PENINSULA MINES LIMITED

ABN 56 123 102 974

2016 ANNUAL REPORT

CORPORATE DIRECTORY

DIRECTORS

Mr Phillip Jackson	Non-executive Chairman
Mr Martin Pyle	Executive Director
Mr Daniel Noonan	Executive Director
Mr Chris Rashleigh	Non- executive Director

Chief Executive Officer
Mr Jon Dugdale (commenced 15 August 2016)

Company Secretary
Mr Eric Moore

AUDITOR

RSM Australia Partners
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Chairman's Report

Dear Fellow Shareholders

Peninsula Mines Limited ("Peninsula" or the "Company"), has greatly expanded its footprint of exploration activities in South Korea during the year. The Company has capitalised on the rapidly increasing demand for graphite and lithium to build a sizeable portfolio of exploration projects prospective for these commodities, some featuring historical mines and workings. As foreshadowed last year, business development activities remain a core part of our strategy and the persistent downturn in the resources and commodity markets has presented opportunities in this sector.

Peninsula has sought to capitalise on South Korea's demand for industrial minerals, particularly as they relate to hi-tech applications in areas such as Li-ion battery manufacture, by exploring for and, if successful, producing mineral feedstock for this emerging application.

The Company remains positively disposed to the outlook for precious metals and, with the benefit of additional funding received during the year, will also accelerate drill testing of its high grade gold/silver and base metal target at Osu.

The Company is delighted that the expansion of its activities has been well received by shareholders and prospective investors allowing Peninsula to raise approximately $1.9 million (before costs) to advance its invigorated exploration strategy. In addition, Aurora Minerals Limited, Peninsula's largest shareholder, agreed to convert loan funds to equity resulting in Peninsula becoming debt free.

To manage the increasing activities levels the Board appointed Mr Daniel ("Danny") Noonan as an Executive Director. Danny has been responsible for key aspects of the Korean strategy. In addition, post year end, Peninsula announced the appointment of Mr Jon Dugdale as Chief Executive Officer. We look forward to their combined contributions to advancing the Company's strategy in 2016/17 and beyond.

Directors and senior management have continued to work for reduced fees, in order to preserve working capital, and we thank shareholders for their support in rewarding these efforts with compensating equity benefits during the year.

I would like 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 in 2016/2017.

Phillip Jackson
Chairman

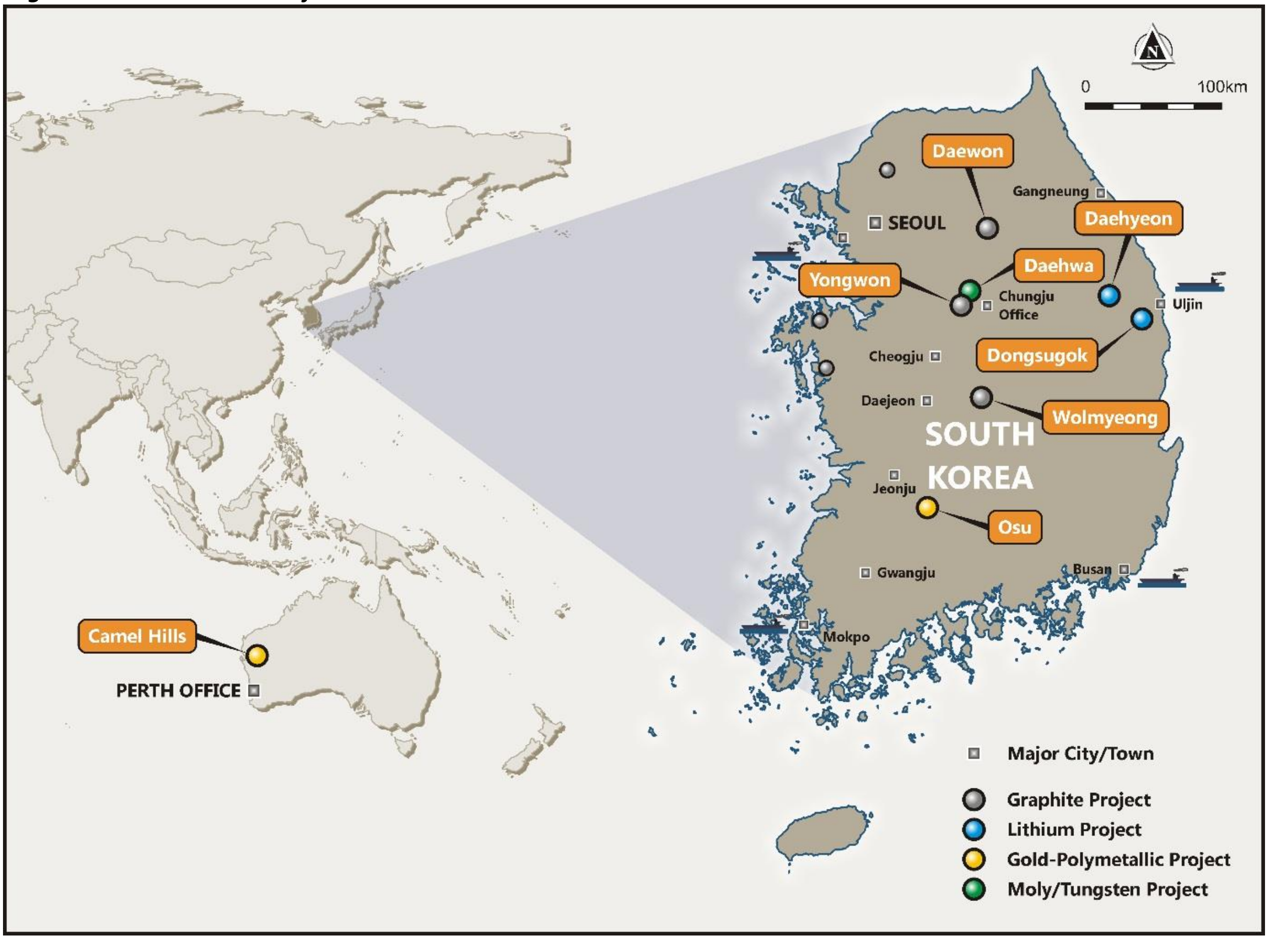
REVIEW OF OPERATIONS

Peninsula Mines Limited ("Peninsula" or "the Company") is focussed on advancing exploration opportunities in South Korea towards discovery and development, and has been actively pursuing a dual strategy:

i) To identify and advance exploration opportunities to develop industrial mineral resources for cutting edge, high technology applications. To this end, during the first half of 2016, the Company pegged more than 75 tenements across the country, prospective for either graphite or lithium mineralisation and additionally,

ii) The Company has continued to develop its gold-silver-polymetallic exploration portfolio in South Korea and is preparing for a drilling program at its Osu gold project.

Figure 1: South Korean Project Locations



Graphite Projects, South Korea

During the year, the Company secured six graphite projects through 18 tenement applications across South Korea (Figure 1). The three main graphite projects were targeted based on historical production records and past graphite exploration conducted by KMPC (Korean Mineral Promotion Corp. - now "KORES") as well as publicly available geological mapping of the country. The projects have been prioritised according to the available historical data and field mapping, and sampling has confirmed the presence of graphite mineralisation at four of the projects. The Deokseung application was subsequently allowed to lapse post year end due to the presence of a conflicting application for graphite exploration. Similarly, three of the blocks at the Yongwon project were not renewed due to conflicting land use issues.

Wolmyeong Graphite Project, South Korea, (100%):

The Wolmyeong mine was the largest historical graphite mine in South Korea and contains very high-grade graphite mineralisation. Historical records indicate that grades in excess of 80% total graphitic carbon ("TGC") were mined at Wolmyeong. Preliminary surface rock chip and adit sampling by geological staff of Peninsula's subsidiary, Suyeon Mining Corporation Limited ("Suyeon") has yielded sample grades between 48% and 66% TGC[D2].

The high-grade graphite at Wolmyeong was formed by the metamorphism of coal seams as a result of granitic intrusions emplaced during the Mesozoic Era (<200M years ago). Historical mining was highly selective, producing high-grade feed material for the Japanese steel industry. KORES and more recent Suyeon mapping has confirmed that multiple graphite bearing units have a strike length of several kilometres and are oriented in a broadly east-west direction (see Figure 2). Preliminary mapping indicates the units are part of a synform, which may indicate structural thickenings in the hinge zone at depth. Further work planned to locate the potential high-grade thickenings of graphite mineralisation will include detailed mapping. An airborne electromagnetic ("EM") survey may also be considered to define the graphitic units in three dimensions and detect the potentially thicker high-grade target zones, enabling planning of a drilling program with the aim of defining mineral resources.

Metallurgical and petrographic studies were commissioned on graphitic samples collected from the historical Run-of-Mine ("ROM") ore pad and from high grade graphitic stope wash material from the floor of an adit. The results of these studies are expected to be available for release during the September quarter.

Metallurgical test work currently in progress aims to determine the suitability of the Wolmyeong mineralisation to generate graphite concentrate samples acceptable to potential offtake partners in South Korea and North Asia.

Table 1: Wolmyeong LECO Analysis Results[D2]

Analyte	S Total	C Total	**C Graphitic**	C Organic	C Inorganic
	%	%	**%**	%	%
Lower Detection Limit	0.01	0.01	0.02	0.1	0.1
WR0001	0.03	54.1	**52.8**	0.1	1.2
WR0002	0.03	53.1	**49.6**	1.5	2.0
WR0003	<0.01	53.4	**48.7**	4.2	0.5
WR0004	0.04	72.9	**66.7**	3.5	2.7

Figure 2: Wolmyeong Graphite Project Geology[D2]

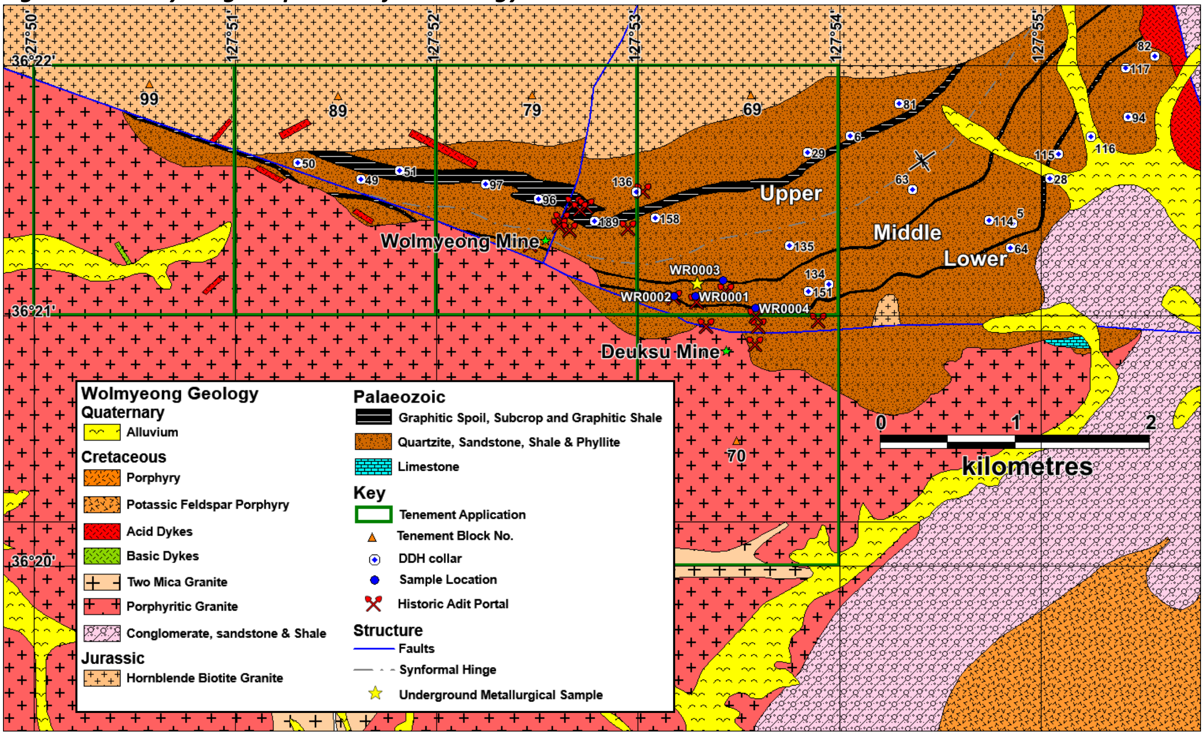


Figure 3: Wolmyeong graphite mineralisation in main adit and the historical access track today

***Yongwon Graphite Project, South Korea (100%)**:*

The previous KORES records of a steep, northerly dipping, inter-bedded, graphitic schist and sandstone sequence at the Yongwon Project were ultimately validated by the discovery of a number of historical trenches bisecting the outcrop, as well as evidence of limited historical open cut mining. The graphitic unit has to date been traced in outcrop over a strike extent of 300m (see Figure 4, below) and ranging in width from 3m to 20m, striking NW – SE, obliquely across the east-west ridge. Channel sampling in one of the historical trenches and rock chip sampling along strike generated a number of samples for geochemical, metallurgical and petrographic analysis.

Assays of up to 17.95% TGC confirmed the historically reported graphite grades (see Table 2 below) [D3]. Petrographic studies and metallurgical test work is in progress. These studies will help determine the suitability of the Yongwon mineralisation to graphite concentration for the production of spherical graphite used in Li-ion battery manufacture. Further exploration is planned and will include detailed mapping, further channel sampling and possibly an airborne EM survey to assist in drill targeting.

Figure 4: The known extent of Yongwon graphitic schist and sandstone on Google Earth image and geology modified after KIGAM and KORES mapping

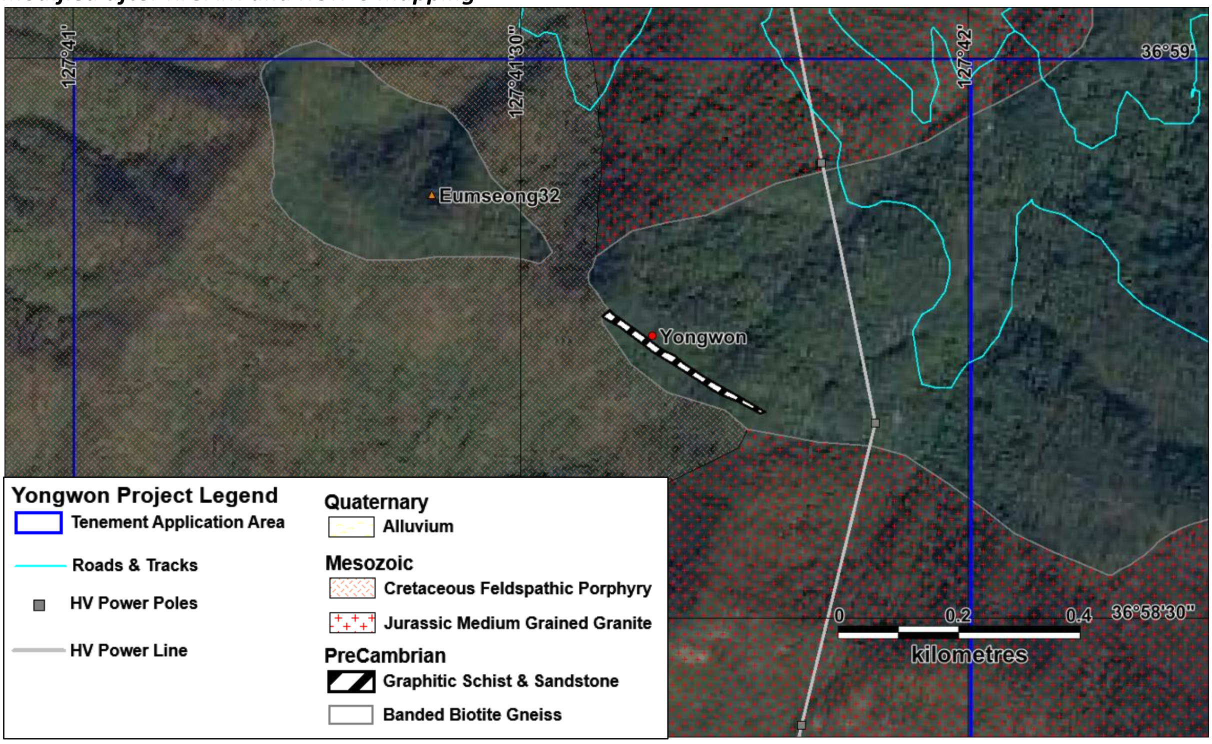


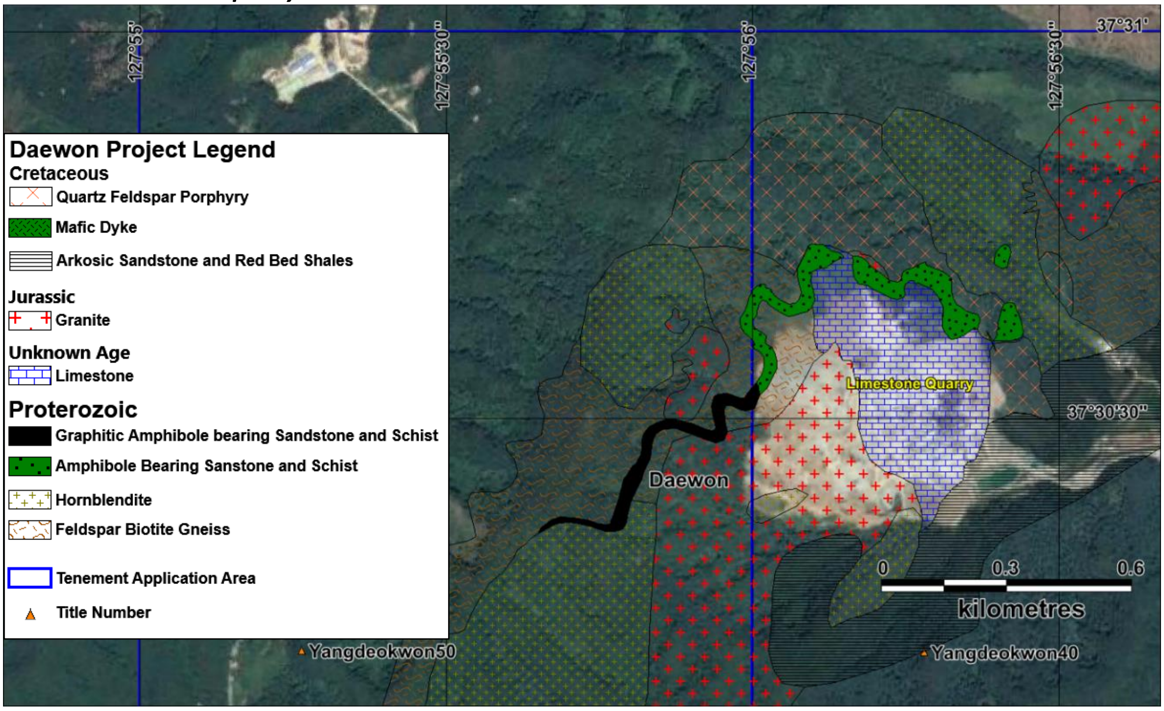
Table2: LECO Analysis Results for Yongwon Graphite samples[D3]

Sample ID	Width (m)	Sample Type	Lithology	TGC%
YR0001		Spot	Graphitic Sandstone	17.95
YR0002		Spot	Graphitic Sandstone	16.05
YR0003	0.7	Channel	Graphitic Schist	9.07
YR0004	1	Channel	Graphitic Sandstone	11.65
YR0005	1	Channel	Graphitic Quartzite	5.11
YR0006	1.2	Channel	Graphitic Quartzite	8.31

Daewon Graphite Project, South Korea (100%):

The graphite bearing horizon at Daewon was found to outcrop over at least 350m, dipping shallowly NW into a north-south trending ridge (Figure 5). The graphite bearing horizon daylights in the high-wall of an active limestone quarry. The project is located in Gangwon Province, about 85 km east of Seoul, near power and transport infrastructure. The graphitic unit has been sampled over a true width of up to 6.7m. The location, and near-surface shallow dipping geometry, suggests that the Daewon graphite deposit would be well suited to open pit mining.

***Figure 5: The Daewon geology on Google Earth imagery – the graphitic unit dips shallowly away from the active limestone quarry*[D4]**



Note: the surface trace of the graphite bearing unit is the result of the unit bisecting topographic contours and belies what is interpreted to be a tabular graphite body of graphite mineralisation some 6-10 metres thick, dipping gently to the North west.

Sampling by Peninsula is underway and seeks to verify historical KORES records of high-grade graphite mineralisation of up to 42.4% TGC.

Petrographic analysis indicates that the graphitic unit is an unusual, graphite bearing, mafic (amphibole, quartz, biotite) meta-sandstone. The unit is probably derived from metamorphism of what was most likely a mafic rich, carbonaceous sandstone/siltstone to form a graphite bearing mafic quartzite.

Metallurgical testing is currently underway[D4] to determine the suitability of the Daewon mineralisation to generate graphite concentrate samples for the production of spherical graphite used in Li-ion battery manufacture. Further exploration will include detailed mapping, further channel sampling and possibly an airborne EM survey to assist drill targeting.

Other Graphite Projects e.g. Janggohang, Eunha, Deokseung, South Korea (100%):

The Janggohang Project has been downgraded to a low priority target for the Company due to the low graphite content reported from LECO analysis and petrography. The Deokseung project application was not pursued due to conflicting graphite applications in the same area. The Eunha project is yet to be assessed, however proximity to the Number 15 Motorway may prove problematic. New graphite project generation activities continue.

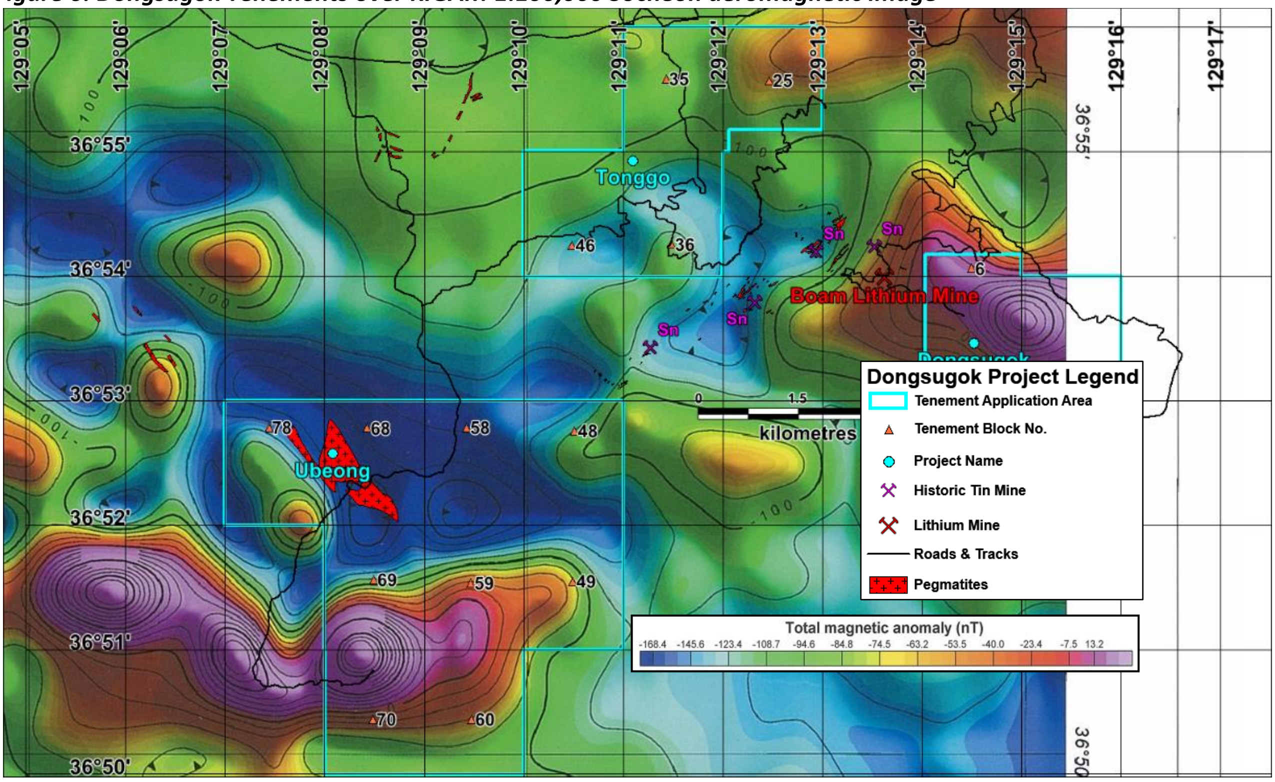
Lithium Projects, South Korea

During the year, the Company secured two regional Lithium Projects in the east of South Korea; at Daehyeon (61 tenement applications) and Dongsugok (16 tenement applications) (see Figure 1 for project locations).

The Daehyeon project area was targeted as it generated the highest level of lithium recorded from the state-wide Korea Institute of Geoscience and Mineral Resources ("KIGAM") stream sediment sampling survey. Whereas the Dongsugok project area was secured due to the presence of mapped pegmatites in the vicinity of the Boam Lithium Mine.

At the mine, greisen/pegmatite mineralisation was interpreted to originate from fertile pegmatites likely to emanate from an underlying, blind, granitic intrusion(s). The area was aeromagnetically surveyed in 2008 as part of a broader country wide survey. The aerial survey depicted both a magnetic high and an adjacent, oval shaped, magnetic low directly beneath the Dongsugok Project, interpreted to be granitic intrusions into the surrounding limestone, schist and gneissic terrain (See Figure 6)[D6,D9].

Figure 6: Dongsugok Tenements over KIGAM 1:100,000 Socheon aeromagnetic image[D6,D9]



A detailed stream sediment survey comprising 339 samples was carried out over these two project areas in May-June 2016 to better define the source of the lithium anomalism (see Figures 7 & 8). The results of this work were publicised following the reporting period, on 31 August 2016[D7], and included strongly anomalous results of up to 219ppm Li from the Tonggo prospect, draining from possible strike extensions of the Boam Lithium Mine. The results are being spatially interpreted to enable the Company to focus follow-up mapping, petrographic examination and further surface geochemical sampling[D6]. Geophysical exploration techniques are also being considered to assist in the location of larger, underlying pegmatite bodies.

Figure 7: Dongsugok Project tenements and Stream Sediment Sample Results D7

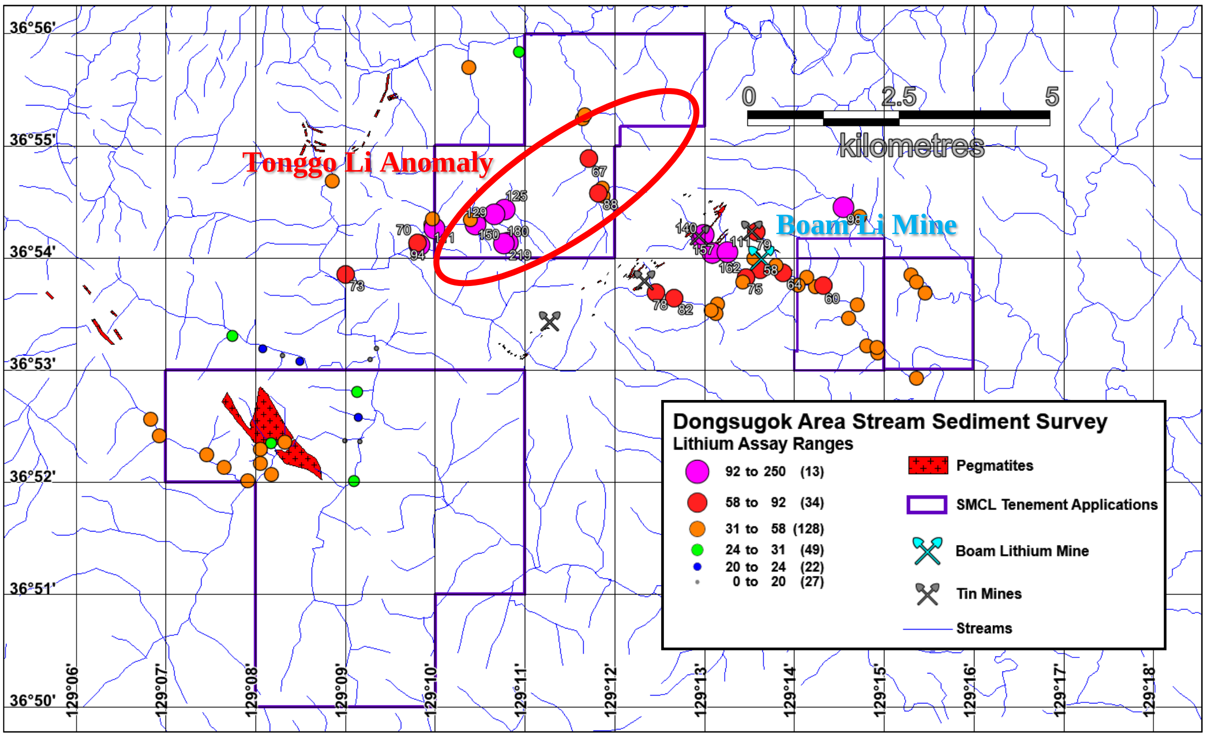
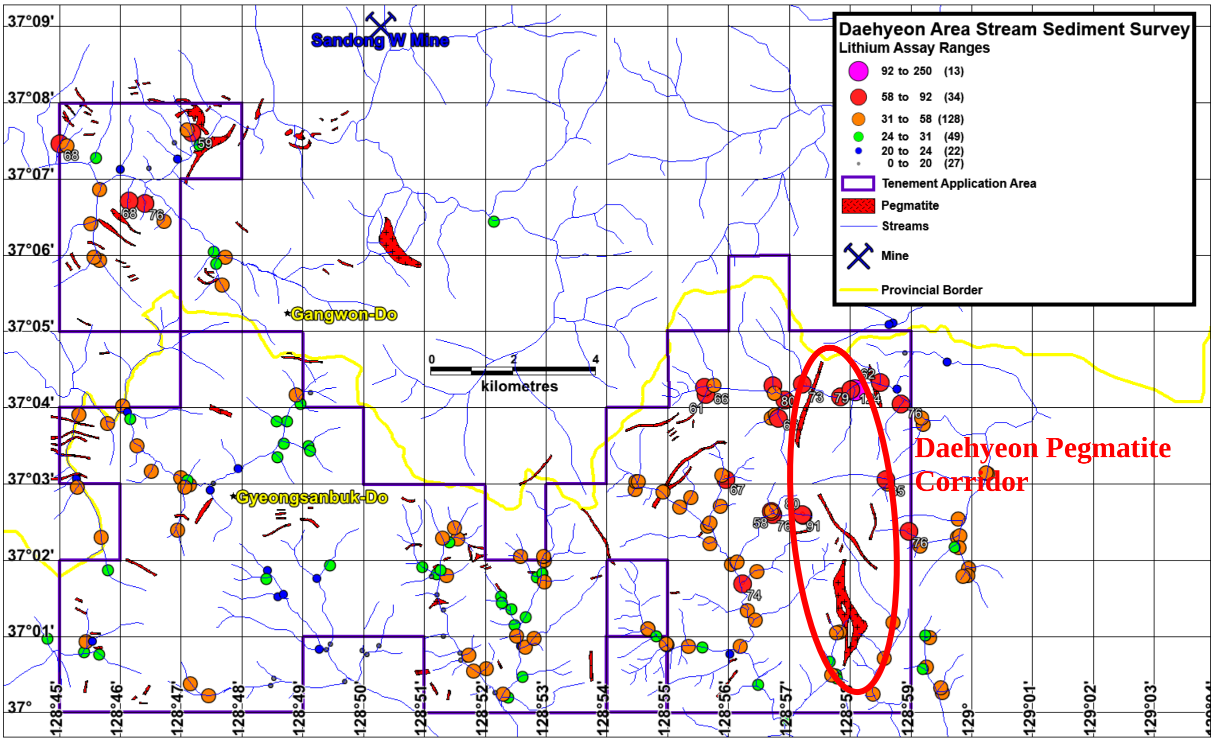


Figure 8: Daehyeon Project tenements and lithium stream sediment sample results D7



Gold-Silver-Polymetallic Projects, South Korea

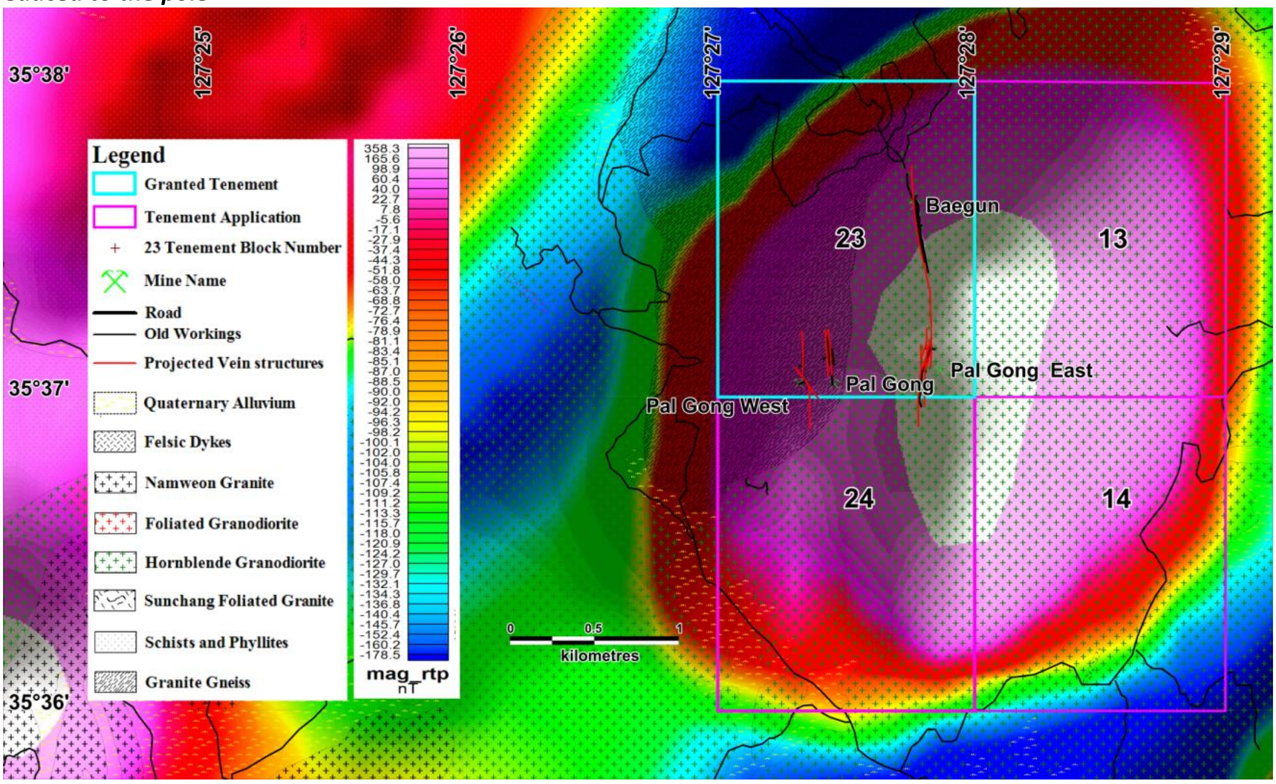
Osu Gold-Silver Project, South Korea (100%):

The Osu Project is located 40km SE of the regional city of Jeonju in southern South Korea (Figure 1) and consists of one granted tenement, Osu 23, with applications over the adjoining 3 tenements covering Mount Pal Gong.

The project includes historical workings extending from the Baegun Mine to the Pal Gong East workings along a strike corridor of 1.5km, within which multiple high-grade, gold-silver-polymetallic veins and shear zones occur, flanking the northern and southern sides of Mount Pal Gong. The 2008 airborne magnetic survey undertaken by KIGAM identified a significant magnetic high centred below Mt. Pal Gong, potentially representing an underlying "porphyry" intrusion (see Figure 9), possibly related to the high-grade mineralisation of epithermal character.

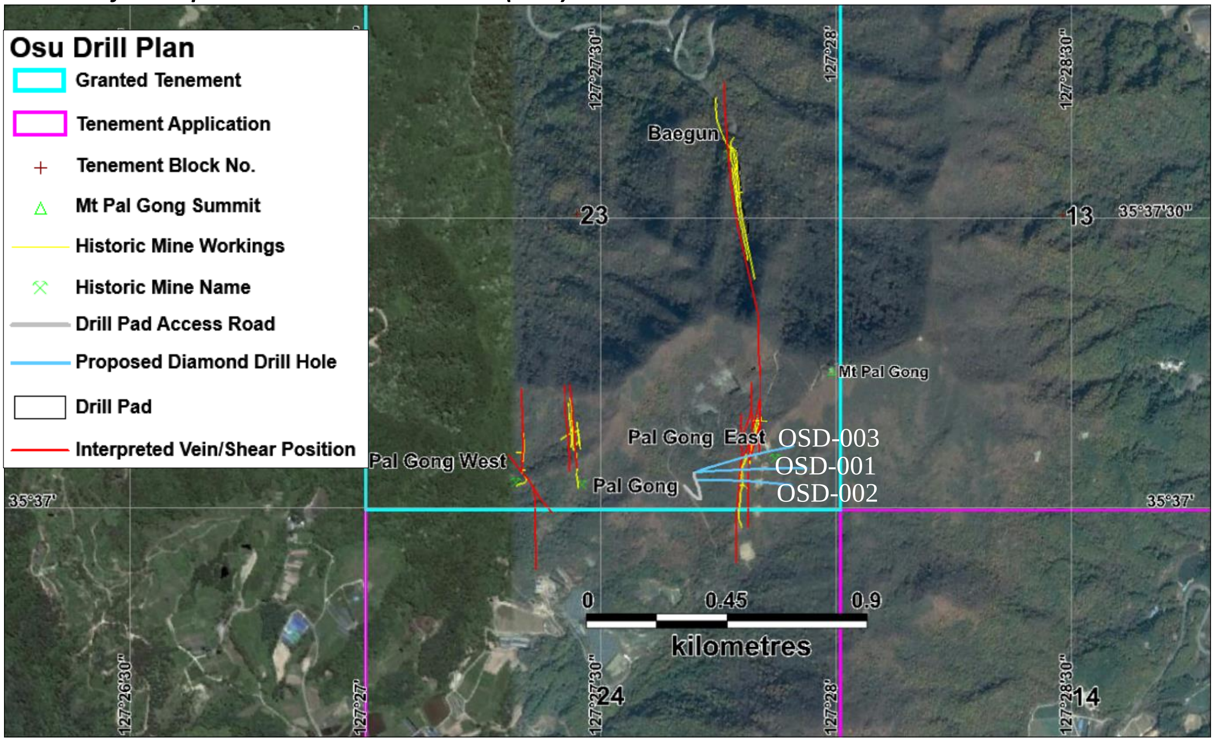
The gold-silver-polymetallic veins at Osu were discovered in the 1930's and were exploited intermittently until the early 1970's. Assay results from the Peninsula surface sampling program of 2014 confirmed the high-grade polymetallic nature of mineralisation, including samples from historical dumps with gold grades of up to 18 g/t Au, silver grades up to 579g/t Ag, copper up to 1.4% Cu and lead up to 3.3% Pb. Channel sampling of lode structures at surface included 0.14m @20.3g/t Au, 153g/t Ag, 0.07% Cu, 1.9% Pb and 0.03% Zn[D5, D8].

Figure 9: Osu Tenements in relation to historical workings on the reprocessed KIGAM aeromagnetic image reduced to the pole[D5]



During the September quarter, 2015, the Company was awarded funding support by KORES for a 2-hole, 800m, diamond drill programme targeting down dip extensions of the Pal Gong East mineralisation. However, the offer of co-funding was received late in the field season putting a tight deadline on completing the holes before winter snow arrived. At the time, Peninsula had not completed the necessary capital raising so, due to financial constraints, the Company was unable to conduct the drilling before the close of the field season in November 2015. Access logistics and final consent for a 1,000m drilling program are currently being finalised with the aim of commencing drilling as soon as possible in the 2016/2017 financial year (see Figure 10)[D5].

Figure 10: Google Earth image overlain with the historical Pal Gong workings (yellow) and the proposed location of three planned diamond drill holes (blue)[D5]



Other Projects, South Korea

Daehwa Molybdenum-Tungsten Project, South Korea, (100%):

The Daehwa Project is located about 100 km southeast of Seoul in Chungbuk Province in Central South Korea, and consists of two former Mo-W mines, Daehwa and Donsan. The project includes three Mining Tenements 76166, 77226 and 77227, with granted tenure until 2027-2028, subject to meeting performance conditions.

A single diamond hole was drilled in the third quarter of 2015 with the support of KORES. The hole failed to reach the targeted footwall molybdenum lodes but did intersect a number of hanging wall molybdenum, cassiterite (tin) and tungsten bearing veins. [D1]

The Project is currently under review, with all data being compiled and assessed.

Projects in Australia

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

Limited field activity was undertaken during the year.

Work Programs, Business Development, Corporate:

Planned Work Programs and business development activities, South Korea:

During the FY 2016-17, the Company plans to conduct the following work programs:

- Complete the reconnaissance mapping and geochemical surface sampling across all graphite and lithium tenement application areas;
- Drill the Osu gold project in Q3-4, 2016;
- Complete metallurgical test-work on graphite samples to determine amenability for generating suitable concentrate samples for technological applications;
- Complete detailed mapping, channel sampling and evaluate the merit of undertaking EM surveys over the most prospective graphite targets in preparation for drill targeting;
- Drill key graphite targets identified from the mapping, sampling and EM work;
- Actively pursue potential markets for graphite products in South Korea;
- Advance the Lithium Projects by locating the source of Lithium anomalism identified in stream sediment survey(s) and generate pegmatite targets for further work;
- Pursue business development opportunities in South Korea to acquire additional ground considered prospective for lithium, graphite and/or gold-silver-polymetallic mineralisation.

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

D1. Quarterly Activities Report to 31 December 2015 (11 January 2016)
D2. High Graphite Grades at Wolmyeong Project (2 June 2016)
D3. High Graphite Grades at Yongwon Project (19 July 2016)
D4. Successful Application for Janggohang Graphite Mine Daewon Graphite Mineralisation Confirmed (21 June 2016)
D5. Osu Drilling Campaign: High Grade Gold Target (1 August 2016)
D6. Quarterly Activities Report Ending 30 June 2016 (29 July 2016)
D7. Strongly Anomalous Lithium Results from Stream Sediments Survey (31 August 2016)
D8. High Grade Sampling Results at the Osu Project in South Korea (11 August 2014)
D9. Lithium Prospect Enhanced by Magnetic High (1 February 2016)

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

Competent Persons Statement:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Daniel Noonan, a Member of the Australian Institute of Mining and Metallurgy. Mr Noonan is Director of Operations for the Company and is employed as a consultant. Mr Noonan has sufficient experience 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.

DIRECTORS' REPORT

Peninsula Mines Limited (previously Desert Mines and Metals 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 2016.

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 is now General Counsel for a major international oil and gas company. 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.

Executive Director
Mr Martin James Pyle BSc, MBA (appointed Director 6 May 2010, Executive Director 6 March 2015)

Martin has a broad range of experience gained over more than 25 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 and is Managing Director of Aurora Minerals Limited and non-executive director of Gold Road Resources Limited. 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:

Mid Winter Resources NL	16/06/2010 to 03/10/2013
Golden Rim Resources Ltd	18/07/2014 to 01/05/2015

Executive Director
Mr Daniel James Noonan BSc (Hons) MAusIMM (appointed Executive Director 19 February 2016)

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.

Non-executive Director
Mr Chris Rashleigh BSc (Hons), MAusIMM, MPDAC, 1st Class Mine Manager (Certificate of Competency, Qld) (appointed Managing Director 31 May 2013, non-executive Director 6 March 2015)

Chris Rashleigh graduated from Leeds University in 1970, majoring in mining engineering. He has had almost 44 years of experience in the resources industry, both in Australia and overseas. He has held senior operational and management positions with Mount Isa Mines and British Steel Corporation Overseas Services, and has an excellent knowledge of both open pit and underground mining. His corporate experience with North Queensland Resources, Billiton Australia, Acacia Resources Limited and AngloGold Australasia Limited has allowed him to work on substantial acquisitions, divestment and property valuation assignments. Chris has substantial skills in the areas of mine development and operational management. He also has proven ability in the production and management of pre-feasibility and feasibility studies of mineral deposits, together with their economic assessments.

Chief Executive Officer
Mr Lawrence Jonathon ("Jon") Dugdale, BSc (Hons), FAusIMM, MAICD (appointed CEO 15 August 2016)

Jon Dugdale was appointed CEO of Peninsula Mines on 15 August 2016, post the reporting period. Jon graduated as a geologist with first class honours from the University of Melbourne in 1986 and has 30 years of mining industry experience. This includes a 20 year track record of exploration discovery with WMC Ltd and MPI Mines Ltd, and 10 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 30 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.

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.

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 $1,044,794 (2015: $1,019,645).

FINANCIAL POSITION

The net assets of the group at 30 June 2016 were $1,354,025 (2015: net liabilities $341,745). At year end, the group had $1.37 million net cash (2015: $0.17 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

There has not been any matter or circumstance that has 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.

REVIEW OF OPERATIONS

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

Corporate

In November 2014, Aurora Minerals Limited, the Company's largest shareholder, and the Company entered into a Loan Agreement whereby Aurora agreed to advance to Peninsula loan funds to be applied by Peninsula towards the cost of any capital raisings and for general working capital purposes.

At 30 September 2015, the loan amount owing by Peninsula to Aurora, including interest, was $623,637.

In October 2015 Peninsula announced a share placement to raise $305,700. The placement was represented by 61,140,000 ordinary fully paid shares in the Company at a price of 0.5c/share. In addition, for every 2 shares subscribed in the placement, placees received one free option exercisable at 0.5c/share with a term of approximately 2 years.

In March 2016 Peninsula announced a placement to raise $1.583 million. The placement resulted in the issue of 98,937,500 shares at 1.6c/share.

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

In November 2015, Aurora and Peninsula reached agreement to convert to equity part of Aurora's outstanding loan. Following shareholder approval 28,300,000 Shares and 14,150,000 Options were issued to Aurora, with the result that the amount owing was reduced by $141,500. Subsequently, in April 2016, it was further agreed that Peninsula would issue to Aurora an additional 31,583,141 shares at an issue price of 1.6 cents per share in full and final settlement of the loan amount. Following shareholder approval this allotment was made on 29 April 2016 resulting in Peninsula becoming debt free.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the financial year ended 30 June 2016 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	2	2	7	7
Martin Pyle	2	2	7	7
Daniel Noonan	0	0	3	3
Chris Rashleigh	2	2	7	7

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								
Martin Pyle	Executive Director	Whitby (2009) Pty Ltd	06 May 2010	01 April 2016	$36,000	-	-	-
Chris Rashleigh	Non-executive Director	Chris Rashleigh Mining Pty Ltd	31 May 2013	01 April 2016	$18,000	-	-	-
Phillip Jackson	Chairman	Holihox Pty Ltd	13 April 2010	01 April 2016	$18,000	-	-	-
Daniel Noonan	Executive Director	-	17 July 2013	01 Mar 2016	$144,000			
Specified Executives								
Jon Dugdale	Chief Executive Officer	Discover Resource Services Pty Ltd	08 Aug 2016	15 Aug 2016	$144,000	1 month	1 month	$12,000
Eric Moore	General Manager/ Company Secretary	Golden Kilometre Mines Pty Ltd	11 June 2007	01 July 2015	$30,000	-	-	-

All directors agreed to forego remuneration, including termination fees, from 1 July 2015 to conserve cash within the Company. This was reviewed upon the Company successfully completing a capital raising in April 2016, with the terms and conditions above.

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:

2016	Short-term Benefits	Long Term Benefits	Other Benefits	Total	Represented by Equity
	Fees Paid to Associated Entity	Equity [(i)]			
	$	$	$	$	%
Directors					
C Rashleigh	4,500	9,711	-	14,211	68
P Jackson	4,500	9,491	-	13,991	68
M Pyle	9,000	28,474	-	37,474	76
D Noonan[(ii)]	50,276	14,234	-	64,510	22
Specified Executives*					
E Moore	30,000	9,491	-	39,491	24
	98,276	**71,401**	**-**	**169,677**	

(i) Long Term Benefits – Equity includes options granted and vested during the year.
(ii) Appointed director on 19 February 2016.

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

2015	Short-term Benefits	Long Term Benefits	Other Benefits	Total	Represented by equity
	Fees Paid to Associated Entity	Equity[(i)]			
	$	$	$	$	%
Directors					
C Rashleigh	61,000	45,773	-	106,773	43
P Jackson	14,382	14,370	-	28,752	50
M Pyle	15,216	12,370	-	27,586	45
S Hong[(ii)]	15,809	11,747	-	27,556	43
Specified Executives*					
E Moore	41,675	22,178	-	63,853	35
	148,082	**106,438**	**-**	**254,520**	

(i) Long Term Benefits – Equity includes shares issued as remuneration for the period December 2013 to 31 March 2015.
(ii) Resigned as director on 6 March 2015.
* 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.

The number of shares issued as remuneration during the previous period to the key management personnel or specified executives, as compensation for sacrificing 30 % of their fees from 1 July 2014 to 31 March 2015, is set out below.

2015	Number Issued	Date Issued	Calculated Value
Directors			
C Rashleigh	855,258	19 Nov 2014	$9,000
	1,135,108	20 Feb 2015	$9,000
	777,866	07 Apr 2015	$6,773
P Jackson	256,043	19 Nov 2014	$2,694
	339,823	20 Feb 2015	$2,694
	331,738	07 Apr 2015	$2,694
M Pyle	220,407	19 Nov 2014	$2,319
	292,527	20 Feb 2015	$2,319
	285,567	07 Apr 2015	$2,319
S Hong	223,258	19 Nov 2014	$2,349
	296,311	20 Feb 2015	$2,349
	173,128	07 Apr 2015	$1,566
Specified Executives			
E Moore	484,931	19 Nov 2014	$5,103
	643,606	20 Feb 2015	$5,103
	628,294	07 Apr 2015	$5,103
	6,943,865		**$61,385**

Additionally, the following shares were issued in the previous period ended 30 June 2015 to key management personnel or specified executives as compensation for sacrificing 30% of their fees from 1 December 2013 to 30 June 2014, in accordance with a resolution approved by shareholders on 20 August 2014.

	Number Issued	Date Issued	Calculated Value
Directors			
C Rashleigh	1,631,702	21 Aug 2014	$21,000
M Pyle	420,503	21 Aug 2014	$5,412
P Jackson	488,491	21 Aug 2014	$6,287
S Hong	425,942	28 Aug 2014	$5,482
Specified Executives			
E Moore	533,702	21 Aug 2014	$6,868
	3,500,340		**$45,049**

(d) Compensation Options

Options granted as Compensation

	Number Granted	Grant Date	Exercise Price	Expiry Date	Vesting Date
2016					
Directors					
C Rashleigh	724,000	30 Nov 2015	$0.005	30 Nov 2017	30 Nov 2015
C Rashleigh	1,000,000	30 Nov 2015	$0.014	30 Nov 2018	30 Nov 2015
M Pyle	4,344,000	30 Nov 2015	$0.005	30 Nov 2017	30 Nov 2015
P Jackson	1,448,000	30 Nov 2015	$0.005	30 Nov 2017	30 Nov 2015
D Noonan	1,500,000	28 Apr 2016	$0.03	29 Apr 2018	28 Apr 2018
Specified Executives					
E Moore	1,448,000	30 Nov 2015	$0.005	30 Nov 2017	30 Nov 2015
	10,464,000				

No options were granted to Directors or Specified Executives in the year ended 30 June 2016.

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 of the consolidated entity, including their personally related parties, is set out below:

	Opening Balance	Purchased	Sold	Converted from Options	Net Change Other (i)(ii)	Closing Balance
2016						
Directors						
C Rashleigh	7,491,675	3,000,000	(1,000,000)	1,024,000	(871,539)	9,644,136
P Jackson	3,349,844	6,687,500	-	-	-	10,037,344
M Pyle	2,052,337	5,187,500	-	-	-	7,239,837
D Noonan	-	-	-	-	11,004,817	11,004,817
Specified Executives						
E Moore	2,720,866	-	(527,155)	1,448,000	-	3,641,711

(i) Net Change Other – C Rashleigh previously disclosed a relevant interest in shares held on his behalf. Legal advice determined that no relevant interest exists.
(ii) Net Change Other – D Noonan appointed a director of the Company on 19 February 2016.

(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 of the consolidated entity, 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
2016						
Directors						
C Rashleigh	5,000,000	1,724,000	(2,500,000)	(1,024,000)	-	3,200,000
P Jackson	5,500,000	1,448,000	(2,500,000)	-	-	4,448,000
M Pyle	2,000,000	4,344,000	(1,000,000)	-	-	5,344,000
D Noonan	-	1,500,000	-	-	5,914,000	7,414,000
Specified Executives						
E Moore	2,000,000	1,448,000	(1,000,000)	(1,448,000)	-	1,000,000

(i) Net Change Other – D Noonan appointed a director of the Company on 19 February 2016.

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

During the financial year ended 30 June 2016 there were no other transactions with key management personnel or their related parties.

(f) Additional information

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

	2016 $	2015 $	2014 $	2013 $	2012 $
Total comprehensive loss for the year	(1,044,794)	(1,019,645)	(1,440,349)	(1,568,445)	(1,548,225)
Diluted loss per share	(0.0036)	(0.0051)	(0.0086)	(0.0118)	(0.0129)
Share price at 30 June	0.027	0.006	0.010	0.024	0.016

**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**
C Rashleigh	9,683,931	-	3,200,000	-
P Jackson	10,037,344	-	4,448,000	-
M Pyle	-	7,239,837	-	5,344,000
D Noonan	11,004,817	-	-	7,414,000

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
8,000,000	Unlisted	18 June 10	$0.40	17 May 17
10,000,000	Unlisted	23 June 10	$0.40	22 June 17
10,546,646	Unlisted	13 Oct 15	$0.005	30 Sept 17
11,946,000	Unlisted	30 Nov 15	$0.005	30 Nov 17
700,000	Unlisted	30 Nov 15	$0.014	30 Nov 18
34,173,354	Unlisted	30 Nov 15	$0.005	30 Sept 17
15,000,000	Unlisted	28 Apr 16	$0.021	29 Oct 18
1,500,000	Unlisted	28 Apr 16	$0.03	29 Apr 18

- 8,100,000 options issued on 13 August 2013 to Directors and consultants expired on 22 August 2015
- 10,546,646 options expiring 30 September 2017 were issued on 13 October 2015 to as part of a share placement
- 7,500,000 options issued on 28 November 2008 to Directors expired on 22 November 2015
- 15,276,000 options expiring 30 November 2017 were issued to Directors and Consultants on 30 November 2015
- 1,000,000 options expiring 30 November 2018 were issued to a Director on 30 November 2015
- 29,173,354 options expiring 30 September 2017 were issued on 24 December 2015 as part of a share placement
- 5,000,000 options expiring 30 September 2017 were issued on 24 December 2015 as part of a share placement
- 15,000,000 options expiring 29 October 2018 were issued on 29 April 2016 for corporate advisory and capital raising services
- 1,500,000 options expiring 29 April 2018 were issued to a Director on 29 April 2016
- 1,448,000 options expiring on 30 November 2017 were converted to fully paid shares on 2 June 2016
- 1,882,000 options expiring on 30 November 2017 were converted to fully paid shares on 14 June 2016
- 300,000 options expiring on 30 November 2018 were converted to fully paid shares on 15 June 2016
- 8,100,000 options issued on 21 August 2013 to Directors and consultants expired on 22 August 2016

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.

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 group's wholly owned subsidiary Suyeon Mining 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 2016.

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, 9 September 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
Revenue	3	10,407	6,765
Administration expenses	4	(623,690)	(590,485)
Exploration and evaluation expenditure	10	(426,347)	(443,525)
Loss before tax		(1,039,630)	(1,027,245)
Income tax expense	5	-	-
Net loss for the year		(1,039,630)	(1,027,245)
Other comprehensive income			
Item that may be reclassified subsequently to operating result			
Foreign currency translation		(5,164)	7,600
Total comprehensive loss for the year		(1,044,794)	(1,019,645)
Basic loss per share (cents per share)	27	(0.36)	(0.51)
Diluted loss per share (cents per share)	27	(0.36)	(0.51)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
Current Assets			
Cash and cash equivalents	6	1,370,959	169,224
Trade and other receivables	7	34,337	10,639
Other current assets	8	3,845	3,868
Total current assets		1,409,141	183,731
Non-Current Assets			
Plant and equipment	9	26,272	5,645
Exploration and evaluation expenditure	10	-	-
Total non-current assets		26,272	5,645
Total assets		1,435,413	189,376
Current Liabilities			
Trade and other payables	12	81,388	531,121
Total current liabilities		81,388	531,121
Total liabilities		81,388	531,121
Net Assets / (Net Liabilities)		1,354,025	(341,745)
Equity			
Issued capital	13	17,222,817	14,789,657
Reserves	14	4,341,105	4,038,865
Accumulated losses		(20,209,897)	(19,170,267)
Total Equity		1,354,025	(341,745)

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
CONSOLIDATED					
At 1 July 2014	14,598,480	(18,143,022)	4,747	4,026,518	486,723
Loss for the year	-	(1,027,245)	-	-	(1,027,245)
Other comprehensive income	-	-	7,600	-	7,600
Total comprehensive loss for the year	-	(1,027,245)	7,600	-	(1,019,645)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
Issue of share capital	194,438	-	-	-	194,438
Transaction costs	(3,261)	-	-	-	(3,261)
At 30 June 2015	14,789,657	(19,170,267)	12,347	4,026,518	(341,745)
At 1 July 2015	14,789,657	(19,170,267)	12,347	4,026,518	(341,745)
Loss for the year	-	(1,039,630)	-	-	(1,039,630)
Other comprehensive income	-	-	(5,164)	-	(5,164)
Total comprehensive loss for the year	-	(1,039,630)	(5,164)	-	(1,044,794)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	307,404	307,404
Issue of share capital	2,556,380	-	-	-	2,556,380
Transaction costs	(123,220)	-	-	-	(123,220)
At 30 June 2016	17,222,817	(20,209,897)	7,183	4,333,922	1,354,025

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Other payments to suppliers and employees		(288,302)	(445,238)
Payments for exploration expenditure		(429,780)	(459,782)
Other income		569	62,151
Interest received		7,526	5,720
Net cash (outflow) from operating activities	26	(709,987)	(837,149)
Cash flows from investing activities			
Receipt on sale of assets		-	2,222
Payments for purchase of plant and equipment		(24,610)	(1,543)
Net cash (outflow) from investing activities		(24,610)	679
Cash flows from financing activities			
Proceeds from issue of shares		1,909,552	-
Proceeds from borrowings		150,000	450,000
Payment for share issue costs		(123,220)	(3,261)
Net cash inflow from financing activities		1,936,332	446,739
Net increase/ (decrease) in cash held		1,201,735	(389,731)
Cash at the beginning of the financial year		169,224	558,955
Cash at the end of the financial year	6	1,370,959	169,224

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 consolidated entity 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.

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.

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.

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

(a) Principles of consolidation *(continued)*

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.

(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.

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

(b) Taxation *(continued)*

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.

(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.

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

(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. 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.

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

(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.

(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.

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

(n) Equity based payments (*continued*)

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 the statement of comprehensive income 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.

The charge to the statement of comprehensive income 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 the statement of comprehensive income.

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

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

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

(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.

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.

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

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

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.

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.

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

(v) Critical accounting estimates and judgments *(continued)*

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.

(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.

(y) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

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.

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

(y) New Accounting Standards and Interpretations not yet mandatory or early adopted *(continued)*

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 consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

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. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

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 1.74% (2015: 1.81%).

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 2016				
Total increase/(decrease)	(5,640)	(5,640)	5,640	5,640
30 June 2015				
Total increase/(decrease)	(2,525)	(2,525)	2,525	2,525

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	
	2016	**2015**
	$	**$**
Trade and other receivables	34,337	10,639
Cash and cash equivalents	1,370,959	169,224

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.

NOTE 3: REVENUE

	Consolidated	
	2016	**2015**
	$	**$**
Interest income	9,838	4,561
Other income	569	2,204
	10,407	6,765

NOTE 4: ADMINISTRATION EXPENSES

	Consolidated 2016 $	Consolidated 2015 $
Loss before income tax expense includes the following specific expenses:		
Depreciation	3,983	6,559
Less: capitalised to exploration	(3,854)	(6,198)
	129	361
Consulting and labour hire	64,185	120,426
Salaries and wages	73,630	92,274
Facility charges	6,267	25,000
Insurance and legal	18,337	33,305
Share based compensation	307,404	194,438
ASX, ASIC and related fees	30,628	30,923
Loss on disposal of fixed assets	-	454
Other expenses	123,110	93,304
	623,690	590,485

NOTE 5: INCOME TAX

(a) Income tax expense/benefit

	2016 $	2015 $
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)

	2016 $	2015 $
Operating (loss) before income tax	(1,039,630)	(1,027,245)
Prima facie tax payable/(benefit) at Australian rate of 28.5% (2015: 30%)	(296,295)	(308,174)
Adjusted for tax effect of the following amounts:		
Tax effect of different tax rate of foreign subsidiaries	14,953	20,920
Taxable/non-deductible items	217,765	134,818
Non-taxable/deductible items	(9,887)	(9,506)
(Over)/Under-provision in prior year	(15)	(37)
Adjustment for change in tax rate	209,811	-
Income tax benefit not brought to account	(136,332)	161,979
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 28.5% (2015: 30%) are made up as follows:

	2016 $	2015 $
Carry forward tax losses	4,055,028	4,190,481
Deductible temporary differences	5,541	5,764
Taxable temporary differences	(679)	(21)
	4,059,890	4,196,224

These benefits will only be obtained if:

(i) 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,
(ii) the group continues to comply with the conditions for deductibility imposed by tax legislation, and
(iii) no changes in tax legislation adversely affect the group in realising the benefit from the deduction for the losses.

	Consolidated 2016 $	Consolidated 2015 $
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at bank	1,370,959	169,224
	1,370,959	169,224
NOTE 7: TRADE AND OTHER RECEIVABLES		
Interest receivable	2,381	70
GST receivable	29,672	8,597
Others	2,284	1,972
	34,337	10,639
NOTE 8: OTHER CURRENT ASSETS		
Prepayments	3,845	3,868
	3,845	3,868
NOTE 9: PLANT AND EQUIPMENT		
Office furniture and equipment – at cost	-	-
Accumulated depreciation	-	-
	-	-
Field equipment – at cost	41,239	41,239
Accumulated depreciation	(38,493)	(35,594)
	2,746	5,645
Motor vehicles and mobile equipment – at cost	32,839	8,229
Accumulated depreciation	(9,313)	(8,229)
	23,526	-
Total plant and equipment	26,272	5,645

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:

	Office furniture & equipment $	Field equipment $	Vehicles & mobile plant $	Total $
CONSOLIDATED				
Carrying amount at 1 July 2014	549	10,281	623	11,453
Acquisitions during the year	-	1,543	-	1,543
Disposals during the year	(537)	(255)	-	(792)
Depreciation expense	(12)	(5,924)	(623)	(6,559)
Carrying amount at 30 June 2015	-	5,645	-	5,645
Carrying amount at 1 July 2015	-	5,645	-	5,645
Acquisitions during the year	-	-	24,610	24,610
Disposals during the year	-	-	-	-
Depreciation expense	-	(2,899)	(1,084)	(3,983)
Carrying amount at 30 June 2016	-	2,746	23,526	26,272

NOTE 10: DEFERRED EXPLORATION AND EVALUATION COSTS

	Consolidated 2016 $	Consolidated 2015 $
Balance at beginning of period	-	-
Exploration and evaluation costs incurred	426,347	443,525
Exploration and evaluation costs written off	(426,347)	(443,525)
Balance at end of year	-	-

NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2016	Percentage Owned 2015
Parent Entity:			
Peninsula Mines Limited (formerly Desert Mines and Metals Ltd)	Australia	-	-
Subsidiaries of Peninsula Mines Ltd:			
Dawn Metals Pty Ltd (formerly Dawn Metals Ltd)	Australia	100%	100%
Korean Resources Pty Ltd (formerly Korean Resources Ltd)	Australia	100%	100%
Suyeon Mining Company Limited	South Korea	100%	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.

NOTE 12: CURRENT TRADE AND OTHER PAYABLES

	Consolidated 2016 $	Consolidated 2015 $
Amount payable to Aurora Minerals Limited (1)	12,628	450,000
Accruals and other creditors	68,760	81,121
	81,388	531,121

(1) Aurora Minerals Limited provided a working capital facility on commercial terms up to $50,000 per month on a month to month basis up to the end of September 2015. The loan principle and outstanding interest was converted to equity. The balance as at 30 June 2016 represents payables incurred in the normal course of business.

NOTE 13: ISSUED CAPITAL

	2016 $	2015 $
434,523,556 (2015: 210,932,915) fully paid ordinary shares	17,222,817	14,789,657

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

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 2016	Number 2015	$ 2016	$ 2015
At the beginning of the period	210,932,915	191,820,923	14,789,657	14,598,480
Placements	160,077,500	-	1,888,700	-
Costs of share placements	-	-	(123,220)	(3,261)
Issue of shares as consideration	-	19,111,992	-	194,438
Issue of shares as repayment of loan	59,883,141	-	646,830	-
Issue of shares on conversion of options	3,630,000	-	20,850	-
At reporting date	434,523,556	210,932,915	17,222,817	14,789,657

NOTE 14 – RESERVES

	Consolidated 2016 $	Consolidated 2015 $
Option reserve [a]	4,333,922	4,026,518
Foreign currency translation reserve [b]	7,183	12,347
	4,341,105	4,038,865

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

	Number	$
2016		
Balance at 1 July 2015	41,700,000	4,026,518
Forfeited/cancelled during the year	(15,600,000)	-
Granted during the period	77,496,000	307,404
Exercised during the period	(3,630,000)	-
Balance at 30 June 2016	99,966,000	4,333,922
2015		
Balance at 1 July 2014	56,850,000	4,026,518
Forfeited/cancelled during the year	(15,150,000)	-
Granted during the period	-	-
Exercised during the period	-	-
Balance at 30 June 2015	41,700,000	4,026,518

NOTE 14 – RESERVES *(continued)*

Options to take up fully paid ordinary fully paid shares in the Company at 30 June 2016 are as follows:

Number of Options	Listed/Unlisted	Exercise Price	Expiry Date
8,000,000	Unlisted	$0.40	17 May 2017
10,000,000	Unlisted	$0.40	22 June 2017
8,100,000	Unlisted	$0.0457	22 Aug 2016
44,720,000 *	Unlisted	$0.005	30 Sept 2017
11,946,000	Unlisted	$0.005	30 Nov 2017
700,000	Unlisted	$0.014	30 Nov 2018
15,000,000	Unlisted	$0.021	29 Oct 2018
1,500,000	Unlisted	$0.03	29 April 2018
99,966,000			

*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.

Expenses arising from share-based payment transactions

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

	Consolidated 2016 $	Consolidated 2015 $
Options issued to directors and consultants	119,331	-
Consulting fees	188,073	-
	307,404	-

(a) Movements in Options Granted

	Weighted average exercise price 2016	Number of options 2016	Weighted average exercise price 2015	Number of options 2015
Outstanding at 1 July	$0.2781	41,700,000	$0.2861	56,850,000
Forfeited/cancelled during the period	$0.2582	(15,600,000)	$0.3080	(15,150,000)
Granted during the period	$0.0087	77,496,000	-	-
Exercised during the period	$0.0057	(3,630,000)	-	-
Outstanding at 30 June (1)	$0.2781	99,966,000	$0.2781	41,700,000
Exercisable at 30 June	$0.0823	99,966,000	$0.2781	41,700,000

(1) The weighted average life of the outstanding options is 544 days or 1.49 years (2015: 423 days or 1.16 years)

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 2016.

	Options Granted 30 Nov 2015 (1)	Options Granted 30 Nov 2015 (2)	Options Granted 28 April 2016 (3)	Options Granted 28 April 2016 (4)
Number of options granted	15,276,000	1,000,000	15,000,000	1,500,000
Expected volatility (%)	89	89	95	95
Risk free interest rate (%)	2.04	2.11	1.87	1.87
Weighted average expected life of options (years)	2.00	3.00	2.50	2.00
Option exercise price (cents)	0.5	1.4	2.1	3.0
Share price at grant date (cents)	1.0	1.0	2.2	2.2
Fair value of option	$0.0066	$0.005	$0.0125	$0.0095
Vesting date	30 Nov 15	30 Nov 15	29 April 16	29 Apr 16

(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 a Director

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.

There were no options granted during the year ended 30 June 2015.

(c) Terms and Conditions for Each Grant of Options

In the year ended 30 June 2016, the Company has issued Director options to three directors of the Company on one occasion and to one director on two occasions during the year. Consultant options were issued on one occasion during the period and have varying exercise prices and expiry dates.

2016	Number Granted	Grant Date	Value of Option at Grant Date	Exercise Price	Expiry Date
Director					
Mr C Rashleigh	724,000	30 Nov 2015	$0.0066	$0.005	30 Nov 2017
Mr C Rashleigh	1,000,000	30 Nov 2015	$0.0050	$0.014	30 Nov 2018
Mr P Jackson	1,448,000	30 Nov 2015	$0.0066	$0.005	30 Nov 2017
Mr M Pyle	4,344,000	30 Nov 2015	$0.0066	$0.005	30 Nov 2017
Mr D Noonan	1,500,000	28 Apr 2016	$0.0095	$0.03	28 Apr 2018
Specified Executives					
Mr E Moore	1,448,000	30 Nov 2015	$0.0066	$0.005	30 Nov 2017
Others					
Hartleys Limited	15,000,000	28 April 2016	$0.0125	$0.021	29 Oct 2018
Others[(1)]	4,344,000	30 Nov 2015	$0.0066	$0.005	30 Nov 2017
Others	2,968,000	30 Nov 2015	$0.0066	$0.0500	30 Nov 2017
	32,776,000				

(1) Options were issued to Mr D Noonan in the capacity of Consultant. Mr Noonan was appointed Director on 19 February 2016.

No options were granted or issued during the year ended 30 June 2015.

NOTE 15: SHARE BASED PAYMENTS *(continued)*

(d) Terms and Conditions for each grant of Employee Options

The Peninsula Mines Limited Employee Option Plan ("EOP") was approved at the group's Annual General Meeting in November 2007, and lapsed on 24 November 2013. A summary of the rules of the EOP is set out below:

The allocation of options to employees, directors and consultants of the group is at the discretion of the Board. Each option is to subscribe for one fully paid ordinary share in the group and will expire no later than five years from the date of issue. Options are issued free and the exercise price of options is determined by the Board. An option is exercisable at a time determined by the Board.

There were no options issued as part of the EOP during the financial year.

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)
C Rashleigh	Non-Executive Director
M J Pyle	Executive Director
D J Noonan	Executive Director (appointed 19 Feb 2016)

Key management personnel remuneration

	Consolidated	
	2016	**2015**
	$	**$**
Short-term personnel benefits	68,276	106,407
Share based payments	61,910	84,260
	130,186	190,667

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 2016.

NOTE 17: REMUNERATION OF AUDITORS

	Consolidated	
	2016	**2015**
	$	**$**
Audit and review services	28,300	27,800
	28,300	27,800

NOTE 18: CONTINGENCIES

Contingent Liabilities

There were no contingent liabilities for termination benefits under service agreements with Directors or executives at 30 June 2016.

The Directors are not aware of any other contingent liabilities at 30 June 2016.

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	
	2016	**2015**
	$	**$**
Exploration commitments		
Within 1 year	14,820	22,509

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.

Consultancy Agreements

In the event that the group terminates all of the Directors' and Executives' consultancy agreements, there is no requirement to continue payment of the fees as the directors and executives have agreed to forego termination fees from 1 July 2015 to conserve cash within the Company.

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 49.40%.

NOTE 21: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2016 $	2015 $
Assets		
Current assets	1,391,675	144,010
Non-current assets	-	-
Total assets	1,391,675	144,010
Liabilities		
Current liabilities	39,650	485,755
Total liabilities	39,650	485,755
Equity		
Issued capital	17,222,817	14,789,657
Reserves	4,333,922	4,026,518
Retained earnings	(20,202,714)	(19,157,920)
Total equity	1,354,025	(341,745)

(b) Financial Performance

Loss for the year	(1,044,794)	(1,019,645)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,044,794)	(1,019,645)

(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 2016 (30 June 2015: nil).

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

As at 30 June 2016 (30 June 2015: nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

NOTE 22: RELATED PARTIES

(a) Controlled Entity

As at 30 June 2015, the group was a 37.51% controlled entity of Aurora Minerals Limited, which was the ultimate parent entity. As at 30 June 2016, Aurora Minerals Ltd held 31.99% ordinary shares in PSM and the group is no longer a controlled entity of Aurora Minerals Limited.

(b) 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.

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

There are no other transactions with Directors and Director-related entities.

(d) 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

There has not been any matter or circumstance that has 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: NUMBER OF EMPLOYEES

The group has two employees at 30 June 2016.

NOTE 25: 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 (2015: nil).

	Australia $	South Korea $	Consolidated $
Year Ended 30 June 2016			
Sales to external customers	-	-	-
Other revenue/income	9,839	568	10,407
Total segment revenue	9,839	568	10,407
Segment result from continuing operations before tax	(691,898)	(352,896)	(1,044,794)
As at 30 June 2016			
Segment assets	1,389,799	45,614	1,435,413
Total assets of the consolidated entity			1,435,413
Segment liabilities	45,462	35,926	81,388
Total liabilities of the consolidated entity			81,388

	Australia $	South Korea $	Consolidated $
Year Ended 30 June 2015			
Sales to external customers	-	-	-
Other revenue/income	5,500	1,265	6,765
Total segment revenue	5,500	1,265	6,765
Segment result from continuing operations before tax	(666,551)	(353,094)	(1,019,645)
As at 30 June 2015			
Segment assets	153,635	35,741	189,376
Total assets of the consolidated entity			189,376
Segment liabilities	488,965	42,156	531,121
Total liabilities of the consolidated entity			531,121

NOTE 26: STATEMENT OF CASH FLOWS

	Consolidated 2016 $	Consolidated 2015 $
(a) Reconciliation of loss after income tax to net cash flow from operating activities		
Operating loss after income tax	(1,039,630)	(1,027,245)
Non cash flow in loss:		
Loss/(profit) on disposal of assets	-	(1,431)
Share based payment - options	307,404	-
Share based payment - shares	-	194,438
Depreciation expense	3,983	6,559
Repayment of interest via issue of shares	46,830	-
Gain on foreign exchange	(5,164)	7,600
Movement in assets and liabilities:		
Receivables	(23,677)	95,116
Payables	267	(112,186)
Net cash outflow from operating activities	(709,987)	(837,149)

(b) Credit standby arrangements

The Company has no credit standby arrangements.

(c) Non-cash investing and financing activities

During the year ended 30 June 2016, the group repaid a loan from former parent Aurora Minerals Limited of $646,830, comprising principal of $600,000 and interest of $46,830, through issues of shares per below:

Date of Issue	No. of Shares	Issue Price	Value
24 Dec 2015	28,300,000	$0.005	$141,500
29 April 2016	31,583,141	$0.016	$505,330
	59,883,141		$646,830

There were no non-cash investing or financing activities during the year ended 30 June 2016.

NOTE 27: EARNINGS PER SHARE

	Consolidated 2016 $	Consolidated 2015 $
Reconciliation of loss		
Loss used in calculating earnings per share – basic and diluted	(1,039,630)	(1,027,245)
Net loss for the reporting period	(1,039,630)	(1,027,245)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	292,643,640	202,287,535

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 2016 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, 9 September 2016

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

Report on the Financial Report

We have audited the accompanying financial report of Peninsula Mines Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Peninsula Mines Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Peninsula Mines Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 9 September 2016

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Peninsula Mines Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 9 September 2016

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 7 September 2016

1. Number and Distribution of Equity Securities

The number and class of all securities on issue:

ASX Code	Number	Description
PSM	434,523,556	Ordinary fully paid shares quoted
PSMAI	8,000,000	Consultant options (not listed, expiring 17 May 2017)
PSMAZ	10,000,000	Options issued to JV partner (not listed, expiring 17 June 2017)
PSMAB	73,866,000	Consultant options (not listed, expiring various dates)

Distribution of equity securities

Size of Holding	Number of Holders	Shares Held
1-1,000	20	3,704
1,001-5,000	66	230,686
5,001-10,000	63	488,355
10,001-100,000	259	11,719,587
100,001 and over	160	422,081,224
Total	568	434,523,556

The number of holders

Ordinary shares fully paid (ASX Code: PSM): 568

Marketable parcel

There are 217 shareholders who hold less than a marketable parcel of 22,728 shares.

2. Substantial Shareholders

Name	Number of Shares	%
Aurora Minerals Limited	138,990,509	31.99
Perth Select Seafoods Pty Ltd	26,500,000	6.10
Mr M & Mrs S Lynch (Lynch family A/C)	26,000,000	5.98

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.

SHAREHOLDER INFORMATION (Continued)

4. Twenty Largest Shareholders as at 7 September 2016

The twenty largest fully paid shareholders hold 75.93% of the issued capital and are tabled below:

Shareholder	No. of Shares	%
1. Aurora Minerals Limited	138,990,509	31.99
2. Perth Select Seafoods Pty Ltd	26,500,000	6.10
3. Mr M & Mrs S Lynch (Lynch Family A/C)	26,000,000	5.98
4. CEN Pty Ltd	16,000,000	3.68
5. Forsyth Barr Custodians Ltd (Nominee A/C)	13,552,777	3.12
6. Indo Gold Limited	11,700,000	2.69
7. Desmond J Pope (Desmond Pope One A/C)	11,050,000	2.54
8. BT Portfolio Services (Warrell Holdings A/C)	10,818,182	2.49
9. Jemaya Pty Ltd (Featherby Super Fund A/C)	10,358,994	2.38
10. James Daniel Noonan	9,864,817	2.27
11. Chris Rashleigh Mining Pty Ltd (Superannuation A/C)	9,683,931	2.23
12. Amalgamated Dairies Limited	8,984,791	2.07
13. Tarney Holdings Pty Ltd (D & F Waddell Family A/C)	6,000,000	1.38
14. Martin James Pyle (MPyle Super Fund A/C)	5,520,833	1.27
15. Elinora Investments Pty Ltd (Rah Family A/C)	5,000,000	1.15
16. Holihox Pty Ltd (PSR Super Fund A/C)	4,687,500	1.08
17. Trade Holdings Pty Ltd (K & R Allister S/F A/C)	4,476,600	1.03
18. J P Morgan Nominees Australia Limited	4,011,000	0.92
19. Ronay Investments Pty Ltd	3,388,017	0.78
20. Mrs Min Young Kang	3,333,333	0.77
	329,921,284	75.93
Total Issued Shares	434,523,556	100.00

5. Corporate Governance Statement

The 2016 Corporate Governance statement of Peninsula Mines Limited is available on the Company's website at http://www.peninsulamines.com/AboutUs/CorporateGovernance/tabid/648/Default.aspx

MINERAL TENEMENT INFORMATION
(as at 7 September 2016)

WESTERN AUSTRALIA

Project	Tenement	Peninsula Holding (Refer Note 1)	Title Holder or Applicant	Notes
Joint Venture with Aurora Minerals			Tenements held in the names of Peninsula Mines Ltd (49.4%) and Aurora Resources Pty Ltd (50.6%)	
Beancounter	E09/1323	49.40%	Refer above	Granted
Sub Licenced from Aurora Minerals				
Glenburgh	E52/1983	Note 1	Aurora Resources Pty Ltd	Granted

Note 1: The licences referred to above are subject of a Deed of Sub Licence with Aurora Minerals Limited, for Peninsula Mines Limited to acquire the rights to calcrete uranium on the tenements

SOUTH KOREA

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	Application Date	Title Expiry	Notes
Donsan	Mokgye 125	77226	100%		22-Aug-28	On 23 January 2014 PSM Korean subsidiary SMCL acquired 100% equity in the tenement
Daehwa	Mokgye 126	77227	100%		22-Aug-28	On 23 January 2014 PSM Korean subsidiary SMCL acquired 100% equity in the tenement
Daehwa	Mokgye 126	76166	100%		4-Jun-27	On 23 January 2014 PSM Korean subsidiary SMCL acquired 100% equity in the tenement
Pal Gong &Baegun	Osu 23	200471	100%		17-Dec-21	Exploring Right granted on 17 December 2014. An exploring Plan was lodged with the Ministry of Trade Industry and economics on 15 December 2015. The Company now has an initial 3 year period in which to complete at least 50% of the proposed drilling work at the Osu project, at which point the Company can apply for either a 3 year extension to the exploration period or file a report detailing the results of the specified exploration activities.
Chungju	Chungju 23		100%	28-Apr-16	25-Oct 16	SMCL must lodge a Mineral Deposit Survey (MDS) prior to the expiry date to extend the tenement life for up to an additional 6 years

MINERAL TENEMENT INFORMATION *(continued)*

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	Application Date	Title Expiry	Notes
Çhungju	Chungju 24		100%	28-Apr-16	25-Oct-16	Refer previous comment
Chungju	Chungju 34		100%	28-Apr-16	25-Oct-16	Refer previous comment
Daewon	Yangdeokwon 40		100%	17-Jun-16	14-Dec-16	Refer previous comment
Daewon	Yangdeokwon 50		100%	17-Jun-16	14-Dec-16	Refer previous comment
Daehyeon	Seobyeok 16		100%	17-Aug 16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 17		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 18		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 19		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 20		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 26		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 27		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 28		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 29		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 30		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 35		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 36		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 37		100%	17-Aug-16	13-Feb-17	Refer previous comment
Daehyeon	Seobyeok 38		100%	17-Aug-16	13-Feb-17	Refer previous comment
Deokgu	Seobyeok 134		100%	17-Aug-16	13-Feb-17	Refer previous comment
Deokgu	Seobyeok 135		100%	17-Aug-16	13-Feb-17	Refer previous comment
Deokgu	Seobyeok 143		100%	17-Aug-16	13-Feb-17	Refer previous comment
Deokgu	Seobyeok 144		100%	17-Aug-16	13-Feb-17	Refer previous comment
Deokgu	Seobyeok 145		100%	17-Aug-16	13-Feb-17	Refer previous comment
Dongsugok	Hyeondong 6		100%	17-Jun-16	14-Dec-16	Refer previous comment
Dongsugok	Hyeondong 7		100%	17-Jun-16	14-Dec-16	Refer previous comment
Dongsugok	Uljin 147		100%	17-Aug-16	13-Feb-17	Refer previous comment
Eunha	Hongseong 107		100%	17-Jun-16	14-Dec-16	Refer previous comment
Goseon North	Seobyeok 57		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon North	Seobyeok 58		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon North	Seobyeok 60		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon North	Seobyeok 68		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon North	Seobyeok 69		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon North	Seobyeok 70		100%	17-Aug-16	13-Feb-17	Refer previous comment

MINERAL TENEMENT INFORMATION *(continued)*

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	Application Date	Title Expiry	Notes
Goseon South	Seobyeok 39		100%	17-Aug-16	13-Feb-17	
Goseon South	Seobyeok 40		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon South	Seobyeok 46		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon South	Seobyeok 47		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon South	Seobyeok 48		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon South	Seobyeok 49		100%	17-Aug-16	13-Feb-17	Refer previous comment
Goseon South	Seobyeok 50		100%	17-Aug-16	13-Feb-17	Refer previous comment
Muju	Janggi ri 46		100%	17-Aug-16	13-Feb-17	Refer previous comment
Janggohang	Janggohang 139		100%	10-May-16	06-Nov-16	Refer previous comment
Janggohang	Janggohang 140		100%	10-May-16	06-Nov-16	Refer previous comment
Janggohang	Janggohang 150		100%	10-May-16	06-Nov-16	Refer previous comment
Janggohang	Pungdo 10		100%	17-Jun-16	14-Dec-16	Refer previous comment
Majang	Mokgye 135		100%	17-Jun-16	14-Dec-16	Refer previous comment
Naedeok	Seobyeok 123		100%	17-Aug-16	13-Feb-17	Refer previous comment
Naedeok	Seobyeok 133		100%	17-Aug-16	13-Feb-17	Refer previous comment
Pal Gong	Osu 13		100%	13-Jul-16	09-Jan-17	Refer previous comment
Pal Gong	Osu 14		100%	13-Jul-16	09-Jan-17	Refer previous comment
Pal Gong	Osu 24		100%	01-Jul-16	28-Dec-16	Refer previous comment
Tonggo	Hyeondong 25		100%	17-Jun-16	14-Dec-16	Refer previous comment
Tonggo	Hyeondong 35		100%	17-Jun-16	14-Dec-16	Refer previous comment
Tonggo	Hyeondong 36		100%	17-Jun-16	14-Dec-16	Refer previous comment
Tonggo	Hyeondong 46		100%	17-Jun-16	14-Dec-16	Refer previous comment
Ubeong	Hyeondong 48		100%	17-Jun-16	13-Feb-17	Refer previous comment
Ubeong	Hyeondong 49		100%	17-Aug-16	13-Feb-17	Refer previous comment
Ubeong	Hyeondong 58		100%	17-Aug-16	13-Feb-17	Refer previous comment
Ubeong	Hyeondong 59		100%	17-Aug-16	13-Feb-17	Refer previous comment
Ubeong	Hyeondong 60		100%	17-Aug-16	13-Feb-17	Refer previous comment
Ubeong	Hyeondong 68		100%	17-Jun-16	14-Dec-16	Refer previous comment
Ubeong	Hyeondong 69		100%	17-Aug-16	13-Feb-17	Refer previous comment
Ubeong	Hyeondong 70		100%	17-Aug-16	13-Feb-17	Refer previous comment
Ubeong	Hyeondong 78		100%	17-Jun-16	14-Dec-16	Refer previous comment
Uguchi	Seobyeok 107		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 108		100%	17-Aug-16	13-Feb-17	Refer previous comment

MINERAL TENEMENT INFORMATION *(continued)*

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	Application Date	Title Expiry	Notes
Uguchi	Seobyeok 109		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 116		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 117		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 118		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 119		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 120		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 126		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 127		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 128		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 129		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 130		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 137		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 138		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 139		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 140		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 147		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 149		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 150		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 79		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 80		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 88		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 89		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 90		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 98		100%	17-Aug-16	13-Feb-17	Refer previous comment
Uguchi	Seobyeok 99		100%	17-Aug-16	13-Feb-17	Refer previous comment
Wolmyeong	Cheongsan 69		100%	17-Jun-16	14-Dec-16	Refer previous comment
Wolmyeong	Cheongsan 70		100%	17-Jun-16	14-Dec-16	Refer previous comment
Wolmyeong	Cheongsan 79		100%	17-Jun-16	14-Dec-16	Refer previous comment
Wolmyeong	Cheongsan 89		100%	17-Jun-16	14-Dec-16	Refer previous comment
Wolmyeong	Cheongsan 99		100%	17-Jun-16	14-Dec-16	Refer previous comment
Yongwon	Eumseong 22		100%	17-Jun-16	14-Dec-16	Refer previous comment
Yongwon	Eumseong 32		100%	17-Jun-16	14-Dec-16	Refer previous comment

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