: ISSUED CAPITAL		
706,326,100 (2017: 516,527,970) fully paid ordinary shares	<u>20,926,504</u>	<u>18,839,783</u>

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Notes to the Financial Statements continued...

NOTE 13: ISSUED CAPITAL (continued)

Rights attaching to ordinary shares

Ordinary shares entitle the holder to participate in dividends and in the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

(a) Movements in ordinary share capital

Fully Paid Shares	Number 2018	Number 2017	\$ 2018	\$ 2017
At the beginning of the period	516,527,970	434,523,556	18,839,783	17,222,817
Placements	125,000,000	79,884,271	2,000,000	1,677,570
Costs of share placements	-	-	(311,903)	(94,954)
Issue of shares as consideration	9,031,220	1,550,143	140,000	35,000
Costs of shares issued as consideration	-	-	(11,028)	(3,500)
Issue of shares on conversion of options	55,766,910	570,000	273,240	2,850
	-	-	(3,588)	-
At reporting date	<u>706,326,100</u>	<u>516,527,970</u>	<u>20,926,504</u>	<u>18,839,783</u>

Consolidated

2018	2017
\$	\$

NOTE 14 – RESERVES

Option reserve ^(a)	4,867,730	4,715,558
Foreign currency translation reserve ^(b)	(681)	(1,488)
	<u>4,867,049</u>	<u>4,714,070</u>

(a) The option reserve records items recognised as expenses on valuation of share options.

	Number	\$
2018		
Balance at 1 July 2017	146,196,000	4,715,558
Forfeited/cancelled during the year	(21,829,090)	(56,557)
Granted during the period	84,100,002	208,729
Exercised during the period	(55,766,910)	-
Balance at 30 June 2017	<u>152,700,002</u>	<u>4,867,730</u>
2017		
Balance at 1 July 2016	99,966,000	4,33,922
Forfeited/cancelled during the year	(26,100,000)	-
Granted during the period	72,900,000	381,636
Exercised during the period	(570,000)	-
Balance at 30 June 2017	<u>146,196,000</u>	<u>4,715,558</u>

NOTE 14 – RESERVES (continued)

Options to take up fully paid ordinary fully paid shares in the Company at 30 June 2018 are as follows:

Number of Options	Listed/Unlisted	Exercise Price	Expiry Date
700,000	Unlisted	\$0.014	30 Nov 2018
15,000,000	Unlisted	\$0.021	29 Oct 2018
6,300,000	Unlisted	\$0.0265	29 Nov 2018
6,300,000	Unlisted	\$0.0379	29 Nov 2019
6,300,000	Unlisted	\$0.0568	29 Nov 2020
3,000,000	Unlisted	\$0.0389	29 Nov 2018
3,000,000	Unlisted	\$0.0556	29 Nov 2019
3,000,000	Unlisted	\$0.0834	29 Nov 2020
25,000,000	Unlisted	\$0.030	04 May 2020
80,975,002	Unlisted*	\$0.020	19 June 2019
3,125,000	Unlisted*	\$0.020	24 July 2019
152,700,002			

*Options issued as part of placement of shares.

- (b) The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 15: SHARE BASED PAYMENTS

Each option entitles the holder to take up one fully paid ordinary share in the Company at any time up to and including the expiry date. Upon exercise of an option, the resulting ordinary share has the same rights as other ordinary shares. Options do not entitle their holders to receive dividends, participate in entitlement issues or vote at general meetings of shareholders.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2018	2017
	\$	\$
Options issued to directors and consultants	-	141,368
Consulting fees	-	240,268
Options issued for consulting fees and cancelled	(4,783)	
	(4,783)	381,636

(a) Movements in Options Granted

	Weighted average exercise price 2017	Number of options 2018	Weighted average exercise price 2017	Number of options 2017
Outstanding at 1 July	\$0.0823	146,196,000	\$0.0823	99,966,000
Forfeited/cancelled during the period	\$0.0328	(21,829,090)	\$0.2900	(26,100,000)
Granted during the period	\$0.0200	84,100,002	\$0.0373	72,900,000
Exercised during the period	\$0.0050	(55,766,910)	\$0.0050	(570,000)
Outstanding at 30 June ⁽¹⁾	\$0.0265	152,700,002	\$0.0230	146,196,000
Exercisable at 30 June	\$0.0265	152,700,002	\$0.0214	126,196,000

(1) The weighted average life of the outstanding options is 428 days or 1.17 years (2017: 589 days or 1.61 years)

Notes to the Financial Statements *continued...*

NOTE 15: SHARE BASED PAYMENTS *(continued)*

(b) Fair Value

The fair value of any options granted as compensation are estimated at the date of grant using the Black-Scholes valuation model.

The following table sets out the assumptions made in determining the fair value of the options granted during the year ended 30 June 2018.

Date Granted	Number Granted	Expected Volatility	Risk free Interest Rate	Weighted Ave. Life of Options	Exercise Price	Share Price at Grant Date	Fair Value of Option	Vesting Date
		%	%	Years	Cents	Cents	Cents	
8 Dec 2017 ⁽¹⁾	21,600,000	82.45	1.79	1.5	2.0	1.9	0.727	19 Dec 17

- (1) Options issued to brokers associated with a share placement concluded on 19 December 2017. This cost is recorded as a cost of issued capital.

The following table sets out the assumptions made in determining the fair value of the options granted during the year ended 30 June 2017.

Date Granted	Number Granted	Expected Volatility	Risk free Interest Rate	Weighted Ave. Life of Options	Exercise Price	Share Price at Grant Date	Fair Value of Option	Vesting Date
		%	%	Years	Cents	Cents	Cents	
29 Nov 2016 ⁽¹⁾	6,300,000	85	1.81	2.0	2.65	1.6	0.518	29 Nov 16
29 Nov 2016 ⁽¹⁾	6,300,000	85	1.94	3.0	3.79	1.6	0.558	29 Nov 16
29 Nov 2016 ⁽¹⁾	6,300,000	85	1.94	4.0	5.68	1.6	0.571	29 Nov 16
29 Nov 2016 ⁽²⁾	3,000,000	85	1.81	2.0	3.89	1.6	0.370	29 Nov 16
29 Nov 2016 ⁽²⁾	3,000,000	85	1.94	3.0	5.56	1.6	0.427	29 Nov 16
29 Nov 2016 ⁽²⁾	3,000,000	85	1.94	4.0	8.34	1.6	0.454	29 Nov 16
04 May 2017 ⁽³⁾	25,000,000	87	1.87	3.0	3.00	2.0	0.942	04 May 17
13 June 2017 ⁽⁴⁾	20,000,000	87	1.73	3.0	3.346	2.2	1.027	See ⁽⁴⁾

- (1) Options issued to Directors and Consultants

- (2) Options issued to a Director

- (3) Options issued to Hartleys Limited for corporate advisory and capital raising services

- (4) Options issued to Ambrasia Group Limited for corporate advisory and investment services. Options are exercisable subject to Ambrasia raising a minimum of US \$2 million for the Company or its wholly owned subsidiaries with 12 months of the date of issue. The expense for the options is determined based on an assessment of the probability of the options vesting over the vesting period.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility is based on the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

NOTE 15: SHARE BASED PAYMENTS (continued)**(c) Terms and Conditions for Each Grant of Options**

In the year ended 30 June 2018, the Company issued options to parties facilitating a share placement.

2018	Number Granted	Grant Date	Value of Option at Grant Date	Exercise Price	Expiry Date
Others					
Others	21,600,000	08 Dec 2017	\$0.00727	\$0.0200	19 June 2019
	<u>21,600,000</u>				

In the year ended 30 June 2017, the Company issued Director options following shareholder approval at the AGM in November 2016. Consultant options issued during the period have varying exercise prices and expiry dates.

2017	Number Granted	Grant Date	Value of Option at Grant Date	Exercise Price	Expiry Date
Director					
Mr J Dugdale	3,000,000	29 Nov 2016	\$0.00370	\$0.03890	29 Nov 2018
	3,000,000	29 Nov 2016	\$0.00427	\$0.05560	29 Nov 2019
	3,000,000	29 Nov 2016	\$0.00454	\$0.08340	29 Nov 2020
Mr C Rashleigh	600,000	29 Nov 2016	\$0.00518	\$0.02650	29 Nov 2018
	600,000	29 Nov 2016	\$0.00558	\$0.03790	29 Nov 2019
	600,000	29 Nov 2016	\$0.00571	\$0.05680	29 Nov 2020
Mr P Jackson	750,000	29 Nov 2016	\$0.00518	\$0.02650	29 Nov 2018
	750,000	29 Nov 2016	\$0.00558	\$0.03790	29 Nov 2019
	750,000	29 Nov 2016	\$0.00571	\$0.05680	29 Nov 2020
Mr M Pyle	750,000	29 Nov 2016	\$0.00518	\$0.02650	29 Nov 2018
	750,000	29 Nov 2016	\$0.00558	\$0.03790	29 Nov 2019
	750,000	29 Nov 2016	\$0.00571	\$0.05680	29 Nov 2020
Mr D Noonan	3,000,000	29 Nov 2016	\$0.00518	\$0.02650	29 Nov 2018
	3,000,000	29 Nov 2016	\$0.00558	\$0.03790	29 Nov 2019
	3,000,000	29 Nov 2016	\$0.00571	\$0.05680	29 Nov 2020
Specified Executives					
Mr E Moore	600,000	29 Nov 2016	\$0.00518	\$0.02650	29 Nov 2018
	600,000	29 Nov 2016	\$0.00558	\$0.03790	29 Nov 2019
	600,000	29 Nov 2016	\$0.00571	\$0.05680	29 Nov 2020
Others					
Hartleys Limited	25,000,000	04 May 2017	\$0.00942	\$0.03000	04 May 2020
Ambrasia Group Limited	20,000,000	13 June 2017	\$0.01027	\$0.03346	13 June 2020
Others	600,000	29 Nov 2016	\$0.00518	\$0.02650	29 Nov 2018
	600,000	29 Nov 2016	\$0.00558	\$0.03790	29 Nov 2019
	600,000	29 Nov 2016	\$0.00571	\$0.05680	29 Nov 2020
	<u>72,900,000</u>				

Notes to the Financial Statements continued...**NOTE 15: SHARE BASED PAYMENTS (continued)****(d) Shares issued as consideration**

During the year ended 30 June 2018, the Company issued 9,031,220 ordinary shares to suppliers and a former Director in lieu of services provided.

2018	Number Granted	Expense	Grant Date	Assigned value of share at grant date (cents)	Share price at date of grant (cents)
Others					
S3 Consortium Pty Ltd	915,318	\$20,000	12 July 2017	2.185	2.10
S3 Consortium Pty Ltd	1,028,807	\$20,000	04 Oct 2017	1.944	1.80
KMB Australia Pty Ltd	764,980	\$15,000	23 Oct 2017	1.9608	1.90
Asenna Wealth Solutions P/L	1,000,000	\$20,000	10 Nov 2017	2.0	2.20
Mr C Rashleigh	384,615	\$10,000	24 Nov 2017	2.60	1.90
KMB Australia Pty Ltd	937,500	\$15,000	04 May 2018	1.60	1.00
S3 Consortium Pty Ltd	4,000,000	\$40,000	01 June 2018	1.0	1.20
	9,031,220	\$140,000			

During the year ended 30 June 2017, the Company issued 1,550,143 ordinary shares to suppliers in lieu of services provided. The expense of \$35,000 was determined with reference to the share price on grant date. Refer to note 13.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION**(a) Names and positions of key management personnel**

The names and positions of persons who were key management personnel of Peninsula Mines Limited at any time during the financial year are as follows:

Key Management Personnel

P S R Jackson	Chairman (Non-Executive)
L J Dugdale	Managing Director
M J Pyle	Non-Executive Director
D J Noonan	Executive Director

Key management personnel remuneration

	Consolidated	
	2018	2017
	\$	\$
Short-term personnel benefits	465,000	441,421
Share based payments	-	114,358
	465,000	555,779

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2018.

NOTE 17: REMUNERATION OF AUDITORS

	Consolidated	
	2018	2017
	\$	\$
Audit and review services	29,500	28,750
	29,500	28,750

NOTE 18: CONTINGENCIES**Contingent Liabilities**

There were no contingent liabilities for termination benefits under service agreements with Directors or executives at 30 June 2018 (2017: nil).

The Directors are not aware of any other contingent liabilities at 30 June 2018 (2017: nil).

Contingent Assets

A final instalment of KRW 400 million (approximately AUD 470,000) is to be paid by the Korean purchaser of the Daehwa Project tenements. This is a contingent asset as completion of the agreement was not due nor had occurred by 30 June 2018.

NOTE 19: COMMITMENTS FOR EXPENDITURE**Mineral Tenements**

In order to maintain the mineral tenements in which the group is involved, the group is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the requirements of the Western Australian Department of Mines and Petroleum are:

	Consolidated	
	2018	2017
	\$	\$
Exploration commitments		
Within 1 year	24,115	14,613

These requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

Operating Leases

Operating lease commitments relate to lease of office and storage premises in South Korea.

Operating lease commitments

Within 1 year	-	20,393
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NOTE 20 – INTEREST IN JOINT VENTURES

On 22 April 2010, the group entered into the Camel Hills Joint Venture Agreement. The details of the joint venture's term and conditions are as follows:

Joint Venture	Activity	Other Party
Camel Hills Joint Venture	Mineral Exploration	Aurora Minerals Limited

During the year ended 30 June 2013, Peninsula completed the minimum \$3.4 million of expenditure to earn a 51% contributing interest in the Camel Hills Project from Aurora Minerals Limited. Peninsula elected to not contribute to the Joint Venture from 1 December 2013, which has resulted in its interest being diluted to 48.23%.

Notes to the Financial Statements continued...**NOTE 21: PARENT ENTITY DISCLOSURES****(a) Financial Position**

	2018	2017
	\$	\$
Assets		
Current assets	591,518	1,076,374
Non-current assets	51,761	27,951
Total assets	<u>643,279</u>	<u>1,104,325</u>
Liabilities		
Current liabilities	162,150	228,778
Total liabilities	<u>162,150</u>	<u>228,778</u>
Equity		
Issued capital	20,926,504	18,839,783
Reserves	4,867,730	4,715,558
Retained earnings	(25,313,105)	(22,679,794)
Total equity	<u>481,129</u>	<u>875,547</u>

(b) Financial Performance

Loss for the year	(2,633,311)	(2,477,080)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(2,633,311)</u>	<u>(2,477,080)</u>

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiary

Peninsula Mines Limited has not entered into any guarantees in relation to the debts of its subsidiary.

(d) Contingent liabilities of the parent

The parent entity did not have any contingent liabilities as at 30 June 2018 (30 June 2017: nil).

(e) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2018 (30 June 2017: nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

NOTE 22: RELATED PARTIES**(a) Remuneration and retirement benefits**

Information on remuneration of Directors for the financial year is disclosed in Note 16 and in the remuneration report in the directors' report.

(b) Other transactions of Directors and Director-related entities

Aurora Minerals Limited, a company of which P Jackson is a director, and of which M Pyle was a director until 31 March 2018, provided office facilities and overheads to Peninsula to the value of \$34,312 (2017: \$25,480) by means of a Facilities agreement.

(c) Transactions of Directors and Director-related entities concerning shares and share options

Details of transactions of Directors and Director-related entities concerning shares and share options are set out in the remuneration report in the directors' report.

NOTE 23: EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

On 27 August 2018 Peninsula Mines Limited announced that it had received commitments to raise \$600,000 in a Placement, and was going to launch a Share Purchase Plan to raise a further \$0.6 to \$1 million. As part of the placement, 36,150,000 shares were issued at \$0.006 on 04 September and a further 55,703,333 shares were issued at \$0.006 on 11 September to raise a total of \$551,120. Directors of the Company intend to participate up to the amount of \$70,000, of which the Placement component will be subject to shareholder approval at the Annual General Meeting.

Other than the above, no matters or circumstances have arisen after the end of the financial year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group in future financial periods.

NOTE 24: SEGMENT INFORMATION

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

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

No operating revenue was derived during the year (2017: nil).

	Australia \$	South Korea \$	Consolidated \$
Year Ended 30 June 2018			
Sales to external customers	-	-	-
Other revenue/income	13,827	231,309	245,137
Total segment revenue	13,827	231,309	245,137
Segment result from continuing operations before tax	(884,510)	(1,748,801)	(2,633,311)
As at 30 June 2018			
Segment assets	552,309	173,823	726,132
Total assets of the consolidated entity			726,132
Segment liabilities	177,124	67,879	245,003
Total liabilities of the consolidated entity			245,003
	Australia \$	South Korea \$	Consolidated \$
Year Ended 30 June 2017			
Sales to external customers	-	-	-
Other revenue/income	30,056	32	30,088
Total segment revenue	30,056	32	30,088
Segment result from continuing operations before tax	(1,850,066)	44,429	(2,477,080)
As at 30 June 2017			
Segment assets	1,111,878	44,429	1,156,307
Total assets of the consolidated entity			1,156,307
Segment liabilities	229,002	51,758	280,760
Total liabilities of the consolidated entity			280,760

Notes to the Financial Statements continued...**NOTE 25: STATEMENT OF CASH FLOWS**

	Consolidated	
	2018	2017
	\$	\$
(a) Reconciliation of loss after income tax to net cash flow from operating activities		
Operating loss after income tax	(2,634,118)	(2,468,409)
Non cash flow in loss:		
Share based payment - options	(4,783)	381,636
Depreciation expense	16,387	10,939
Payment for services via issue of shares	140,000	35,000
(Profit) on disposal of mining permits	(230,776)	-
Gain on foreign exchange	807	(8,671)
Movement in assets and liabilities:		
Receivables	(5,236)	(22,919)
Payables	(35,756)	199,372
Net cash outflow from operating activities	<u>(2,753,475)</u>	<u>(1,873,052)</u>

(b) Credit standby arrangements

The Company has no credit standby arrangements.

(c) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year ended 30 June 2018 (2017: nil).

NOTE 26: EARNINGS PER SHARE

	Consolidated	
	2018	2017
	\$	\$
Reconciliation of loss		
Loss used in calculating earnings per share – basic and diluted	(2,634,118)	(2,468,409)
Net loss for the reporting period	(2,634,118)	(2,468,409)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	631,887,417	481,860,169

Director's Declaration

DIRECTORS' DECLARATION

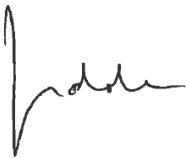
The directors of the company declare that the financial statements and notes are in accordance with the *Corporations Act 2001* and:

- a. comply with Australian Accounting Standards, which as stated in Note 1, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and
- b. give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date;

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 has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the *Corporations Act 2001*.

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



DIRECTOR

Perth, 28 September 2018

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

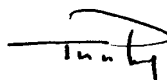
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Peninsula Mines Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 September 2018

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

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

Opinion

We have audited the financial report of Peninsula Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

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RSM Australia Partners ABN 36 965 185 036

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Exploration and evaluation expenditure - refer to statement of comprehensive income	
<p>The Group has incurred a significant amount of exploration and evaluation expenditure of \$1,975,040 for the year ended 30 June 2018. This expenditure relates to predominantly to exploration activities on its Korean tenements.</p> <p>Exploration and evaluation expenditure was considered a key audit matter because it is the most significant expense in the statement of comprehensive income and due to the inherent risk in incurring expenditure in a foreign country.</p>	<p>Our audit procedures in relation to exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> • Obtaining a listing of client tenements held by the Group and testing ownership on a sample basis; • Performing substantive testing on the expenditure on a sample basis; • Reviewing expenditure for any large or unusual items; and • Assessing whether the Group's accounting policy for exploration and evaluation expenditure is in compliance with Australia Accounting Standards; and • Assessing the adequacy of the disclosures in the financial report.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

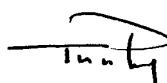
In our opinion, the Remuneration Report of Peninsula Mines Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 September 2018

Shareholder Information

The shareholder information set out below was applicable at 21 September 2018

1. Number and Distribution of Equity Securities

The number and class of all securities on issue:

ASX Code	Number	Description
PSM	798,179,433	Ordinary fully paid shares quoted
PSMAB	152,700,002	Options (not listed, expiring various dates)

Distribution of equity securities

Size of Holding	Number of Holders	Shares Held
1-1,000	31	6,958
1,001-5,000	67	231,004
5,001-10,000	62	485,181
10,001-100,000	385	20,018,849
100,001 and over	<u>356</u>	<u>777,437,441</u>
Total	<u>901</u>	<u>798,179,433</u>

The number of holders

Ordinary shares fully paid (ASX Code: PSM): 901

Marketable parcel

There are 465 shareholders who hold less than a marketable parcel of 83,334 shares.

2. Substantial Shareholders

Name	Number of Shares	%
Aurora Minerals Limited	171,295,270	21.46
Perth Select Seafoods Pty Ltd	44,000,000	5.51
Mr M & Mrs S Lynch (Lynch Family A/C)	40,000,000	5.01

3. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting every shareholder or class of shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share which that member holds or represents.

4. Twenty Largest Shareholders as at 21 September 2018

The twenty largest fully paid shareholders hold 59.77% of the issued capital and are tabled below:

Shareholder	No. of Shares	%
1. Aurora Minerals Limited	171,295,270	21.46
2. Perth Select Seafoods Pty Ltd	44,000,000	5.51
3. Mr M & Mrs S Lynch (Lynch Family A/C)	40,000,000	5.01
4. CEN Pty Ltd	38,000,000	4.76
5. Southern Cross Capital Pty Ltd	23,000,000	2.88
6. Jemaya Pty Ltd (The Featherby Family A/C)	18,500,000	2.32
7. Ravina Qld Pty Ltd	15,000,000	1.88
8. Botsis Holdings Pty Ltd	12,500,000	1.57
9. Mr Desmond James Pope (Desmond Pope One A/C)	12,000,000	1.50
10. Jemaya Pty Ltd (JH Featherby Super Fund A/C)	11,900,000	1.49
11. Mundiby Pty Ltd (M Pyle Super Fund A/C)	11,064,833	1.39
12. Mr James Daniel Noonan	10,616,000	1.33
13. Forsyth Barr Custodians Ltd (Forsyth Barr Ltd – Nominee A/C)	10,330,755	1.29
14. Trade Holdings Pty Ltd (KH & RM Allister S/F A.C)	10,000,000	1.25
15. Mr Thomas Calvert Murrell	9,333,333	1.17
16. Amalgamated Dairies Limited	8,984,791	1.13
17. Zero Nominees Pty Ltd	8,333,333	1.04
18. B & V Ielati Investments Pty Ltd (The Ielati Super Fund A/C)	8,000,000	1.00
19. Mr William Tannahill Fleming	8,000,000	1.00
20. Nutsville Pty Ltd (Indust Electric Co S/F A/C)	6,250,000	0.78
	<hr/>	
	477,108,315	59.77
	<hr/>	
Total Issued Shares	798,179,433	100.00

5. Corporate Governance Statement

The 2018 Corporate Governance statement of Peninsula Mines Limited is available on the Company's website at <http://www.peninsulamines.com.au/wp-content/uploads/2018/09/PSM-2017-Corp-Governance-Statement.pdf>

MINERAL TENEMENT INFORMATION

(as at 20 September 2016)

SOUTH KOREA

SMCL – subsidiary Suyeon Mining Company Limited
KGCL – subsidiary Korea Graphite Company Limited

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	*Grant/Application Date	Title Expiry	Notes
Granted Tenements						
Donsan	Mokgye 125	77226	100%		22-Aug-28 [#]	The tenement is subject to sale and PSM holds a mortgage over the title that will be lifted once the balance payment is received. The company has met all the condition precedents set for the sale and the final payment is now due.
Daehwa	Mokgye 126	77227	100%		22-Aug-28 [#]	The tenement is subject to sale and PSM holds a mortgage over the title that will be lifted once the balance payment is received. The company has met all the condition precedents set for the sale and the final payment is now due.
Daehwa	Mokgye 126	76166	100%		4-Jun-27 [#]	The tenement is subject to sale and PSM holds a mortgage over the title that will be lifted once the balance payment is received. The company has met all the condition precedents set for the sale and the final payment is now due.
Daewon	Yangdeokwon50-2	200917	100%	24-July-2017	12-Sep-24	The Company's wholly owned subsidiary SMCL was notified of the grant an Exploration Right over this block for graphite on 24 July 2017. The Company was formally granted the title on 13 Sep 2017. On 18 June 2018 this year the Company transferred the title to its wholly owned Graphite subsidiary company KGCL. The Company has up to 6 years to complete the minimum exploration requirements and define a Mineral Resource** at the Daewon Project.
Eunha	Hongseong107-1	201010	100%	15-May-2018	14-May-25	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 15 May 2018. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company lodged a Prospecting Plan on 30 May 2018 and has until 29 May 2021 to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this report is filed successfully the Company can be granted a further 3 tears to complete the minimum required drilling work and define a Mineral Resource**.
Eunha	Hongseong107-2	201010	100%	15-May-2018	14-May-25	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 15 May 2018. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company lodged a Prospecting Plan on 30 May 2018 and has until 29 May 2021 to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this report is filed successfully the Company can be granted a further 3 tears to complete the minimum required drilling work and define a Mineral Resource**.

PENINSULA MINES LIMITED AND CONTROLLED ENTITIES
ACN 123 102 974

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	*Grant/Application Date	Title Expiry	Notes
Gapyeong	Gapyeong 125-3	201038	100%	26-July-2018	25-July-2025	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 26 July 2018. On the 5 September 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company has to lodge a Prospecting Plan by 25 July 2019. On successful lodgement of the prospecting plan the Company will have 3 years in which to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this report is filed successfully the Company can be granted a further 3 years to complete the minimum required drilling work and define a Mineral Resource**.
Ilweol	Dogyedong 72	200954	100%	24-November-2017	23-November-2024	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 24 November 2017. The Company has until 23 November 2018 to file a Prospecting Plan with the Local Government Office for the grant of a 6-year period for exploration over the title block.
Ilweol	Dogyedong 82	200998	100%	16-March-2018	15-March-2025	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 16 March 2018. The Company has until 15 March 2019 to file a Prospecting Plan with the Local Government Office for the grant of a 6-year period for exploration over the title block.
Palgong & Baegun	Osu 23	200471	100%	17-Dec-14	14-Dec-21	Granted to SMCL on the 17 December 2014. Exploring Plan lodged with the Ministry of Trade Industry and Economics 15 December 2015. The Company's subsidiary SMCL has until 5 th December 2018 to complete 50% of proposed drilling work, if this minimum volume of drilling work is completed and a report filed by that date the Company can apply for 3-year extension of the title.
Ubeong	Hyeondong 59	200861	100%	26-April-2017	25-April-24	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 13 March 2017. The Company was formally granted the title on 26 April 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 7 March 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Ubeong	Hyeondong 60	200862	100%	26-April-2017	25-April-24	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 13 March 2017. The Company was formally granted the title on 26 April 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 7 March 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.

Ubeong	Hyeondong 69	200863	100%	26-April-2017	25-April-24	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 13 March 2017. The Company was formally granted the title on 26 April 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 7 March 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Ubeong	Hyeondong 70	200940	100%	25-August-2017	24-August-24	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 25 August 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 11 August 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Ubeong	Hyeondong 70-1	200969	100%	30-December-2017	29-December-2024	The Company has until 29 Dec 2018 to file a Prospecting Plan. On receipt of the prospecting plan the company will then have up to 6 years to complete the required mineral exploration work and define a Limestone Mineral Resource over this sub-block.
Ubeong	Hyeondong 68	201052	100%	7-August-2018	6-August-2025	The Company's wholly owned subsidiary SMCL has until 6 August 2019 to file a Prospecting Plan. On receipt of the prospecting plan the company will then have up to 6 years to complete the required mineral exploration work and define a Limestone Mineral Resource over this sub-block.
Ubeong	Hyeondong 78	200941	100%	25-August-2017	24-August-2024	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 25 August 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 11 August 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 69-2	200812	100%	20-Dec-17	19-Dec-2023	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 69-4	200812	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.

Wolmyeong	Cheongsan 79-2	200813	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 79-4	200813	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 89-1	200814	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Yongwon	Eumseong 32-1	200811	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 27 September 2017. The Company must complete 50% of the required exploration works by 26 September 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Tenement Applications						
Chaesang	Dogyedong 102	2079	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Chaesang	Dogyedong 112	2080	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Daewon	Yangdeokwon 50-1 ⁺	3441	100%	14-Sep-18	13-Mar-19	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Dongsugeok	Hyeondong 6	1928	100%	27-Apr-18	26-Oct-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Dongsugeok	Hyeondong 7	1927	100%	27-Apr-18	26-Oct-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Epo	Epo11	2479	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Eunha	Hongseong 97-4	1348	100%			KGCL lodged an MDS on 16 May 2018 and a field inspection by the MRO was undertaken on 23 August 2018, formal grant of the tenement is expected within the next 2 months.

Eunha	Hongseong 106-2	2542	100%			KGCL lodged an MDS on 16 May 2018 and a field inspection by the MRO was undertaken on 23 August 2018, formal grant of the tenement is expected within the next 2 months.
Gapyeong	Gapyeong124-4	1453	100%			KGCL lodged an MDS on 16 May 2018 and a field inspection by the MRO was undertaken on 16 August 2018, formal grant of the tenement is expected within the next 2 months.
Gapyeong	Gapyeong124*	3438	100%	14-Sep-18	13-Mar-19	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Goseon North	Seobyeok59	2477	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Goseon North	Seobyeok 60	2478	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Goseon South	Seobyeok 49	2475	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Goseon South	Seobyeok 50	2476	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Goseong	Ganseong 23	1937	100%	27-April-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Goseong	Ganseong 24	1938	100%	27-April-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Ilweol	Dogyedong 62	2078	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ilweol	Dogyedong 71	2480	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ilweol	Dogyedong 81	2481	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ilweol	Dogyedong 91	2482	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Janggi	Janggiri 46	2472	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Palgong	Osu 13	2469	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Palgong	Osu 14	2470	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Palgong	Osu 24	2471	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Tonggo	Hyeondong 35	1787	100%	13-Apr-18	12-Oct-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Tonggo	Hyeondong 36	1788	100%	13-Apr-18	12-Oct-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Tonggo	Hyeondong 46	1789	100%	13-Apr-18	12-Oct-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 49	2474	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 50	2070	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 79	2071	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 80	2072	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 89	2073	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 90	2074	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 99	2075	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 100	2076	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Hyeondong 130	2077	100%	15-May-18	14-Nov-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ubeong	Dogyedong61	2473	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Wolmyeong	Cheongsan 69	1930	100%	27-Apr-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years

PENINSULA MINES LIMITED AND CONTROLLED ENTITIES
ACN 123 102 974

Wolmyeong	Cheongsan 70	1931	100%	27-Apr-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Wolmyeong	Cheongsan 79	1932	100%	27-Apr-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Wolmyeong	Cheongsan 89	1936	100%	27-Apr-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Wolmyeong	Cheongsan 99	1933	100%	27-Apr-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Yongduri	Yongduri20	2483	100%	15-Jun-18	14-Dec-18	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Yongwon	Eumseong 11	2467	100%	15-Jun-18	14-Dec-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Yongwon	Eumseong 21	2468	100%	15-Jun-18	14-Dec-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Yongwon	Eumseong 22	888	100%	27-Apr-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Yongwon	Eumseong 32	889	100%	27-Apr-18	26-Oct-18	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years

*For all tenement applications, SMCL must lodge a Mineral Deposit Survey (MDS) prior to the expiry date to facilitate the grant of an exploration permit for up to 7 years.

The titles are subject to sale agreement. The forest access permission has been renewed and the Mining Right as was required as a condition precedent of the Daehwa Project sale.

+ Tenement reapplied for post financial year end.

** The Mineral Resource required under the terms of the Korean Mineral Law need not be JORC compliant.

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