

2022 ANNUAL REPORT

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Supplying the fuel to power a greener future

E G ur F o c us

Peninsula looks forward to furthering the advancement of the Lance Project, with the objective of creating a significant US uranium producer.

with sign BUOSJAO JOL

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FY2022 Highlights

FLAGSHIP LANCE PROJECT

Advancing the transition to low pH in-situ recovery process

Technically de-risked transition to Low pH ISR operations through successful completion of MU1A Field Demonstration

Definitive Feasibility Study completed showing:

Robust economics
 Competitive costs
 Very low capital intensity

Six-month pathway to production

Resource potential upside

Final Investment Decision anticipated Q4 2022

Lance Project - one of the largest US-based uranium projects

CORPORATE

FY2022 uranium sales of 450,000 pounds generating cash proceeds of US\$22.7 million

Strong balance sheet at 30 June 2022 with cash of US\$7.6 million

Uranium inventory with a market value of

US\$15.6 million

increase in value during FY2022

Self funded preparatory works programme at Lance underway





A Year of Achievement and Reflection

Dear Shareholder

Whilst the FY2022 year has been busy and ultimately successful, the biggest development for our company has come after the June 30 reporting date, with the release of a Definitive Feasibility Study for the Ross and Kendrick areas of our Lance Projects in Wyoming.

Almost everything that we did during FY2022 was geared towards this outcome and we are delighted with its release and with its content.

The DFS reveals robust economic outcomes, with competitive operating costs and low capital expenditure and illustrates the concept of a rapid production restart from the Ross and Kendrick Production Areas of Lance. These contain a total resource base of 21.8Mlb U_3O_8 and represent a majority of the Lance Projects' current Measured and Indicated Resources, but leave the contiguous Barber Resource Area, with its 31.9Mlb resource base, as a clear opportunity for significant future growth.

This is a very exciting development for our company. Since we paused production in 2019, we have worked towards transitioning the in-situ recovery extraction operation from an alkaline chemistry to the more commercially competitive low-pH method. We are the only uranium operation in the US to be licensed to operate a low-pH ISR mine and we are very proud of the achievements of those working on our permitting process and grateful for the outcome.

An enormous amount of work also went into the MU1A Field Demonstration, other test work and the compilation of the resultant data into a comprehensive DFS document. For that I would like to thank our Managing Director Wayne Heili and his team at Strata Energy, our local Wyoming-based operating company and at our head office in Perth, as well as numerous professional consultants. They have worked tirelessly to produce a study that describes the viability of a low cost, low capital, very rapid production restart at Lance, at what could be an advantageous time.

One of the key positives of the Lance Project is our operating experience at site. Because we have previously produced from Lance, we believe we have the experience to restart commercial operations within 6 months of a positive decision, giving us excellent potential 'speed to market' and the flexibility to respond rapidly to market conditions. Our operating experience also assisted greatly with the validation of cost inputs to the DFS. The DFS document will now be used to drive our Final Investment Decision to restart commercial operations. To underpin a confident decision, we will be considering further offtake agreement opportunities to supplement our existing portfolio of uranium concentrate sales and purchase agreements, which continue to deliver us significant levels of net cash-flow. This is an enviable position for a junior development company and one that should not be underappreciated.

We are fortunate also to be holding a Strategic Inventory of 300,000 lbs of physical uranium, which provides both flexibility in contract delivery and potentially a fluid source of capital, but we will need to ensure that we have adequate further funding for a sustainable restart and ramp-up of production operations.

In the wider world, the growing list of countries working aggressively towards net-zero carbon emission targets has cast the spotlight on nuclear power as a key part of the overall global energy mix. Many countries are now looking to expand their use of nuclear power through new investment or extending the life of existing facilities. We continue to be convinced that there is a critical need for nuclear energy and that both existing and innovative new technologies, such as small modular reactors, can play an important role in the future clean-energy mix. The Russian invasion of Ukraine in early CY 2022 has elevated significantly concerns around the security of fuel supplies. Maintaining and increasing nuclear generation capacity has become a leading theme in energy security solutions.

We support forecasts that suggest these factors will lead to higher prices and strong demand for uranium over coming years and Peninsula is particularly well positioned to capitalise on the supply/demand dynamics.

Peninsula also holds the significant advantage of owning a flagship project in the United States. We have submitted a bid to supply product to the Uranium Reserve established by the US Congress and currently being implemented by the US Department of Energy and we await the outcome. In August of this year, the US Government passed into law the Inflation Reduction Act of 2022 which contains a US\$3.4 billion plan providing substantial climate and energy-related incentives. Peninsula welcomes these initiatives and US government recognition of the importance of the domestic nuclear energy industry. In February and May 2022 respectively, the Board of Peninsula welcomed Rachel Rees and Brian Booth as new Non-Executive Directors. The achievements of the Company over the last five years and the environment surrounding the uranium production industry indicated that it was a suitable time to restore the Board to a conventional size. We were fortunate to attract the services of Rachel and Brian, based respectively in Western Australia and North America and their experience and qualifications are set out elsewhere in this Report. I am confident that they will contribute very positively to the fortunes of our Company.

I would like to thank all of my fellow Non-Executive Directors for their outstanding support and invaluable advice to our Management, which has been evident in each of their areas of expertise, over a lengthy period that has seen survival turn to opportunity. We should all be grateful.

Finally, thank you, our shareholders, for your ongoing support. We are getting very close to seeing the fruits of our hard work. Hopefully, the next 12 months will see us once again join the ranks of uranium producers and I am excited to share the journey and our success with you.

John Harrison Non-Executive Chairman 29 September 2022

Because we have previously produced from Lance, we believe we have the experience to restart commercial operations within 6 months of a positive decision, giving us excellent potential 'speed to market' and the flexibility to respond rapidly to market conditions.



CORPORATE GOVERNANCE STATEMENT

Committed to inclusion at all levels of the organisation

The Board emphasises the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct. Unless disclosed below, all the best practice recommendations of the 4th edition of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2022.

Board Composition

The skills, experience, and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Directors' Report.

The names of the Directors of the Company, or who have served as a Director during the year, are:

| John Harrison | Non-Executive Chairman (Independent) |
|-----------------|---|
| Wayne Heili | Managing Director / Chief Executive Officer |
| Harrison Barker | Non-Executive Director (Independent) |
| Mark Wheatley | Non-Executive Director (Independent) |
| Rachel Rees | Non-Executive Director (Independent) (appointed 5 February 2022) |
| Brian Booth | Non-Executive Director (Independent) (appointed 14 May 2022) |
| David Coyne | Non-Executive Director (resigned 13 October 2021) |

When determining whether a Non-Executive Director is independent, the Director must not fail any of the following materiality thresholds:

- Less than 10% of Company shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- No sales are made to or purchases made from any entity directly or indirectly associated with the Director; and
- None of the Directors' income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the economic entity other than income derived as a Director of the entity.

Non-Executive Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company.

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

Ethical Standards

The Board acknowledges and emphasises the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring Directors and employees to:

- Act honestly and in good faith;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflict of interest;
- Comply with the law; and
- Encourage the reporting and investigating of unlawful and unethical behaviour.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Diversity

The Board has adopted a Diversity Policy as per the recommendations. The Diversity Policy addresses equal opportunities in the hiring, training, and career advancement of directors, officers, and employees.

The Diversity Policy outlines the processes by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with focus on gender diversity within the Company.

The Company is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives if and when such objectives are set. The Company is focused on providing a range of business and employment opportunities for all members of the communities in which it operates in.

Gender Diversity

The Board is committed to workplace diversity and supports representation of women at the senior level of the Company and on the Board. Given the relatively small size of the Company at this point in time, the Board has not determined measurable objectives for increasing gender diversity. All personnel are employed and/or promoted on their merits. The Company considers the current Board to be effective and possessing a wide range of complementary skills. All Board appointment processes are conducted in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

Women Employees, Executives and Board Members

There is currently one female member on the Board of the Company. In February 2022 the Company appointed its first female director, Ms Rachel Rees to the Board.

The Company and its consolidated entities have three female employees:

- an accounts payable officer;
- a land administrator; and
- a cleaner

whom represent approximately 10% of the total employees, executives and/or board members of the Company and its consolidated entities.



Trading Policy

The Board has formally adopted a Share Trading Policy in line with Corporate Governance guidelines which restricts Directors and employees/consultants from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Whistleblower and Anti-Bribery and Corruption Policy

The Board formally adopted Whisteblower and Anti-Bribery and Corruption Policies on 9 September 2021, in line with recommendations of the 4th edition of the ASX Corporate Governance Council.

Audit and Risk Management Committee

The Audit and Risk Management Committee consisted of three Non-Executive Directors throughout the majority of the year and has an independent Chairman. The number of directors on the Committee during the year is consistent with the ASX Corporate Governance Council recommendations and is appropriate for the size of the Company. The Chief Financial Officer and Company Secretary are also present at all Audit and Risk Management Committee meetings. The Audit and Risk Management Committee operates under a formal charter.

The names and qualifications of those appointed to the Audit and Risk Management Committee and their attendance at meetings of the Committee are included in the Directors' Report.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of Directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Peninsula Energy Limited, to lodge questions to be responded to by the Board and/or the CEO and can appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The Chief Financial Officer has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed as required. The volatile economic environment has emphasised the importance of managing and reassessing the Company's key business, social and environmental risks.

The Company is focused on providing a range of business and employment opportunities for all members of the communities in which it operates in.

Remuneration Policies

The Remuneration Committee is responsible for determining and reviewing the appropriate compensation arrangements and policies for the Key Management Personnel, in accordance with the policies and procedures outlined in the Remuneration Committee Charter. The Remuneration Committee reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies.

The Company's Remuneration Policy is to ensure remuneration packages properly reflect each person's duties and responsibilities and support the Company's business objectives. The Policy is designed to attract the highest calibre directors, executives, and senior staff, and reward them for performance which results in long-term growth in shareholder value.

Executives and selected senior staff are also entitled to participate in the employee share, restricted share unit and option arrangements.

The amount of remuneration for all Key Management Personnel of the consolidated group, including all monetary and non-monetary components, is detailed in the Remuneration Report within the Directors Report. Shares given to Key Management Personnel are valued at the market price of those shares. Options are valued independently using a Black-Scholes model.

The Board believes that the remuneration structure adopted results in the Company being able to attract and retain the best directors, executives, and senior staff to run the consolidated group. It will also provide executives with the necessary incentives to work and grow long-term shareholder value. The payment of cash bonuses, share awards and other incentive payments are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All cash bonuses, share awards and other incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, cash bonuses and share awards and can recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria or other relevant circumstances applicable to the Company.

Remuneration Committee

The Remuneration Committee consists of three Non-Executive Directors and has an independent Chairman, consistent with the ASX Corporate Governance Council recommendations.

The names of the members of the Remuneration Committee and their attendance at meetings of the committee are detailed in the Directors' Report.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made available publicly on the Company's website at www.pel.net.au.

continuing to advance and develop Lance

DIRECTORS' REPORT

Creating a significant US uranium producer

Your Directors present their report, together with the financial statements of the consolidated group (or Peninsula), being the Company and its controlled entities, for the financial year ended 30 June 2022.

Directors

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

- John Harrison
- Wayne Heili
- Harrison Barker
- Mark Wheatley
- Rachel Rees (appointed 5 February 2022)
- Brian Booth (appointed 14 May 2022)
- David Coyne (resigned 13 October 2021)

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

Principal Activities

The principal activities of the consolidated group during the financial year consisted of uranium exploration, development, and mining. There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

An increase in pounds sold in 2022 and a higher recognised revenue per pound in the current year has resulted in an improvement in gross profit in 2022 to US\$3.1 million (US\$1.3 million in 2021).

Operating Results and Review of Operations for the Year

Peninsula Energy Limited (PEN) is an ASX listed uranium mining company with 100% ownership of the Lance Project in Wyoming. Operations at Lance were active until July 2019, and since then the focus has been on transitioning from an alkaline to a more commercial low pH in-situ recovery (ISR) operation.

The consolidated group's cash position, excluding security deposits and performance bonds, at 30 June 2022 was US\$7.6 million. Additionally, a total of 309,507 pounds of uranium concentrate inventory was held at a 30 June 2022 market value of US\$15.6 million based on a spot uranium price of US\$50.50 per pound. Increase in both cash and inventory market value during the year. Peninsula had no term debt at 30 June 2022 with only minor and inconsequential borrowings.

Peninsula sold 450,000 pounds of uranium during the 2022 financial year under its portfolio of uranium concentrate sale and purchase agreements, which generated cash receipts during the year of US\$32.6 million, including a prior financial year sale of 200,000 pounds (US\$9.9 million).

The cash proceeds for the 2022 financial year sales amounted to US\$22.7 million, with US\$18.3 million recognised as revenue for the year within the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The remaining US\$4.4 million was allocated to derivative fair value movement to recognise the partial unwinding of the financial derivative asset relating to the portfolio of uranium sale and purchase agreements in accordance with International Accounting Standards.

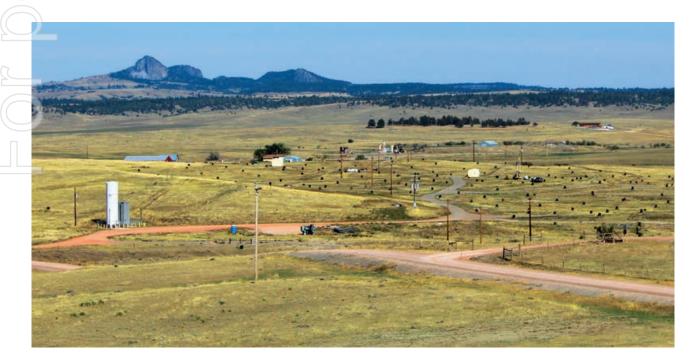
An increase in pounds sold in 2022 and a higher recognised revenue per pound in the current year has resulted in an improvement in gross profit in 2022 to US\$3.1 million (US\$1.3 million in 2021). Outside of cost of sales, the major expenses in 2022 were the US\$7.1 million incurred to maintain the Lance Projects in standby mode and progress the transition to low pH operations (US\$7.1 million in 2021) and US\$2.1 million in corporate and administration expenses (US\$2.0 million in 2021).

A derivative fair value gain of US\$0.4 million has been recorded in 2022 due to portfolio movements during the year and the valuation of both derivative financial assets and liabilities at year end relating to the open-source origin components from the portfolio of uranium concentrate sale and purchase agreements (US\$6.9 million in 2021). In accordance with International Accounting Standards the Company is required to recognise a derivative financial asset on all open-source origin components from this portfolio.

The derivative financial asset and liability fair value for opensource origin sale delivery commitments at year end is based on the present value of the difference between the revenue under the sale agreement and revenue that a similar agreement would generate if entered into at 30 June 2022, and will differ from the actual cash received in the future. Similarly, the derivative financial asset fair value for open-source origin purchase commitments at year end is based on the same methodology and will differ from the actual cash payable in the future.

The loss before interest and tax from continuing operations is higher in 2022 at US\$5.8 million (US\$0.9 million in 2021) because of the reduction in derivative fair value gain despite the improved gross margin.

Peninsula recorded a consolidated group loss for the year ended 30 June 2022 of US\$4.6 million after recognition of an income tax credit of US\$1.3 million (loss of US\$1.4 million in 2021 after income tax expense of US\$0.5 million). Income tax in 2022 is a credit as it relates to the reduction in current financial year derivative fair value assets.



Review of Operations 2022

An overview of operations during the year follows:

Lance Uranium Project

(Peninsula Energy 100%)

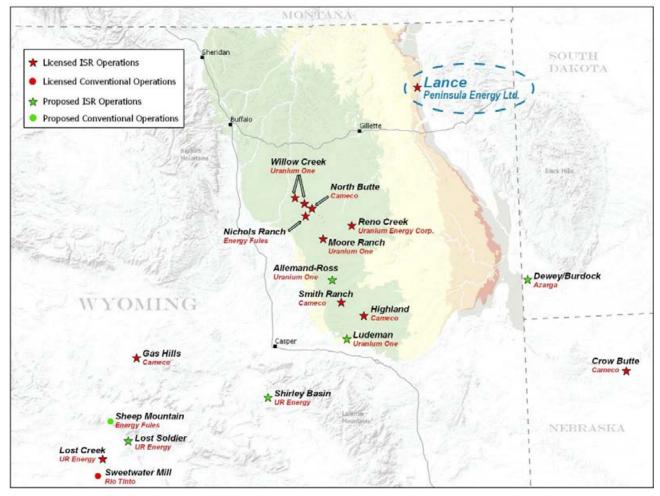


Figure 1: Lance Project Location, Wyoming, USA

The Lance Project is located in Wyoming USA.

Lance is one of the largest US-based uranium projects, with a 53.6M lbs U_3O_8 JORC (2012) compliant resource base. The Project was licensed and constructed by Peninsula's wholly owned US subsidiary Strata Energy Inc (Strata) and commenced commercial operations in 2015.

Commercial operations were suspended in 2019 to allow the on-site team to focus on preparing for a transformation of the process chemistry applications to low pH in-situ recovery (ISR). In 2019 and 2020 the Strata team successfully obtained all the necessary amendments to its regulatory authorisations to allow Lance to operate using a low pH ISR process in addition to the originally authorised alkaline ISR process. Lance is the only US uranium project authorised to use the industry leading, low-cost, low pH ISR process. The MU1A field demonstration of the low pH ISR process commenced in August 2020 to confirm the optimal operating conditions for resumption of production activities. The field demonstration was concluded in November 2021 and early preparatory works commenced in February 2022 to facilitate an accelerated re-start of production operations, should a final investment decision be approved.

Over 50% of uranium produced globally is extracted via the low pH ISR process and companies which utilise this process populate the lowest quartile of cash costs for global uranium producers.

Lance is the only US uranium project authorised to use the industry leading, low-cost, low pH ISR process.

Definitive Feasibility Study

One of the main work programmes during the year was an update to the 2018 Lance Low pH Feasibility Study. Whilst this updated study was ultimately published just after year end, work has been underway since 2019 to secure the necessary amendments to regulatory authorisations, to confirm the optimal operating conditions for resumption of production activities and update the study inputs for current costs.

A Definitive Feasibility Study has been completed for the Ross and Kendrick Production Areas at Lance. The DFS is based on a total resource base of 21.8Mlb U_3O_8 . The Ross and Kendrick resource base is robust, accounting for a majority of the Lance Projects current Measured and Indicated Resources.

The DFS excludes the contiguous Barber Resource Area with its 31.9Mlb resource base and highlights the opportunity for significant future growth for the Lance Projects.

A summary of the DFS key economic outcomes and metrics is shown below in Tables 1 and 2.

| Table 1: Key Economic Outcomes | |
|---|----------|
| Key Economic Outcomes | |
| Estimated Life of Mine (LoM) | 14 years |
| LoM Project Revenue (real) (US\$M) | 895.2 |
| Average Sales Price Received (US\$/lb) | 62.38 |
| Average Price Received for Uncontracted Production (US\$/lb) | 65.49 |
| LoM Operating Cashflow (before tax) (US\$M) | 527.1 |
| Investment to Reach Positive Cashflow (US\$M) | 60.0 |
| NPV ₈ (US\$M) | 124.8 |
| IRR (%) | 43% |
| AISC - All in Sustaining Cost (US\$/Ib) | 39.08 |
| AIC - All in Cost (US\$/lb) | 45.74 |
| | |

The DFS reveals robust economic outcomes for production from Ross and Kendrick. The Project reaches positive cash flow after 2.5 years following a US\$60 million investment in early operations and expansion of the production capacity. Current corporate cash and liquid assets (e.g., inventory) may be utilised to meet a portion of this investment requirement.

With a mine operating life of 11 years and an average production rate of 1.3Mlb U_3O_8 per year, the Project yields an **NPV**₈ of US\$124.8 million (2022 real) and an IRR of 43%. The determined average sales price of US\$62.38/lb U_3O_8 generates a life-of-mine revenue of US\$895 million. The all-in-sustaining cost (ASIC) for the limited-scope project is US\$39.08/lb and the fully loaded All in Cost (AIC) is US\$45.74/lb.

Table 2: Production Metrics, OPEX and CAPEX Summary

| Production Metrics | Total |
|---|-------|
| Estimated LoM Production (Mlb U ₃ O ₈) | |
| Steady State Production Rate | |
| - Stage 1 (Mlb U ₃ O ₈ p.a.) | 0.82 |
| - Stage 2 (Mlb U ₃ O ₈ p.a.) | 2.0 |
| LoM Global Resource Recovery (%) | 65.8% |
| AIC - All in Cost (US\$/lb) | 45.74 |

OPEX (US\$M)

| C1 Direct Operating Cost (excluding Restoration) | 234.4 |
|---|-------|
| Total OPEX (including Restoration) | 283.0 |
| OPEX Unit Cost (US\$/lb) | |
| C1 Direct Operating Cost (excluding Restoration) | 16.34 |
| Total OPEX (including Restoration) | 19.72 |

| Total |
|----------------------------|
| 290.6 |
| 5.7 |
| 2.7 |
| k 16.3 |
| sion 69.9 |
| k 196.0 |
| |
| 20.25 |
| 0.39 |
| 0.19 |
| R 1.14 |
| 4.87 |
| k 13.66 |
| 0.3 0.1 k 1.1 4.8 |

Over the LoM, the Ross and Kendrick Production Areas are projected to yield a total of 14.4 Mlb of U_3O_8 .

The C1 direct production cost (excluding mine restoration and reclamation costs) is projected at US\$16.34/lb. Total OPEX including restoration and reclamation is US\$19.72/lb.

Project Area Included

The Definitive Feasibility Study is based on production from two of the three Lance Project areas (see Figure 2). The Ross Production Area (Ross) and the Kendrick Production Area (Kendrick) were included in the DFS while the Barber Resource Area (Barber) was not.

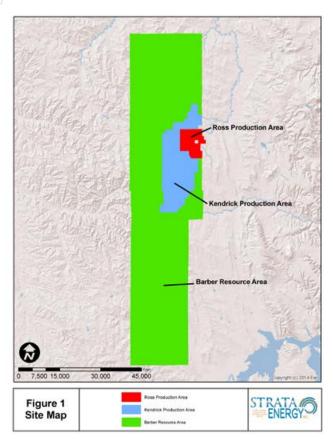


Figure 2: The Lance Projects, Ross, Kendrick, and Barber

Barber contains a large resource of 31.9 Mlb U_3O_8 with a high percentage of Inferred Resources. Although not included in the DFS, the Barber Resource Area remains an important part of the Lance Projects and provides significant opportunity for future resource growth and enhancement of the global quality of the Lance Projects resource.

The 2018 Lance Low pH Feasibility Study (the 2018 Study) included Barber, and this is one of the most significant changes in base assumptions, driving substantial changes in the overall resource base for the DFS, along with changes to production levels, unit costs and overall project economic outcomes when comparing the current DFS to the 2018 Study.

The 2018 Study included a three-stage expansion scenario. Stage-3 expansion was designed to include the full development of a satellite plant and corresponding wellfields within the Barber Resource Area. The expansion into Barber allowed the Company to achieve a production rate of 3.0 Mlb/ annum at Lance (maximum license condition). Exclusion of Barber from the DFS results in a planned production rate limit of 2.0Mlb/annum achieved in two stages. Stage 1 is the transition of the current facility operations to achieve production at a nameplate rate of 820,000 lb./annum. The Stage 1 nameplate capacity has been revised downward from 1.15 Mlb/annum due to the planned reconfiguration of the ion exchange section of the Ross Plant. Stage 2 is the expansion of the Ross Plant facilities to a nameplate capacity of 2.0 Mlb/annum, the addition of backend plant processes to generate a final yellowcake product rather than loaded resins, and the addition of corresponding new wellfield capacity to produce at a steady state rate of 2.0 Mlb/annum.

Uranium Market in 2022

Renewed interest in nuclear power continues to gain momentum and support with a growing list of countries working towards achieving aggressive net-zero carbon emission targets. A push to firmly emplace policies and initiatives that support clean energy goals has recently brought greater attention to the critical need for nuclear energy and the important role innovative technologies such as small modular reactors can play. Additionally, concerns surrounding energy imports and security of energy supply have emerged following Russia's unprovoked invasion of Ukraine in February 2022. Combined, these factors have motivated nations to consider expanding the use of nuclear energy and reconsider extending the operational lifespan of existing nuclear fleets. Several key changes to uranium market fundamentals have emerged from these developments.

Over the past year, the front end of the nuclear fuel cycle has shifted from a market characterised by comparatively low uranium, conversion, and enrichment prices to one of higher prices and increased volatility. Preliminary estimates of the 2021 uranium supply and demand balance suggest a primary production level around 130Mlb U_3O_8 , while requirements including stock building exceeded 190Mlb. With the contribution of secondary supply accounted for, the 2021 deficit equated to over 35 Mlb. Additional supply sources will need to be developed to bridge the deficit gap and meet the expanding requirements associated with the revitalisation of the green nuclear energy industry.

Acknowledging the growing complexities and positive longterm demand fundamentals for the nuclear fuel markets, Peninsula engaged TradeTech, LLC, a respected nuclear fuel price reporting and analysis firm, to prepare a proprietary model forecasting forward-looking uranium prices. TradeTech's model incorporated impacts of the growing pressures to meet carbon-reduction goals, increasing uncertainty surrounding the import of Russian nuclear fuel, growing supply deficit (which is amplified by investors sequestering material through spot market purchases) and the necessity of the long-term market pricing to meet the financial needs of emerging producers. TradeTech's uranium price forecast was incorporated without alteration into the DFS's sales and production model, to generate the revenue forecast outcomes.

Basis of Assumptions

To develop a robust technical basis, the DFS incorporates operational parameters observed in the MU1A Low-pH Field Demonstration. The DFS utilises updated grade and recovery curves, ISR pattern design parameters, and reagent requirement models for both sulfuric acid and hydrogen peroxide that are based on the Field Demonstration outcomes. Process designs have also been updated according to the learnings of the Field Demonstration. Key changes include:

A more conservative recovery curve has been modelled in the Ross and Kendrick DFS. The DFS extended the recovery curve by 5 pore volumes (approximately 33%) to achieve a uranium recovery rate of 90%.

The average modelled distance between production wells and recovery wells in future wellfields was reduced from 125 feet to 100 feet.

Based on the Field Demonstration, an adjustment in the projected consumption of sulfuric acid from 58 lbs H2SO4/lb U_3O_8 to 53.5 lbs H2SO4/lb U_3O_8 was incorporated.

The capital investment and additional operating costs associated with the inclusion of a hydrogen peroxide addition system were included.

The capital purchase of new ion exchange resin that is better suited to the application has been included. The positive impact of the resin performance on operating costs were also included.

The cost model has been updated with current pricing data for capital equipment, materials, and supplies. Inflationary pressures corresponding to current supply chain issues have been noted in the US markets since early 2022. Cost estimates have been prepared during a period of near record high inflation with some inputs exceeding 20% inflation since the release of the 2018 Study. Peninsula's team and advisers have integrated the likely long-term impact of these more recent developments into the DFS.

The current pricing for sulfuric acid, a key component of the low-pH operating costs (OPEX), is double the price assumption for sulfuric acid contained in the 2018 Study. Current pricing has been used as a basis for Stage-1 operations. The high pricing of acid has started to weaken with sulphur prices dropping precipitously in recent months. The price for acid during Stage-2 operations is projected to hold slightly above normal historical levels. Overall, during the life-of-mine, sulfuric acid is projected to contribute \$4.77/lb to the OPEX versus a \$4.69/lb result in the 2018 Study.

Detailed Study Outcomes

The Definitive Feasibility Study for the Ross and Kendrick Production Areas at Lance was completed to provide updated technical and economic assumptions, and has been prepared for Strata by WWC, in accordance with the guidelines set forth under the Joint Ore Reserve Committee (JORC) (2012) for the submission of technical reports on mineral properties.

The Ross and Kendrick Areas are estimated to generate net cash flow over the 14-year LoM, before income tax, of US\$238.8 million. The Project has a calculated before tax IRR of 43% and a before tax NPV of \$124.8 million, applying an eight percent discount rate.

The direct operating cash cost (C1) during steady state production of at least 2.0Mlb/annum (Year 4 through Year 8) is estimated at \$13.93/lb. The estimated C1 cost over the full LoM is \$16.34/lb. and the AISC over the LoM is estimated to be \$39.08/lb.

Updated capital costs were developed for the two-stage capital-efficient project. The capital investment required for the transition of the Ross facilities to a low-pH ISR operation is US\$5.7 million. Additional capital required to reach full Stage 1 production flow capacity is US\$2.7 million. Mine Unit 3 will require a Sustaining Capital investment of US\$16.3 million during Stage 1 operations between Year 0 and Year 2. Stage 2 plant capital investment is US\$24.1 million and the expansion of wellfield capacity to reach the flow objective for Stage 2 is US\$45.8 million. Over the life of Stage 2, a total of US\$196.0 million is invested in sustaining capital.

Lance is the only US uranium project authorised to use the industry leading, low-cost, low pH ISR process. The mineral resources incorporated into the DFS are comprised of the JORC compliant resources located in the Ross and Kendrick Production Areas. Approximately 58% of the mineral resources across the Ross and Kendrick Production Areas are classified as Measured and Indicated. The balance of the resource is classified as Inferred, which has been discounted by the author of the Mineral Resource Estimation (WWC Engineering, 2022) and additionally discounted in the conversion to an addressable (placed under production pattern) resource used for the economic analysis in the DFS. The estimated DFS Resource and overall, Lance Projects Resource are presented in Table 3, along with the estimated production derived from the Ross and Kendrick Production Areas. The Barber Resource Area was not included in the development of the DFS and provides both resource growth and LoM extension potential.

Table 3: Estimated Resources (as at commencement of Low pH operations) and Production

| Project Area | Commence Production | Estimated Resources (lbs U_3O_9) | Estimated Production (lbs $U_3O_8)^{(1)}$ |
|--------------------------------|------------------------|-------------------------------------|---|
| Ross | Year 0 | 5,882,000 | 4,104,000 |
| Kendrick | Year 2 | 15,930,000 | 10,247,000 |
| DFS Area | Sub-Total | 21,812,000 | 14,351,000 |
| Barber Resource ⁽²⁾ | N/A | 31,859,000 | N/A |
| Lance Projects | Total | 53,672,000 | N/A |

⁽¹⁾ Overall recovery is estimated at 65.8% of the total estimated resource.

⁽²⁾ Barber resources are a portion of the Lance Projects, but recovery of these resources is not included in the DFS.

The DFS estimates that 90% of resources placed under wellfield pattern will be recovered over the course of 20 pore volumes of mining solution during low pH operations. In the DFS, Strata estimated that 89% of Measured Resources and 79% of Indicated Resources will be placed under wellfield patterns. Only 61% of Inferred Resources are estimated to be placed under pattern. Thus, the estimate of produced resources assumes a net mineral resource recovery factor of 69.8% for Ross and 64.3% for Kendrick, with an overall recovery factor of 65.8%.

Technical Detail

This Definitive Feasibility Study is based on production from the Ross and Kendrick Production Areas. The following Stages are envisioned in the Study for development of Ross and Kendrick:

- Stage 1: Includes changeover of the current facility and wellfields to utilise low pH solutions at the flow capacity of 2,500 gallons per minute (GPM) through the IX circuit, which will result in a production capacity limit of approximately 820,000 lbs. U₃O₈ per year at an average head grade of 76 ppm, with elution, precipitation and drying outsourced under a toll milling arrangement. Stage 1 is anticipated to begin operation in the 2nd half of Year 0 with upfront plant and wellfield CAPEX expenditures of US\$8.4 million occurring in Year 0. Mine Unit 3 will require a Sustaining Capital investment of US\$16.3 million during Stage 1 operations between Year 0 and Year 2.
- Stage 2: Includes expansion of the current facility allowing production flow of up to 6,250 GPM from Ross and Kendrick combined, along with addition of elution systems for stripping uranium from the IX resins and addition of yellowcake precipitation and drying capacity. Stage 2 changes will result in a production rate of approximately 2.0Mlb U₃O₈ per year at an average head grade of 76 ppm. Stage2 changes will also allow for production of dried yellowcake at the Ross plant site, negating the need for toll milling agreements. Stage 2 expansion CAPEX is estimated to be US\$ 69.9 million. Stage 2 operations are anticipated to begin in Year 2. Steady state production following the commissioning and ramp up of Stage 2 will occur in Year 4.

Strata's existing permits and licenses allow for processing of up to 3.0Mlb of dry yellowcake (U_aO_a) per year.

The DFS has applied two sources of revenue. The first revenue stream assumes various sales prices per pound of U_3O_8 over the LoM, based on existing long-term contracts that the Company currently has in place. In 2022-dollar terms, the contracts have average sale prices of US\$52.57/lb. U_3O_8 (\$2022).

The second stream assumes that production which is not committed to existing contracts is sold at a weighted average price of US65.49/lb. U₃O₈ (2022), with the first delivery commencing in Year 1. The pricing structure used for currently uncontracted sales was prepared for Peninsula by TradeTech and considers multiple Forward Availability Models and producer price variations.

Based on these assumptions, the weighted average sales price used in the Study is US\$62.38/lb. U₃O_a (\$2022).

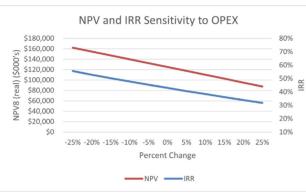
Sensitivity Analysis

Sensitivity analysis was prepared to better appreciate the impact of OPEX, CAPEX and Uranium Price on the DFS NPV and IRR.

The results indicate that the project is least sensitive to OPEX, and that a 5% reduction in OPEX costs would yield an increase of US³7.4 million in **NPV**_a. See Figure 3 for a summary of the sensitivity to OPEX.

Capital will be employed into the Project in three discrete stages. Pre-production, a capital investment estimated at US\$5.7 million is required to prepare the existing facilities for low-pH ISR operations. A Stage-1 capital investment of US\$2.7 million will bring the project to a production rate of 0.82Mlb/annum. A capital investment of US\$70 million would bring the facilities to a Stage-2 production rate of 2.0Mlb/annum. Including the sustaining capital required to maintain a steady state production rate through the life-of-project, the total capital deployed is projected to be US\$291 million or \$20.25/lb. of produced U₃O₈.

The results indicate that the project is more sensitive to CAPEX, and that a 5% reduction in CAPEX costs would yield an increase of US10.1 million in **NPV**_a. See Figure 4 for a summary of the sensitivity to CAPEX.



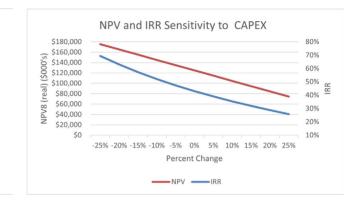


Figure 3: NPV and IRR Sensitivity to OPEX

The DFS used an average sales price for produced product sold outside of existing contracts of US\$65.49/lb. U_3O_8 (2022 real \$ basis). Like most mineral commodity projects, Lance is most sensitive to the variability in commodity prices. A range of sensitivities have been run on the sales price for uncontracted production (see Figure 5). A US\$10 increase in the realised uranium price of non-committed production increases the **NPV**₈ by US\$59 million, to US\$184 million.

Figure 4: NPV and IRR Sensitivity to CAPEX

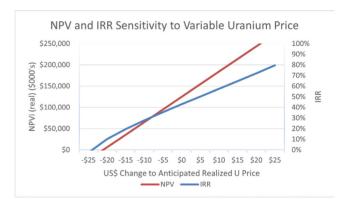


Figure 5: NPV and IRR Sensitivity to Uranium Price (contracted sales not variable)

Mu1a Field Demonstration - Conclusion Of Operations

A field demonstration at Mining Unit 1A of the low pH ISR process commenced in August 2020 and was originally expected to run for 18-24 months from that date to confirm the optimal operating conditions for resumption of production activities. See Figure 6.

Peninsula identified several primary objectives including:

- 1. Evaluating larger well spacing for production patterns and the impact on:
 - a. Wellfield acidification rates
 - b. Total acid consumption, and
 - c. Uranium recovery efficiency
- 2. Testing of alternatives for enhancing the recovery solution oxidation potential, and
- 3. Evaluating alternative solids management methods

In September 2021 actions were taken across key focus areas to enhance and accelerate the field demonstration, which included preparation of a small-scale production pattern. Subsequently, the small-scale pattern was activated and successfully operated. The operation of a reduced scale pattern allowed the Company to rapidly advance an area to approach full depletion.

The field demonstration was concluded at the end of November 2021, seven months ahead of updated guidance, due to the success of the close spaced pattern, the quality of data and meaningful observations.

During the field demonstration the Company achieved targeted solution chemistry, principally pH level and Oxidation-Reduction Potential ("ORP"), along with corresponding elevated uranium production grades for the field demonstration area. Importantly, operations continued to run well, complimenting previous results and culminating in the Company successfully achieving the primary objectives of the field demonstration.

ISR Pattern Evaluation

Peninsula effectively used the field demonstration to evaluate multiple ISR pattern configurations and identify optimal design parameters for the Lance Project.

The initial design of the field demonstration area featured a ring of injection wells surrounding three production wells and atypical distances between the injectors and producers. The injector to producer well spacing for the initial patterns was selected to match the 2018 Feasibility Study assumption of approximately 125 feet, which is 67% larger than the well spacing of the historical alkaline ISR patterns utilised in the first two mine units at Lance. This design proved to be inefficient for demonstration/testing purposes. The time required to achieve an effective water flood from the injection wells to the production wells was undesirably long. Further, the amount of protore and/or non-mineralised host rock material included in the pattern area led to higher than anticipated acid requirements and slower overall rates of acidification. While larger pattern sizes help drive lower capital costs, the complex and sinuous nature of the mineral deposition at the Project leads to the inclusion of a higher ratio of non-mineralised rock in each larger scale pattern.

As a remedial measure in the previous financial year, Peninsula installed two interior injection wells (MU1-OZ345 and MU1-OZ347) located between the three original production wells. See Figure 7 below for location details. The shorter direct flow paths between the added injection wells and the recovery wells favourably impacted the wellfield performance, but the rate of progression (total pore volumes recovered per month) for the field demonstration was not affected since the pattern volume and overall flow rates were unchanged.



Figure 6: MU1A Field Demonstration Area

During the current fiscal year the Company prepared and commissioned a small-scale test pattern within the larger MU1A area. The new pattern featured three new wells (MU1-OZ348, OZ349 and OZ350), with much closer spacing. The new small-scale pattern provided a means to sweep a discrete area's volume quickly and efficiently. The pattern was commissioned in September 2021 and resulted in production grade specific to this small area peaking above 150 ppm U_3O_8 .

The pattern grade responded promptly as the pattern area had the benefit of being within the already established MU1A area, which had been treated with low-pH solutions in conjunction with the large pattern operations. As noted, the scale of the pattern allowed for short timeframes in displacing the contained solution volumes. Since activation, twenty-five pore volumes were processed with an average produced grade of 67 ppm. The rapid recovery and depletion of uranium contained in this discrete area generated valuable data for the development of a complete recovery curve and to inform process design elements necessary to update the Project technical assumptions.

The produced solutions were processed through a pilot scale ion exchange system to capture and recover the uranium. Fully loaded ion exchange resins were subsequently treated to remove the contained uranium and yellowcake concentrates were produced. The concentrates will be utilised to demonstrate the efficacy of the downstream plant processes in producing a high-quality yellowcake product.

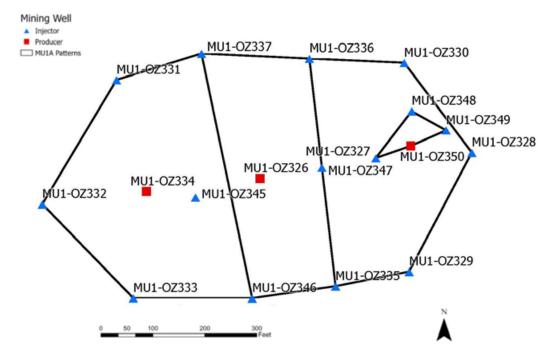


Figure 7: Modified Patterns within MU1A

Oxidant Addition

Through laboratory testing in prior financial years, Peninsula identified the potential to improve the ISR uranium recovery profile through addition of an oxidisation agent. Gaseous oxygen and liquid hydrogen peroxide were identified as leading candidates for economic oxidant addition on a commercial scale.

The MU1A field demonstration was initiated with gaseous oxygen being added to the injection stream. Oxygen gas is commonly used in alkaline uranium ISR operations, and an oxygen addition system was already in place given the history of Lance as an alkaline ISR production project.

Over the course of the field demonstration, gaseous oxygen was determined to be limited in its capacity to achieve the ORP target. Consequently, a hydrogen peroxide addition system was designed, installed, evaluated, and subsequently delivered the target ORP levels associated with low-pH ISR.

The licence amendment application for an expanded list of oxidants, including hydrogen peroxide, progressed through the Wyoming Department of Environmental Quality ("WDEQ") process and a licence revision was approved.

Solids Management

The Company observed liberation of fine solids during the field acidification phase of the successful 2019 Low-pH Field Leach Trial. Prior to commencing the field demonstration, Peninsula developed a preferred method to manage the impact of the fine solids on the uranium ISR recovery systems. One of the primary objectives of the field demonstration was to determine the efficacy of the use of ponds as the preferred solids management system.

The solids management system as implemented during the field demonstration proved to be cost-effective in removing fine solids materials from the wellfield recovery stream.

A licence amendment requesting authorisation for the use of ponds for the purpose of fine solids management has progressed through the Wyoming Department of Environmental Quality ("WDEQ") process and a licence revision has been published for public comment with final approval anticipated prior to the end of the calendar year.

Field Demonstration Secondary Objectives

The MU1A area has been preserved in its current state to maintain the capacity to produce solutions representative of actual low-pH ISR production streams for further evaluations of advanced uranium recovery technologies.

The innovation of the recovery plant process for low-pH uranium ISR has been maintained as a secondary objective of the MU1A demonstration effort. Peninsula has used the opportunity presented by conducting a field demonstration to evaluate advanced uranium recovery plant circuit alternatives. Each of the advanced uranium recovery alternatives under evaluation may hold the potential to improve the cost and efficiencies of the industry standard technologies for uranium recovery and concentration.

The Company, with the involvement of a third-party consultant, completed desktop evaluations and bench scale testing of a proprietary advanced membrane separation application. The Company continues its evaluation of the test results with an objective to advance the technology through pilot testing.

During the half year the Company has also completed desktop evaluations and is advancing plans to complete laboratory scale testing of a proprietary technology that has the potential to serve as a replacement for conventional ion exchange resin processes. If additional laboratory testing efforts confirm the potential of this technology, it may also be advanced to pilot phase testing.

Preparatory Works

In February 2022, the Board approved a supplementary budget of US\$3.4 million through June 2022 to be applied to early preparatory works in relation to a potential Lance Projects commercial production restart.

Under the early preparatory works programme the following key workstreams are being undertaken:

- 1. Development Drilling at Mining Unit 3
- 2. Preparation of Mining Units 1 and 2 for low pH operations
- Re-establishment of flow capacity and fluid circulation within Mining Units 1 and 2

The Company experienced delays related to both supplies and contract labour which has impacted completion of the programmes during the year. The development drilling at Mining Unit 3 and preparation of Mine Units 1 and 2 for low pH operations have been approved to continue as a part of the September 2022 quarter expenditures. The preparatory works programme will continue uninterrupted and can be funded entirely out of the Company's existing cash reserves. Both Mine Units 1 and 2 have been operated at flow rates up to 1,000 GPM late in the year and the fluid circulation programme was concluded in early- August 2022.

The approved September 2022 quarter expenditures include ordering of long lead time materials and supplies which will be needed for resumption of production at Lance.

Regulatory

The Lance Project is authorised to use the industry leading low pH in-situ recovery method.

The Company continues to progress permitting enhancements and modifications to incorporate operating improvements derived from the field demonstration in advance of the restart of operations.

A permit/license amendment was obtained during the year from the regulatory authorities in Wyoming with approval for the use of a suite of oxidants in conjunction with the low pH injection stream.

During the year a second amendment was submitted to the regulatory authorities in Wyoming relating to the use of ponds to manage solids produced in the low pH in-situ recovery process. This has been successfully trialled in the MU1A field demonstration and the Company has completed ground water studies and associated information for this submission. This regulatory action is expected to be completed in CY2022.

Key Staff Additions

Mr. Brian Pile joined the Lance Project team as Strata Energy Inc's ("Strata") Vice President – Project Development, in mid-November 2021.

Brian brings 22 years of project experience ranging from development of feasibility studies, engineering, and construction through operational start-up, related to in-situ recovery of uranium in Wyoming, Nebraska, and Kazakhstan. Mr. Pile's primary responsibility during the year has been the evaluation of the learnings from the MU1A field demonstration and the preparation of updated capital and operating costs for the Project.

Mr. Ken Milmine joined the Lance Project team as Strata's Director of Health, Safety and Environment in August 2021. Ken brings 25 years of experience working in the health and safety, regulatory and environmental management roles for mining companies, including extensive in-situ uranium experience in Wyoming. During the year Mr. Milmine has actively worked to complete the development and implementation of a Quality Management System and an Environmental Management System with the intention of the Company becoming ISO 9001 and ISO 14001 certified.

COVID-19

The COVID-19 pandemic continues to be widespread in the United States including Wyoming where the Lance Project resides. Despite this fact Strata has managed to run the MU1A field demonstration without an overall impact, with strict guidelines being followed to ensure the safety and wellbeing of all employees and contractors.

Transfer of Existing Lance Projects Royalty

Uranium Royalty Corp. ("URC") (NASDAQ: UROY, TSX-V: URC) acquired an existing 1% gross revenue royalty interest which covers the entirety of the defined Lance Projects area from a third-party holder on 1 April 2022 for US\$1.25 million in cash.

The royalty purchase builds on another existing royalty held by URC which only covered a limited area of Lance. The royalty interests held by URC were pledged by Peninsula when the Lance Projects were first being developed, therefore there is no new royalty obligation being created by the transfer between outside parties.

Peninsula sees URC's royalty acquisition as a strong endorsement of both the emerging Lance Project and broader positive uranium and nuclear market thematic.

URC is the world's only uranium-focused royalty and streaming company and has deep industry knowledge and expertise to identify and evaluate investment opportunities in the uranium industry.

URC's management team and Board include individuals with decades of combined experience in the uranium and nuclear energy sectors.

United States Government Support

The transition to the Biden Administration in 2021 and consequential changes to the leadership at the US Department of Energy ("DOE") slowed the implementation of the US\$75 million Uranium Reserve established by Congress in 2020.

In August 2021, the DOE published a request for information for the Uranium Reserve and the Company submitted its response and appreciated the opportunity to participate in this valuable initiative.

Before our fiscal year end, the DOE released a request for proposal for the purchase of uranium to satisfy the US\$75 million Uranium Reserve budget allocation. After the end of the year, Peninsula through its wholly owned subsidiary Strata Energy Inc, submitted a bid under the proposal and as of September 2022 is still waiting for a response from the DOE as to whether its bid was successful. Responses are anticipated at the end of September 2022.

The Lance Project provides the Company with US producerspecific opportunities, which is an important and critical advantage, as the US Government continues to focus on driving support to revitalise the domestic nuclear energy industry.

After year end the US Government passed into law the Inflation Reduction Act of 2022 which contains a US\$3.4 billion plan providing substantial climate and energy-related incentives, including wide-ranging tax credits available to the nuclear energy sector, with the overall aim to reduce reliance on enriched uranium imports from Russia and promote direct purchases from domestic suppliers.

Looking Ahead

Peninsula has a well-defined pathway to restarted production at the Lance Project.

A Final Investment Decision (FID) to restart commercial operations will take into consideration the following:

- Further offtake agreement opportunities to supplement the existing portfolio of uranium concentrate sales and purchase agreements
- Securing additional restart funding, which could in part be funded from sale of strategic uranium inventories

Given the Project's existing operational field areas, that were in production as recently as 2019, Peninsula can rapidly restart commercial operations within 6 months, with development of new areas occurring concurrently and taking approximately 12 months.

Uranium Sales And Marketing

Peninsula sold 450,000 pounds of U_3O_8 pursuant to long-term contracts during the 2022 financial year versus 275,000 pounds of U_3O_8 in the 2021 financial year.

The sales completed by the Group consisted of 200,000 pounds of U_3O_8 in September 2021 at an average realised cash price of US\$50.35, 50,000 pounds of U_3O_8 in October 2021 at an average realised cash price of US\$45.06, and 200,000 pounds of U_3O_8 in March 2022 at an average realised cash price of US\$51.98 per pound U_3O_8 . These uranium delivery commitments were ultimately met with uranium concentrate purchased on-market as uranium inventory balances remain unchanged from June 2021 and the Lance Project commercial operations were idled in July 2019.

Sales proceeds from these three deliveries totalled US\$22.7 million, resulting in an average realised cash price of US\$50.49 per pound U_3O_8 . Revenue from the sale of uranium recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income was only US\$18.3 million. The difference of US\$4.4 million between the cash proceeds amount and the recognised accounting revenue has been allocated to derivative fair value movement to recognise the partial unwinding of derivative financial assets recognised in accordance with International Accounting Standards.

At 30 June 2022, the Company's portfolio of uranium concentrate sale agreements is for up to 4.8 million pounds U_3O_8 , with 3.45 million pounds of firmly committed sales (refer Table 4) and up to 1.35 million pounds of sales optional at the election of the customers (refer Table 5). During the year minor changes were made to this portfolio.

At 30 June 2022, pricing for the 3.45 million pounds of U_3O_8 firmly committed sales relates in the main to base escalated sales contracts, with the average cash sales price over the remaining term of the contracts estimated at between US\$58 to US\$61 per pound using conservative US inflation assumptions.

Of the 3.45 million pounds of firmly committed sales, 0.45 million pounds can be satisfied with market sourced material (**"open origin"**) and have been fully hedged with a portfolio of fixed price uranium concentrate purchase commitments (refer Table 4). The balance of 3.0 million pounds of firmly committed sales from the second half of CY2023 are to be supplied from Company produced uranium.

Purchased uranium will be received in allotments during the coming quarters, and as noted above aligns closely with the timing of deliveries to customers. The agreed purchase pricing is fixed and payment terms for the purchased uranium are also aligned closely with the receipt of proceeds from the sales.

Lance is the only US uranium project authorised to use the industry leading, low-cost, low pH ISR process.

Table 4: Committed Sale and Purchase Agreements

| 30 June 20 | 30 June 2022 - Summary of Committed Sale and Purchase Agreements | | | | | |
|---------------|--|--|--|--|--|--|
| Calendar Year | Committed Sale Pounds $U_{_3}O_{_8}$ | Committed Purchase Pounds $U_{3}O_{8}$ | | | | |
| 2022 | 250,000 | 250,000 | | | | |
| 2023 | 400,000 | 200,000 | | | | |
| 2024 | 400,000 | - | | | | |
| 2025 | 400,000 | - | | | | |
| 2026 | 400,000 | - | | | | |
| 2027 | 400,000 | - | | | | |
| 2028 | 400,000 | - | | | | |
| 2029 | 400,000 | - | | | | |
| 2030 | 400,000 | - | | | | |
| Total | 3,450,000 | 450,000 | | | | |

The combined portfolio of committed uranium concentrates sale and purchase agreements underpin a forecast net cash margin of US\$4 million to US\$5 million on secured uranium sales in H2 CY2022 and US\$1 million to US\$2 million on secured uranium sales in H1 CY2023. The Company's available cash of US\$7.6 million at 30 June 2022 does not include the benefit of these future net cash margins which are based on the difference between the fixed purchase price and the likely sales price based on the customer agreements.

Table 5: Customer Option Agreements

| 30 June 2022 - Summary of Customer Option Agreements(1): | | | | |
|--|--|--|--|--|
| Calendar Year | Maximum Pounds U ₃ O ₈ | | | |
| 2024 | 450,000 | | | |
| 2025 | 450,000 | | | |
| 2026 | 450,000 | | | |
| Total | 1.350.000 | | | |

¹⁾ The option agreement pounds of U_sO_g relate to the maximum pounds optional at the election of customers under contracts. All option pound options have an exercise date in Q1 CY2023.

At 30 June 2022, pricing for the 1.35 million pounds of U_3O_8 customer option agreements are subject to a mixture of base escalated prices and current uranium pricing metrics, including both a floor and a ceiling price, with an estimated cash sales price range of between US\$47 to \$58 per pound.

Of the customer option agreement U_3O_8 sales, a maximum of 0.90 million pounds can be satisfied with open origin material, with the balance to be supplied from Company produced uranium. The Company may satisfy the entire customer option contractual requirements with produced uranium if it wishes, should the customers elect to exercise these options.

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

South Africa - Karoo Uranium Exploration Projects

(Peninsula Energy 74%, BEE Group 26%)

Withdrawal from Karoo Projects

The Company has withdrawn fully from any further development activities for the Karoo Projects in which it has a 74% interest and has suspended all financial support for development activities including progression of mining and prospecting right applications. Peninsula has been working together with its joint venture partners and the South African regulators since 2018 to ensure an orderly exit from the project.

During the year the Company completed the surface rehabilitation work programmes required for the exit from the Karoo Project and commenced the processes to apply for formal closure from the South African regulators which are expected to take some time to finalise. Prior to year end the National Nuclear Regulator and Department of Mineral Resources undertook separate sites visits to both Riet Kuil and Ryst Kuil. Some discrete areas at Riet Kuil were identified where uranium contamination levels exceeded the National Nuclear Regulator's public release limits and remedial work has been completed subsequent to year end.

The Company continues to progress the sale of the remaining freehold farmland in the Karoo Basin, with proceeds still expected to be sufficient to cover any remaining exit costs.

Because of the decisions to withdraw from development activities and sell the freehold farmland, the Karoo Projects have been separately disclosed in the Consolidated Statement of Financial Position as assets held for sale and associated liabilities. Any expenses and profit or loss on sale of the freehold farmland have been recognised as a profit or loss from discontinuing operations in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Mineral Resource Governance

Peninsula Energy Limited ensures that the Mineral Resource estimates for its Lance Projects are subject to appropriate levels of governance and internal controls. The Mineral Resource estimation procedures are well established and are subject to annual review internally and externally, undertaken by suitably competent and qualified professionals. This review process has not identified any material issues or risks associated with the existing Mineral Resource estimates. The Company periodically reviews the governance framework in line with the development of the business.

Peninsula reports its Mineral Resources in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 edition'. Competent Persons named by the Company are Members or Fellows of the Australian Institute of Mining and Metallurgy and/or Members of Recognised Overseas Professional Organisations included in the list promulgated by ASX and qualify as Competent Persons as defined in the JORC Code.

The Company has updated its Mineral Resources as at 31 December 2021, with the JORC compliant resource largely unchanged from 31 December 2020 as the alkaline based commercial in-situ recovery operations were suspended in July 2019.

The tables below set out the Company's Mineral Resources as at 31 December 2021 and 31 December 2020.

Mineral Resource Statement

Table 1: Lance Projects Classified Resource Summary (U₃O₈) as at 31 December 2021

| Resource Classification | Tonnes Ore (M) | U ₃ O ₈ kg (M) | U ₃ O ₈ lbs (M) | Grade (ppm U ₃ O ₈) | Location |
|-------------------------|-------------------|---|--|---|--------------|
| Measured | 3.4 | 1.7 | 3.7 | 491 | Wyoming, USA |
| Indicated | 11.1 | 5.5 | 12.1 | 496 | Wyoming, USA |
| Inferred | 36.2 | 17.2 | 37.8 | 474 | Wyoming, USA |
| Total | 50.7 | 24.3 | 53.7 | 480 | |

Table 2: Lance Projects Classified Resource Summary (U3O8) as at 31 December 2020

| Resource Classification | Tonnes Ore (M) | U ₃ O ₈ kg (M) | U ₃ O ₈ lbs (M) | Grade (ppm U ₃ O ₈) | Location |
|-------------------------|-------------------|---|--|---|--------------|
| Measured | 3.4 | 1.7 | 3.7 | 489 | Wyoming, USA |
| Indicated | 11.1 | 5.5 | 12.1 | 496 | Wyoming, USA |
| Inferred | 36.2 | 17.2 | 37.8 | 474 | Wyoming, USA |
| Total | 50.7 | 24.4 | 53.6 | 480 | |

Totals may not add due to rounding.

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves at the Lance Projects is based on information compiled by Mr Benjamin Schiffer. Mr Schiffer is a Registered Professional Member of the Society of Mining, Metallurgy and Exploration (Member ID #04170811). Mr Schiffer is a professional geologist employed by independent consultant WWC Engineering. Mr Schiffer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Corporate

Uranium Inventory

At 30 June 2022 Peninsula has 309,507 pounds of uranium concentrate held in converter accounts, which is unchanged from 30 June 2021 as the Lance Project commercial operations were idled in July 2019. The total market value of this converter account inventory at 30 June 2022 is US\$15.6 million (US\$50.50 per pound U_3O_8). This inventory provides financial flexibility to continue the progress towards re-start and ramp-up of Lance Projects production, should a final investment decision be approved.

US Paycheck Protection Program Loan

In FY2021 the Company's wholly owned US subsidiary Strata Energy Inc (Strata) received US\$0.56 million under the second round of the US COVID-19 Paycheck Protection Program. This is a US government sponsored programme and consists of a forgivable loan to Strata specifically designed to help businesses keep their workers on the payroll during the COVID-19 pandemic.

During the financial year Strata applied for 100% forgiveness of this loan and accrued interest and this was approved resulting in the Company having no outstanding loan under the second round of the US Paycheck Protection Program.

Change in Non-Executive Directors

On 13 October 2021, Mr David Coyne resigned from his role as Non-Executive Director to focus on other business interests.

On 5 February 2022 and 14 May 2022, the Company appointed Ms Rachel Rees and Mr Brian Booth respectively to the role of Non-Executive Director as part of an expanded and restructured Board.

In June 2021, the Company successfully completed an A\$13.4 million Placement at 15 cents.

Security over Specific Lance Projects Assets

The rehabilitation obligations for the Lance Projects are required under US federal and state laws to be fully secured with surety bonds.

In prior years the Company has supported the Lance Projects surety bonds with cash deposits that represent a percentage of the face value of the obligation. The surety bond provider has a first ranking charge over the cash deposit amounts.

During the year the Company granted security to the surety bond provider over some specific Lance Projects assets in lieu of providing additional cash deposits as part of the transition to low-pH ISR operations. Previous security over the Lance Projects assets was fully relinquished in 2020 when the Company became term debt free.

The Company believes that these bonds will expire without any claims or payments thereon, and accordingly we do not expect any material adverse effect on our financial condition, results of operations or cash flows therefrom.

Financial Position

The consolidated group's cash position excluding security deposits and performance bonds as at 30 June 2022 was US\$7.6 million and a total of 309,507 pounds of uranium concentrate inventory was held in group converter accounts at 30 June 2022 valued at US\$15.6 million based on an average uranium price of US\$50.50 per pound.

The net assets of the consolidated group have decreased by US\$4.2 million from 30 June 2021 to US\$73.4 million at 30 June 2022. This was largely due to the loss for the year as the Lance Projects low pH transition costs are expensed.

The Company had 997,296,191 shares on issue as at 30 June 2022, 4,925,000 unlisted options, at various exercise prices ranging from A\$0.4572 to A\$0.5072 and 4,100,000 proposed unlisted options for the Non-Executive Directors subject to shareholder approval, exercisable at A\$0.30, vesting over three years with expiry after five years.

Significant Changes in State of Affairs

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

- In November 2021, the MU1A field demonstration operations at the Lance Projects were concluded
- In February 2022, early preparatory works commenced at the Lance Projects to facilitate an accelerated re-start of production operations, should a final investment decision be approved

Dividends Paid or Recommended

The Directors of the parent entity do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2022.

Events Since the End of the Financial Year

On 1 August 2022 the Company announced the change of register office, back to its old offices in Subiaco, WA.

On 15 August 2022 the Company announced the Definitive Feasibility Study for the Ross and Kendrick Projects at Lance.

On 2 September 2022 the Company issued 1,376,430 shares to employees (non-related parties) under the short-term incentive plan.

The group continues to progress and execute its planned activities wherever possible subject to governmental, legal, health, safety and other necessary or imposed restrictions and concerns related to COVID-19 pandemic. COVID-19 has not materially impacted the transition to low pH operations at the Lance Projects, but it does remain an uncertainty moving forward. COVID-19 uncertainty may inhibit the divestment of the Karoo Projects in South Africa.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Likely Developments and Expected Results of Operations

Likely future developments in the operations of the consolidated group are referred to in the Annual Report. Other than as referred to in this report, further information as to likely developments in the operations of the consolidated group and expected results of those operations, to the date of this report, are considered insufficiently developed or so variable in nature as to quantification they remain unable to be accurately reported.

Environmental Regulations

The consolidated group's operations are subject to significant environmental regulation and penalties under relevant jurisdictions in relation to its conduct of exploration, development, and mining of uranium deposits. The Directors are of the opinion that sufficient procedures and reporting processes have been established to enable the consolidated group to meet its responsibilities and that the consolidated group's other business segment operations are not subject to any significant environmental regulations under Australian Law and International Legislation where applicable.

Information on Directors

The names and details of the Directors of Peninsula in office as at the date of this report are:

Mr John Harrison

Non-Executive Chairman (Appointed 1 September 2014)

Mr Harrison brings to Peninsula a wealth of broking and corporate finance experience acquired over a 45-year career, including 20 years of investment banking in London. During this time, Mr Harrison developed an extensive international contact base advising companies across a range of commodities (including uranium), as well as related engineering and service businesses, in both an M&A and Equity Capital markets context. He acted for numerous companies quoted on the Main List and the Alternative Investment Market of the London Stock Exchange, as well as the Australian, Johannesburg and Toronto Exchanges. During his investment banking career, Mr Harrison was the Managing Director at Numis Securities in London in charge of the Corporate Finance resources sector and subsequently UK Chairman of specialist Anglo-Australian resources advisory and broking business RFC Ambrian. He was founding Chairman of UK coking coal development company West Cumbria Mining Ltd and is currently a Non-Executive Director of that company. Mr Harrison has the following interest in shares and options in the Company as at the date of this report - 58,800 ordinary shares, 240,000 unlisted options exercisable at A\$0.4572 (A\$0.50: 2019) on or before 30 November 2022 and 1,100,000 proposed unlisted options subject to shareholder approval, exercisable at A\$0.30, vesting over three years with expiry after five years.

Mr Wayne Heili

Managing Director / Chief Executive Officer (Appointed 3 April 2017)

Mr Heili has spent the bulk of his 30+-years professional career in the uranium mining industry. Prior to joining Peninsula, he most recently served as President and Chief Executive Officer of Ur-Energy, Inc. where he successfully oversaw the design, construction, commissioning and ramp-up of the Lost Creek in-situ uranium project in Wyoming USA. Prior to joining Ur-Energy, Inc., Mr Heili served as Operations Manager of the Christensen/Irigaray in-situ uranium mines in Wyoming and has experience in ISR and conventional uranium mines in Texas. He holds a Bachelor of Science in Metallurgical Engineering from Michigan Technological University and is a past President of the Uranium Producers of America. Mr Heili has the following interest in shares and options in the Company as at the date of this report - 5,942,459 ordinary shares, 1,346,577 Restricted Share Units and 900,000 unlisted options exercisable at A\$0.4572 on or before 30 November 2022.

Mr Harrison Barker

Non-Executive Director (Appointed 3 August 2015)

Mr Barker retired 1 June 2015 from the Generation segment of Dominion Resources with over 40 years of fossil and nuclear fuel commercial and technical responsibilities. Since 1992, Mr Barker had been the manager responsible for Dominion's procurement of nuclear fuel and the related processing steps of conversion from U3O8 to UF6, enrichment of UF6, and fabrication of nuclear fuel assemblies. He is a former Chair of the Nuclear Energy Institute's Utility Fuel Committee, and a past member of the World Nuclear Fuel Market Board of Directors (Chairman for two years). He served on an Advisory Board to American Uranium Corporation while they attempted to develop the Wyoming Reno Creek uranium deposit. From 1975 to 1984 he worked as an engineer and supervisor in the areas of nuclear fuel quality assurance, nuclear core design, nuclear fabrication contract administration, nuclear fuel procurement, spent fuel transportation and disposal planning during a period when Dominion was building its regulated nuclear operating fleet in Virginia. Mr Barker holds a Bachelor of Science degree in Electrical Engineering and a Master's in Nuclear Engineering Science both from the University of Florida. Mr Barker has the following interest in shares and options in the Company as at the date of this report - nil interest in ordinary shares, 180,000 unlisted options exercisable at A\$0.4572 (A\$0.50: 2019) on or before 30 November 2022 and 750,000 proposed unlisted options subject to shareholder approval, exercisable at A\$0.30, vesting over three years with expiry after five years.

Mr Mark Wheatley

Non-Executive Director (Appointed 26 April 2016)

Mr Wheatley is a chemical engineer with corporate finance experience and a career spanning more than 30 years in mining and related industries. He has worked in the uranium industry since 2003 and been involved in ISL project exploration, feasibility studies, start up, production, rehabilitation, and closure. His uranium experience includes the roles of Chairman and CEO of Southern Cross Resources Inc., the operator of the Honeymoon ISR uranium project, Non-Executive Director of Uranium One Inc. and Uranium Resources Inc. Mr Wheatley is currently a Non-Executive Director of Ora Banda Mining Limited and Non-Executive Chairman of Prospect Resources Limited. His other board roles have included Non-Executive Chairman of Xanadu Mines Ltd, Gold One International Ltd, Goliath Gold Mining Ltd, Norton Gold Fields Ltd and non-executive directorships of St Barbara Ltd and Riversdale Resources Limited. Mr Wheatley has the following interest in shares and options in the Company as at the date of this report -391,860 ordinary shares, 180,000 unlisted options exercisable at A\$0.4572 on or before 30 November 2022 and 750,000 proposed unlisted options subject to shareholder approval, exercisable at A\$0.30, vesting over three years with expiry after five years.

Ms Rachel Rees

Non-Executive Director (appointed 5 February 2022)

Ms Rees is an experienced Non-Executive Director, Risk, Audit & Finance Committee Chair and international presenter with over 25 years' experience in senior executive roles in multinational listed and unlisted companies across diverse industries including uranium, transport and logistics, industrial conglomerates, agriculture and member-based associations. Ms Rees is Non-Executive Director and Chair Audit Committee for MACA Ltd, a Non-Executive Director and Chair Risk, Audit and Finance Committee for Governance Institute Australia. Ms Rees has had previous executive experience across key roles including the uranium industry as Vice President for TSXlisted Uranium One and Executive Director and Chief Financial Officer of its Australian subsidiary between 2004-11, and outside uranium as Group Chief Financial Officer and Company Secretary at both Lionel Samson Sadleir Group and Empire Oil & Gas and Chief Financial Officer at Rex Minerals Ltd. Ms Rees has the following interest in shares and options in the Company as at the date of this report - nil interest in ordinary shares and 750,000 proposed unlisted options subject to shareholder approval, exercisable at A\$0.30, vesting over three years with expiry after five years.

Mr Brian Booth

Non-Executive Director (appointed 14 May 2022)

Mr Booth is an experienced mining executive, who brings over 35 years of experience across the mineral exploration and mining sectors with major and junior mining companies. During his career, Mr Booth has held various CEO roles where he was responsible for developing and executing high-level growth strategies across the mining lifecycle, implementing and progressing key ESG objectives and securing ongoing funding requirements through the capital markets. Most recently, Mr Booth was President, CEO and director of Element 29 Resources Inc., a public Company on the TSX.V (ECU) focused on advancing the exploration and development of the Elida and Flor De Cobre Cu porphyry projects in Peru. Prior to this role, Mr Booth was Chair of Canadian gold producer Claude Resources acquired by Silver Standard Resources (Now SSR Mining Inc.) for C\$337 million in 2016 and President, CEO and a Director of Lake Shore Gold Corp. when the company progressed from resource drilling to the underground development of the Timmins West gold deposit and purchased the Bell Creek Mine and Mill. Lake Shore Gold Corp. was acquired by Tahoe Resources in 2016 for C\$751m. Mr Booth is currently a director of SSR Mining Inc and GFG Resources Inc. Mr Booth has the following interest in shares and options in the Company as at the date of this report – nil interest in ordinary shares and 750,000 proposed unlisted options subject to shareholder approval, exercisable at A\$0.30, vesting over three years with expiry after five years.

Mr David Coyne

Non-Executive Director (resigned 13 October 2021)

Mr Coyne has over 25 years' experience in the mining, and engineering and construction industries, both within Australia and internationally. Mr Coyne is currently the Chief Financial Officer and Company Secretary of ASX Listed gold mining and exploration company Gascoyne Resources Ltd and prior to 17 July 2020 served as Peninsula's Finance Director/Chief Financial Officer for seven years. He has held senior executive positions with Australia listed companies Macmahon Holdings Limited and VDM Group Limited, and with unlisted global manganese miner Consolidated Minerals. Mr Coyne has been directly involved in a number of equity and debt raising transactions and has been the project director on a company-wide systems implementation project. He has previously served on the Board of listed iron ore miner, BC Iron Limited, where he also held the role of Chairman of the Audit and Risk Management Committee.

Joint Company Secretary

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

Mr Jonathan Whyte

(Appointed 12 April 2006)

Mr Whyte is a Chartered Accountant and has extensive corporate, company secretarial financial accounting experience across a number of listed and unlisted resource sector companies. Mr Whyte is currently Company Secretary of ASX listed Charger Metals NL, Ironbark Zinc Limited and Infinity Lithium Corporation Limited and is Company Secretary of AIM listed Empyrean Energy Plc. Mr Whyte previously worked in the investment banking sector in London over a period of 6 years for Credit Suisse and Barclays Capital Plc. Mr Whyte has the following interest in shares and options in the Company as at the date of this report – nil ordinary shares and 250,000 unlisted options exercisable at A\$0.5072 on or before 30 November 2022.

Mr Ron Chamberlain

(Appointed as Chief Financial Officer and Joint Company Secretary on 13 July 2020)

Mr Chamberlain is a finance professional with more than 30 years' experience in resources, and in particular more than 10 years specialising in the uranium sector. He has previously held the roles of CFO for Paladin Energy, acting CFO and Non-Executive Director of Extract Resources and more recently CFO at Vimy Resources. He also has significant experience in the US, where he lived and worked in his role as Vice President US Operations with Iluka Resources, overseeing treasury, risk, and finance. Mr Chamberlain holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand. Mr Chamberlain has the following interest in shares and options in the Company as at the date of this report – 538,558 ordinary shares, 991,469 Restricted Share Units and nil unlisted options.

Meetings of Directors

During the financial year twelve meetings of Directors were held. Attendances by each Director who held office during the financial year were as follows:

| | Committee Meetings | | | | | | |
|-----------------|------------------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|--|
| | Directors Meetings | | Audit and Management | | Remuneration Committee | | |
| Directors | Number Eligible to Attend | Number Attended | Number Eligible to Attend | Number Attended | Number Eligible to Attend | Number Attended | |
| John Harrison | 12 | 12 | - | - | 4 | 4 | |
| Wayne Heili | 12 | 12 | - | - | - | - | |
| Harrison Barker | 12 | 12 | 2 | 2 | 4 | 4 | |
| Mark Wheatley | 12 | 12 | 2 | 2 | 4 | 4 | |
| David Coyne | 4 | 4 | 1 | 1 | - | - | |
| Rachel Rees | 5 | 5 | 1 | 1 | - | - | |
| Brian Booth | 2 | 2 | - | - | - | - | |

Options

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

| Grant Date | Date of Expiry | Exercise Price | Number Under Option |
|---------------------------------|----------------|----------------|---------------------|
| Various | 30/11/2022 | A\$0.4572 | 1,950,000 |
| 19/12/2017 | 30/11/2022 | A\$0.5072 | 2,975,000 |
| Subject to shareholder approval | 5 years | A\$0.3000 | 4,100,000 |

Option-holders do not have any rights to participate in any issue of shares or other interests in the Company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the consolidated group during or since reporting date.

For details of options issued to Directors and Executives as remuneration, refer to the Remuneration Report.

No amounts are unpaid on any of the shares. No person entitled to exercise the options had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

Indemnifying Directors and Officers

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

The Company has paid premiums to insure each Director and Officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was US\$106,477 to insure the Directors and Officers of the Company.

Proceedings on Behalf of the Company

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

Non-Audit Services

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

- All non-audit services are reviewed and approved by the Audit and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid to the current external auditors:

| Service | 2022 US\$000s | 2021 US\$000s |
|-------------------|------------------|------------------|
| Faxation Services | 32 | 67 |
| Total | 32 | 67 |

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 43 of the Annual Report.

ASIC Legislative Instrument 2018/191: Rounding of Amounts

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

Remuneration Report - Audited

This report outlines the remuneration structure which is in place for Executive Directors, Non-Executive Directors, and other Key Management Personnel.

Key Management Personnel include:

Non-Executive Directors

| John Harrison | rison Non-Executive Chairman | |
|-----------------|---|--|
| Harrison Barker | n Barker Non-Executive Director | |
| Mark Wheatley | Non-Executive Director | |
| Rachel Rees | Non-Executive Director (appointed 5 February 2022) | |
| Brian Booth | Non-Executive Director (appointed 14 May 2022) | |
| David Coyne | Non-Executive Director (resigned 13 October 2021) | |

Executive Directors

| Wayne Heili | Managing Director / | |
|-------------|-------------------------|--|
| | Chief Executive Officer | |

Other Key Management Personnel

| Ralph Knode | Chief Executive Officer, Strata Energy, Inc. | |
|-----------------|--|--|
| Ron Chamberlain | Chief Financial Officer / Joint Company Secretary | |

This Remuneration Report, which has been audited, outlines the Key Management Personnel remuneration arrangements for the consolidated group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The principles adopted have been approved by the current Board of the Company and have been set out in the remuneration summary.

Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework which has been set out in detail under the remuneration structure below aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- aligns shareholders and executive interests;
- performance based and aligned to strategic and business objectives; and
- transparency.

Key Management Personnel

Fees and payments to Key Management Personnel reflect the demands which are made on, and the responsibilities of, the Key Management Personnel. Fees and payments are reviewed annually by the Remuneration Committee. The Remuneration Committee also ensures that Key Management Personnel fees and payments are appropriate and in line with the market. There are no retirement allowances or other benefits paid to Key Management Personnel other than superannuation guarantee amounts (or overseas equivalent retirement benefit plans) as described in this remuneration report.

The executive remuneration and reward framework has three components:

- base pay and short-term incentives;
- share-based payments; and
- other remuneration such as superannuation / retirement benefits and long service leave.

The combination of these comprises the Key Management Personnel total remuneration. Fixed remuneration, consisting of base salary and superannuation / retirement benefits are reviewed annually by the Remuneration Committee, based on individual and area of responsibility performance, the overall performance of the Company and comparable market remuneration structures / amounts.

The structure is intended to align executive reward with the achievement of strategic objectives and the creation of value for shareholders.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Non-Executive Directors. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration Committee. For the period from 1 January 2022, inclusive of the superannuation guarantee the annual remuneration for Non-Executive Board Members was as follows:

Non-Executive Chairman - A\$120,000 per annum; and

Non-Executive Director - A\$80,000 per annum.

The Board resolved on 27 January 2022, subject to shareholder approval, to grant the Non-Executive Directors options on the following basis:

| | Non-Executive Chairman | Non-Executive Director |
|-------------------|--|--|
| Indicative value | A\$120,000 | A\$80,000 |
| Number of Options | 1,100,000 | 750,000 |
| Strike Price | A\$0.30 | A\$0.30 |
| Vesting | Over 3 Years in equal tranches based on Board appointment | Over 3 Years in equal tranches based on Board appointment |
| Expiry | 5 Years | 5 Years |

This proposed grant of options to the Non-Executive Directors is subject to shareholder approval, which is expected to be sought at the Company's AGM at a date to be advised in November 2022.

Both the revised Non-Executive Directors' fees and the grant of Non-Executive Director options resulted from completion of the annual benchmarking exercise by the Remuneration Committee.

Prior to 1 January 2022 the annual remuneration for the Non-Executive Chairman was A\$100,000 per annum and for the Non-Executive Directors was A\$65,000 per annum. From 1 July 2021, the Company changed all Non-Executive Director fees to be inclusive of superannuation.

From 1 April 2020, the Company reduced the fees payable to Non-Executive Directors noted above by 20% in light of the COVID 19 pandemic and the financial climate at the time. The temporary 20% reduction in fees ceased on 31 July 2020 and normal fees were reinstated from 1 August 2020.

From 1 July 2021, the Company reinstated the additional A\$10,000 per annum fee that was historically paid to Non-Executive Directors who served as Chair of a Board Committee in recognition of the additional demand on time required by the Non-Executive Director. This fee was not paid to the Chair of a Board Committee for the period 1 March 2020 to 30 June 2021 inclusive.

There are no retirement allowances or other benefits paid to Non-Executive Directors other than superannuation guarantee amounts as required. Only Australian resident Non-Executive Directors are eligible for superannuation guarantee amounts.

Assessing Performance

The Remuneration Committee is responsible for assessing performance against targets and determining the amount of short-term and long-term incentives to be paid. To assist in this assessment, the committee receives detailed reports on performance from management. While key performance indicators are established, and individual targets set for management, award and payment of short- and long-term incentives remain subject to the discretion of the Remuneration Committee and the Board of the Company.

In assessing performance, the Remuneration Committee considers the achievement against key performance indicators that have been set at the beginning of the year. The Remuneration Committee believes that setting and achieving key performance indicators predominantly aligned to transitioning the Lance Projects to low pH operations are the most appropriate form of incentivisation for the Company at this point in time.

Summary of Approach to Remuneration

The key parts of the Company's executive reward structure are:

- an overarching remuneration framework to formalise reward structures and to establish a framework to guide remuneration practices going forward;
- benchmarking Executive Director, Executive Officer and Non-Executive Director remuneration and consideration of typical market practice of global uranium peer companies to determine the competitiveness of then current remuneration arrangements and to identify areas for change;
- a short-term incentive (STI) plan to drive the collective efforts of the workforce in realising the short-term business strategy; and
- an equity-based long-term incentive (LTI) plan for executives to encourage long-term sustainable performance.

The objective of the Company's executive reward structure is to ensure reward for performance is competitive and appropriate for the results delivered. The structure is intended to align executive reward with the achievement of strategic objectives and the creation of value for shareholders and reflects current market practice for delivery of reward. The Board aims to ensure that executive reward practices are aligned with good reward governance practices to ensure that executive remuneration is:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the consolidated group's strategic and business objectives, and the creation of shareholder value;
- transparent; and
- aligns shareholder and executive interests.

This structure remained in place for the 2022 financial year and continues to remain in place for the 2023 financial year.

There were no remuneration consultants used during the year.

Fixed Remuneration (Base salary inclusive of statutory superannuation)

An annual review of the fixed remuneration for each employee of the Group is undertaken by the Remuneration Committee. The annual review for the 2022 financial year resulted in all employees of the Group receiving a cost of living salary adjustment from 1 July 2021, and some employees also receiving an additional merit salary increase.

Short-Term Incentives

Purpose

To align with market practices of peer uranium companies and to provide a competitive total remuneration package, the Board uses a comprehensive Short Term Incentive ("STI") Plan to motivate and reward executives for the achievement of key strategic goals. The quantum offered under the STI Plan is expressed as a target percentage of base salary, with executives' performance assessed against key performance indicators contained within a weighted scorecard over a 12-month period.

| | Managing Director / CEO | Other Key Management Personnel ¹ |
|---|-------------------------------------|---|
| STI Target as a % of base salary ¹ | 50% | 10%-40% |
| KPI alignment | 80% aligned to corporate goals | 80% aligned to corporate goals |
| | 20% aligned to personal performance | 20% aligned to personal performance |

Notes:

⁽¹⁾ STI percentage for other Key Management Personnel range from 10% to 40%, depending on an individual's role and level of seniority in the Company.

Annual Corporate Goals

The STI Plan provides rewards where significant meritorious performance is achieved with any payouts earned being made in cash and capped to avoid excessive risk-taking behaviour. The majority of these key performance indicators are specific, measurable and applicable to the key business outcomes required per the annual business plan of the Company. The payments are made at a time chosen by the Board following the completion of each financial year after the Board has had an opportunity to assess the outcomes of performance against objectives, assessed the operational and financial performance of the Company during the financial year and also considered the outlook for the uranium mining industry.

Corporate Gateway

In 2021 a corporate gateway was set so that the STI can be reduced to nil if the corporate gateway is not achieved. Once the corporate gateway is achieved, the STI is measured based on a mix of corporate and personal goals for each executive.

The STI corporate gateway for the 2021 financial year was defined as follows:

"To have advanced satisfactorily, in relation to Board expectations and within the Annual Budget, the MU1A Field Demonstration and associated regulatory requirements, with preliminary outputs that compare well with the September 2018 low-pH Feasibility Study."

In addition to this Gateway definition the Board has set the requirement for zero fatalities within the boundaries of the Company's mine/exploration sites and maintaining sufficient cash on hand to meet the Company's financial requirements at the date of payment.

When the Remuneration Committee considered achievement of the Corporate Gateway applying to the STI for the 2021 financial year, it was determined that as at 30 June 2021, the MU1A Field Demonstration was not yet capable of assessment in relation to the September 2018 low-pH Feasibility Study and that the Gateway had not yet been met.

In considering the Company's achievements during the 2021 financial year and the changes made to the operation of the STI Plan (see description below under the heading Performance Measurement Approach) the Board decided to exercise the discretion available to it and award short term incentives for 2021 financial year based on the quantitative assessment of each executive's performance measurement.

For the 2022 financial year no corporate gateway has been set and the Board has continued the practice to award short term incentives based on the quantitative assessment of each executive's performance measurement. The Board has however maintained the requirement for zero fatalities within the boundaries of the Company's mine/exploration sites and maintaining sufficient cash on hand to meet the Company's financial requirements at the date of payment.

Corporate Goals

Metrics within the weighted scorecard are cascaded from the organisational strategy and fall within the following key strategic imperatives for the 2022 financial year.

| Strategic Goals | Performance Measure | Weighting (varies for each Executive) |
|---|---|---------------------------------------|
| Safety and environment | Leading and lagging measures for safety, environmental performance and inspections | 2.5%-15% |
| Business work programmes | Uranium extraction, permitting, certification, resource growth, ESG environmental and social justice reporting | 20%-42.5% |
| Financial management | Cost management, financial modelling, adequate funding to achieve objectives and planning restart funding | 12.5%-35% |
| Clients and uranium markets | Reputation with customers, contract maintenance and targets for signing new uranium concentrate sale and purchase agreements | 0%-10% |
| Human Resources - Corporate Governance | Achievement of specific employee objectives and ESG governance reporting | 2.5%-10% |
| External relations | Design and execution of engagement plans for investor relations, public relations, corporate advisor relations and advocacy | 0%-25% |

Personal Goals

Personal goals are measured by individual performance against a balanced scorecard applicable to the executive's business unit or area of responsibility. The balanced scorecard for each individual is intended to be agreed with their immediate supervisor at the commencement of the financial year. Performance against the goals will be assessed at the completion of the financial year.

In addition, individuals are assessed for their impact on team achievement through their contribution to achieving Company objectives and the overall financial wellbeing of the Company.

Performance Measurement Approach

From 1 July 2020 the Company has adopted a more defined quantitative definition of performance measurement using the following benchmarks:

- Below threshold defined as not achieving a minimum level of performance – 0% award;
- Threshold defined as the lowest achievement level 33% award;
- Target defined as the expected performance level 67% award; and
- Stretch defined as outstanding performance with objectives being exceeded 100% award.

These benchmarks are defined for each performance measurement to clearly quantify performance and objectives. The maximum cash award remains 100% of the quantum offered under the STI Plan.

Final performance ratings for all Key Management Personnel are presented to and reviewed by the Remuneration Committee prior to the finalisation of the STI payment for any financial year. The Board retains discretion to modify the final STI payment for any individual, including the discretion to decrease the STI payment to an amount lower than that determined by assessment of final performance ratings.

Election to Receive Shares

From 1 July 2020 the Company added a new feature to the STI Plan which provides the individual with the opportunity to elect to receive a share-based award in lieu of their Board approved STI cash award. Provided the individual makes an election to receive 50% or more of the cash award in Peninsula Energy Limited shares, the Company will gross up the share-based award by a factor of 50%. This feature has been added to the STI Plan as it provides an incentive for employees to receive shares in the Company providing alignment with the interests of shareholders. For the 2021 financial year no employee elected to receive a share-based award in lieu of their cash award.

For the 2022 financial year the Company increased the gross up the share-based award to a factor of 100% as long as individual makes an election to receive 50% or more of the cash award in Peninsula Energy Limited shares.

Long-Term Incentives

LTI grants may be made to senior and executive employees (Eligible Participants) annually with vesting conditions to apply which will align executives' interests with those of shareholders and the generation of long-term sustainable value. The value of grants made under the plan are made with reference to a set percentage of base salary, with the ability to earn an LTI grant assessed against pre-determined key performance indicators for that year. Once an LTI grant has been made to an Eligible Recipient, the grant shall vest in equal tranches over the next three financial years following the date of grant. The Eligible Recipient must still be employed by the Company on a vesting date to be entitled to receive the vested LTI.

For the 2022 financial year the LTI Plan has set the same key performance indicators that were established for the STI Plan.

Through the requirement for the Eligible Participant to remain employed with the Company as a condition of annual vesting of previously earned LTI amounts, the Board views this mechanism as an attractive means of incentivising long-term retention of key personnel and aligning long term executive performance with shareholder interests.

The Company primarily uses Restricted Share Units (RSU) as the form of LTI and has established a LTI Plan for this purpose. A RSU is a right to acquire one fully paid ordinary share in the Company, which will initially be held by the trustee of the LTI Plan. The Eligible Participant will be entitled to receive one share for each RSU that has vested and has not lapsed or expired. Until the Eligible Participants RSUs have vested and they have acquired Shares, a RSU will not give the Eligible Participant a legal interest in any shares, though the Eligible Participant will be able to participate in dividends and can direct the trustee to vote the underlying shares in certain circumstances.

Corporate Gateway

In 2021 the LTI grants were subject to a corporate gateway, the same one described above for the STI Plan.

At the time of finalising the 2021 Annual Report no RSUs for the financial year ended 30 June 2021 had been awarded to Key Management Personnel as the MU1A Field Demonstration was not yet capable of assessment in relation to the September 2018 low-pH Feasibility Study.

As noted in the Company's announcements of 1 July 2021 and 7 September 2021, the MU1A Field Demonstration did yield positive and improving results after 30 June 2021 that showed the benefit of well field pattern configuration changes. For this reason and to ensure that the Eligible Participants of the Company continues to be incentivised over the longer term, the Board decided after the 2021 Annual Report was finalised to exercise its discretion and to award 50% of the 2021 Financial Year's Plan capacity dated 1 October 2021, using the 30-day Volume Weighted Average Price of Peninsula shares at that date. For this reason, the award of RSUs for the financial year ended 30 June 2021 have been recognised in the 2022 financial year. For the 2022 financial year no corporate gateway has been set. Instead, the Board has adopted the practice to award long term incentives based on the quantitative assessment of each executive's performance against a set of key performance indicators set at the beginning of the year. The Board has maintained the requirement for zero fatalities within the boundaries of the Company's mine/exploration sites and maintaining sufficient cash on hand to meet the Company's financial requirements at the date of payment.

Key terms of the 2022 financial year LTI structure were:

| | Managing Director / CEO | Other Key Management Personnel ¹ | | | | |
|---|---|---|--|--|--|--|
| STI Target as a % of base salary ¹ | 80% | 20%-60% | | | | |
| Key Performance Indicators financial yea | 2022 As per the STI Plan - see des Corporate Goals | As per the STI Plan - see description above under the heading Corporate Goals | | | | |
| Vesting period | Equal tranches over the three each RSU series | e years following the date of award of | | | | |

Notes:

LTI percentage for other Key Management Personnel range from 20% to 60%, depending on an individual's role and level of seniority in the Company.

On the basis that an Eligible Participant remains employed by Peninsula as at the relevant dates below, a RSU Amount will be earned at the end of each year with a third vested over each of the following three years. A Participant will become entitled to be issued with or transferred the corresponding RSUs as they are earned as shown in the following tabular example (which presumes that the relevant performance hurdle for the award of RSUs is achieved each year):

| 1 July 2021 | 1 July 2022 | 1 July 2023 | 1 July 2024 | 1 July 2025 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Vest 1/3 of RSU Award FY18 | | | | |
| Vest 1/3 of RSU Award FY19 | Vest 1/3 of RSU Award FY19 | | | |
| Vest 1/3 of RSU Award FY20 | Vest 1/3 of RSU Award FY20 | Vest 1/3 of RSU Award FY20 | - | - |
| Grant RSU Award FY21 | Vest 1/3 of RSU Award FY21 | Vest 1/3 of RSU Award FY21 | Vest 1/3 of RSU Award FY21 | - |
| Key Performance Indicators set for FY22 | Grant RSU Award FY22 | Vest 1/3 of RSU Award FY22 | Vest 1/3 of RSU Award FY22 | Vest 1/3 of RSU Award FY22 |

Note that in the above illustrative example, the grant of any RSU is subject, amongst other things, to measuring actual outcomes against the key performance indicators established at the beginning of each financial year.

The number of annual RSUs to be awarded to an Eligible Participant will be calculated by dividing the Eligible Participant's RSU Amount by the volume weighted average price of ordinary shares of Peninsula over the period 30 business days prior to the end of the respective financial year ending 30 June, as follows:

Base salary x LTI percentage (applicable to role)

30-day VWAP as at 30 June

Employment Details of Directors and Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, directors and members of Key Management Personnel of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of share options, shares or restricted share units for the year ended 30 June 2022.

| | | | on Related to mance | Remuneration Perfor | | |
|-----------------------------|--|---|--|--|--|-------|
| Key Management Personnel | Position Held at 30 June 2022 | Non-Salary Cash Based Incentives % | Non-Salary Equity Based Incentives ¹ % | Fixed Salary/ Fees – Equity Based % | Fixed Salary/ Fees – Cash Based % | Total |
| John Harrison | Non-Executive Chairman | - | - | 19 | 81 | 100 |
| Wayne Heili | Managing Director / Chief Executive Officer | 4 | 44 | - | 52 | 100 |
| Harrison Barker | Non-Executive Director | - | - | 13 | 87 | 100 |
| Mark Wheatley | Non-Executive Director | - | - | 19 | 81 | 100 |
| Rachel Rees | Non-Executive Director | - | - | 36 | 64 | 100 |
| Brian Booth | Non-Executive Director | - | - | 37 | 63 | 100 |
| David Coyne | Non-Executive Director | - | 178 | - | (78) | 100 |
| Ralph Knode | Chief Executive Officer (Strata Energy Inc.) | 16 | 17 | - | 67 | 100 |
| Ron Chamberlain | Chief Financial Officer and Joint Company Secretary | - | 43 | - | 57 | 100 |

Notes:

Amounts are negative as a consequence of 2020 financial year share-based payment accrual adjustments that have been recognised in the 2021 financial year.

Service Contracts

The employment terms and conditions of Key Management Personnel are formalised in contracts of employment. Terms of employment require that the relevant group entity provide an executive contracted person with a minimum one-month notice prior to termination of contract. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least one month's notice. Termination payments are not payable on resignation or under circumstances of unsatisfactory performance. On termination notice by the Company, any rights that have vested, or that will vest during the notice period, will be released. Rights that have not yet vested will be forfeited. Unless otherwise stated, the commencement date of the employment agreement is the appointment date to the role.

Mr John Harrison

Non-Executive Chairman

Terms of agreement – no fixed term;

Base Chairman fees of A\$120,000, inclusive of superannuation from 1 January 2022;

Remuneration Committee Chairman fee of A\$10,000 from 1 July 2021; and

No termination benefit is specified in the agreement.

Mr Wayne Heili

Managing Director / Chief Executive Officer

- Executive service employment agreement no fixed term;
- Base salary of US\$375,000 per annum, exclusive of retirement benefits and Company provided medical insurance coverage, from 1 July 2021;
- Notice period 6 months;
- 6-month termination payment under certain circumstances; and

From 1 July 2022 the base salary was increased to US\$390,000, exclusive of retirement benefits.

Mr Harrison Barker

Non-Executive Director

- Terms of agreement no fixed term;
- Base director fees of A\$80,000, inclusive of superannuation from 1 January 2022; and

No termination benefit is specified in the agreement.

Mr Mark Wheatley

Non-Executive Director

Terms of agreement – no fixed term;

Base director fees of A\$80,000, inclusive of superannuation from 1 January 2022;

Audit and Risk Management Committee Chairman fee of A\$10,000 from 1 July 2021; and

No termination benefit is specified in the agreement.

Ms Rachel Rees

Non-Executive Director (appointed 5 February 2022)

- Terms of agreement no fixed term;
- Base director fees of A\$80,000, inclusive of superannuation; and
- No termination benefit is specified in the agreement.

Mr Brian Booth

Non-Executive Director (appointed 14 May 2022)

- Terms of agreement no fixed term;
- Base director fees of A\$80,000, inclusive of superannuation; and
- No termination benefit is specified in the agreement.

Mr David Coyne

Non-Executive Director (resigned 13 October 2021)

- Terms of agreement no fixed term;
- Base director fees of A\$65,000, inclusive of superannuation from 1 July 2021; and
- No termination benefit is specified in the agreement.

Mr Ralph Knode

Chief Executive Officer - Strata Energy Inc.

- Terms of agreement no fixed term;
- Full time equivalent base salary of US\$340,298, exclusive of retirement benefits and Company provided medical insurance coverage, from 1 July 2021;
- Presently working a full time equivalent of 0.67;
- Notice period none specified;
- 6-month termination payment under certain circumstances; and
- From 1 July 2022 the full time equivalent base salary was increased to US\$355,224, exclusive of retirement benefits, and he continues to work a full time equivalent of 0.67.

Mr Ron Chamberlain

Chief Financial Officer / Joint Company Secretary from 13 July 2020

- Executive service employment agreement no fixed term;
- Base salary of A\$363,000 inclusive of superannuation from 1 July 2021;
- Notice period 3 months;
- 6-month termination payment under certain circumstances; and
- From 1 July 2022 the base salary was increased to A\$377,520 inclusive of superannuation.

Table of Benefits and Payments for the Year Ended 30 June 2022

| | | | | Incentives | | | | |
|------------------------------|------|-------------------------------|-------------------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|---------------|
| Key Management Personnel | Year | - Salary & Fees US\$ | Cash- Based ¹ US\$ | Shares ² US\$ | Options ³ US\$ | Super- annuation US\$ | Other Benefits⁵ US\$ | Total US\$ |
| Directors | | | | | | | | |
| John Harrison | 2022 | 87,864 | - | - | 20,951 | - | - | 108,815 |
| | 2021 | 73,483 | - | - | - | - | - | 73,483 |
| Wayne Heili | 2022 | 371,820 | 35,918 | 366,468 | - | 15,552 | 39,254 | 829,012 |
| | 2021 | 338,534 | 90,099 | (59,667) | - | 15,531 | 34,871 | 419,368 |
| Harrison Barker ⁴ | 2022 | 92,935 | - | - | 14,284 | - | - | 107,219 |
| | 2021 | 56,686 | - | - | - | - | - | 56,686 |
| Mark Wheatley | 2022 | 54,915 | - | - | 14,284 | 5,492 | - | 74,691 |
| | 2021 | 47,764 | - | - | - | 4,614 | - | 52,378 |
| Rachel Rees ⁶ | 2022 | 23,573 | - | - | 13,455 | - | - | 37,028 |
| | 2021 | - | - | - | - | - | - | - |
| Brian Booth ⁷ | 2022 | 7,656 | - | - | 4,424 | - | - | 12,080 |
| | 2021 | - | - | - | - | - | - | - |
| David Coyne ⁸ | 2022 | 12,301 | - | (30,808) | - | 1,230 | - | (17,277) |
| | 2021 | 54,568 | - | (19,289) | - | 5,309 | - | 40,588 |
| Other Executives | | | | | | | | |
| Ralph Knode | 2022 | 227,099 | 65,466 | 66,647 | - | 11,396 | 30,549 | 401,157 |
| | 2021 | 226,324 | 53,565 | (9,080) | - | 11,292 | 26,356 | 308,457 |
| Ron Chamberlain | 2022 | 247,485 | - | 204,693 | - | 19,037 | - | 471,215 |
| | 2021 | 225,565 | 51,804 | - | - | 17,351 | - | 294,720 |
| Total | 2022 | 1,125,648 | 101,384 | 607,000 | 67,398 | 52,707 | 69,803 | 2,023,940 |
| | 2021 | 1,022,924 | 195,468 | (88,036) | - | 54,097 | 61,227 | 1,245,680 |

Notes:

(1) Amounts include STI participant election to receive all or part of their STI award in cash for the relevant financial year if applicable and have been accrued at year end but paid subsequent to year end.

⁽²⁾ Amounts include STI participant election to receive all or part of their STI award in shares and RSUs for LTI awards. Amounts for the 2022 STI share election and 2022 LTI RSU's have been accrued at year end with the shares to be issued after year end. The value of the 2022 LTI RSU's is being accounted for over the four year period ending 30 June 2025 in line with the 2022 financial year assessment and subsequent three year vesting period.

No LTI RSU accrual was made in the 2021 financial year as the LTI Gateway had not yet been met by the time the 2021 Annual Report was published. LTI RSUs for 2021 were subsequently awarded by the Board as the MU1A Field Demonstration yielded positive and improving results through to October 2021 that showed the benefit of well field pattern configuration changes. The actual amounts relating the 2021 LTI RSU's is being accounted for over the three year vesting period ending 30 June 2024.

Valuation adjustments in the 2021 financial year for accrued 2020 financial year share based payments have been included in the 2021 financial year disclosure. This has resulted in 2021 year negative amounts for Mr Heili (US\$59,667), Mr Coyne (US\$19,289) and Mr Knode (US\$9,080).

- ⁽³⁾ On 27 January 2022 the Board resolved, subject to shareholder approval, to grant the Non-Executive Directors options. The options are proposed to be for a five year period, with an strike price of A\$0.30 per option, with vesting to be over three years in equal traches based on Board appointment. The options have been provisionally valued at A\$0.1039 per option using the Black-Scholes valuation.
- ⁽⁴⁾ Mr Barker's remuneration includes US\$39,850 (2021: US\$8,922) for additional time spent representing the Company at various nuclear conferences, customer meetings and other industry events during the year.
- ⁽⁵⁾ Other Benefits in the above table include medical and dental benefits for Mr Heili and Mr Knode.
- ⁽⁶⁾ Ms Rees was appointed 5 February 2022.
- ⁽⁷⁾ Mr Booth was appointed 14 May 2022.
- ⁽⁸⁾ Mr Coyne resigned effective 13 October 2021. At the time of his resignation, he had 188,607 unvested RSU's which subsequently lapsed resulting in a credit recognised under Incentives Shares.

Table of Restricted Share Units for the Year Ended 30 June 2022

| | (| Grant Details ⁴ | | | inancial Year) June 2022 | Ended | | Overall | |
|--------------------------|----------------|----------------------------|-----------|-----------|------------------------------|--------|-------------------------------------|--|-------|
| | D. I. | Number | Value | Vested | Unvested | Years | Fair Value Brought to Account | Fair Value Not Yet Brought to Account | Lapse |
| Executives | Date | Number | US\$ | No. | No. | Remain | % | % | % |
| Restricted Share | Units - Shares | | | | | | | | |
| Directors | | | | | | | | | |
| Wayne Heili ¹ | 30/08/2018 | 797,374 | 153,000 | 265,791 | - | - | 100% | 0% | 0% |
| Wayne Heili ² | 20/11/2019 | 828,006 | 163,200 | 552,004 | 276,002 | 1 | 100% | 0% | 0% |
| Wayne Heili ³ | 1/12/2020 | 3,107,388 | 166,464 | 1,035,796 | 2,071,592 | 2 | 100% | 0% | 0% |
| Wayne Heili⁴ | 1/12/2021 | 466,170 | 82,278 | - | 466,170 | 3 | 61% | 39% | 0% |
| Wayne Heili⁵ | 12/8/2022 | 1,915,033 | 272,777 | - | 1,915,033 | 4 | 52% | 48% | 0% |
| David Coyne ² | 20/11/2019 | 565,821 | 107,972 | 377,214 | 188,607 | - | 100% | 0% | 33% |
| Other Executives | | | | | | | | | |
| Ralph Knode ¹ | 30/08/2018 | 644,153 | 123,600 | 214,718 | - | - | 100% | 0% | 0% |
| Ralph Knode ² | 20/11/2019 | 660,673 | 126,072 | 440,449 | 220,225 | 1 | 100% | 0% | 0% |
| Ralph Knode ³ | 2/10/2020 | 2,136,501 | 114,453 | 712,167 | 1,424,334 | 2 | 100% | 0% | 0% |
| Ralph Knode ⁴ | 1/12/2021 | 246,113 | 40,203 | - | 246,113 | 3 | 61% | 39% | 0% |
| Ralph Knode⁵ | 12/8/2022 | 818,077 | 116,527 | - | 818,077 | 4 | 52% | 48% | 0% |
| Ron Chamberlain | 4 1/12/2021 | 262,520 | 42,883 | - | 262,520 | 3 | 61% | 39% | 0% |
| Ron Chamberlain | 5 12/8/2022 | 816,456 | 116,296 | - | 816,456 | 4 | 52% | 48% | 0% |
| Total | | 13,264,285 | 1,625,725 | 3,598,139 | 8,705,129 | | | | |

Notes:

LTI RSUs for 2018 were approved for issue by the Board after year end in recognition of milestones achieved during the financial year to 30 June 2018. RSUs are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.26 per share.

LTI RSUs for 2019 were approved for issue by the Board after year end in recognition of milestones achieved during the financial year to 30 June 2019. RSUs are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.2721 per share.

LTI RSUs for 2020 were approved for issue by the Board after year end in recognition of milestones achieved during the financial year to 30 June 2020. RSUs are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.078 per share.

LTI RSUs for 2021 were awarded by the Board after publication of the 2021 Annual Report as the MU1A Field Demonstration yielded positive and improving results after 30 June 2021 through to October 2021 that showed the benefit of well field pattern configuration changes. The Board exercised its discretion and awarded 50% of the 2021 financial years plan capacity. RSUs are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.2476 per share.

LTI RSUs for 2022 were approved for issue by the Board after year end in recognition of achievement of key performance indicators during the financial year to 30 June 2022. RSUs are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.1743 per share.

Number of Shares Held by Key Management Personnel as at 30 June 2022

| Key Management Personnel | Balance at 1 July 2021 | Vesting of RSU's | On-Market Trades ¹ | Net Change Other ² | Balance at 30 June 2022 |
|-----------------------------|---------------------------|---------------------|----------------------------------|----------------------------------|----------------------------|
| Directors | | | | | |
| John Harrison | 58,800 | - | - | - | 58,800 |
| Wayne Heili | 3,842,523 | 1,577,589 | (389,510) | - | 5,030,602 |
| Harrison Barker | - | - | - | - | - |
| Mark Wheatley | 391,860 | - | - | - | 391,860 |
| Rachel Rees | - | - | - | - | - |
| Brian Booth | - | - | - | - | - |
| David Coyne | 1,223,615 | 382,434 | (179,744) | (1,426,305) | - |
| Other Executives | | | | | |
| Ralph Knode | 1,418,635 | 1,147,109 | (296,154) | - | 2,269,590 |
| Ron Chamberlain | - | - | - | - | - |
| Total | 6,935,433 | 3,107,132 | (865,408) | (1,426,305) | 7,750,852 |

LTI RSUs have been excluded from the table above as they are held in trust for the recipients until respective vesting dates and conditions are met.

Notes:

(1) The on-market trades for the year related to the sale of shares to fund tax liabilities arising on the vesting of the RSU's.

⁽²⁾ David Coyne resigned from the Board as a Non-Executive Director on 13 October 2021.

Number of Options Held by Key Management Personnel as at 30 June 2022

| Key Management Personnel | Balance at 1 July 2021 | Options Proposed ⁴ | Options Exercised | Net Change Other⁵ | Balance at 30 June 2022 | Total Vested |
|------------------------------|---------------------------|----------------------------------|----------------------|----------------------|----------------------------|--------------|
| Directors | | | | | | |
| John Harrison ¹ | 240,000 | 1,100,000 | - | - | 1,340,000 | 240,000 |
| Wayne Heili ² | 900,000 | - | - | - | 900,000 | 900,000 |
| Harrison Barker ¹ | 180,000 | 750,000 | - | - | 930,000 | 180,000 |
| Mark Wheatley ¹ | 180,000 | 750,000 | - | - | 930,000 | 180,000 |
| Rachel Rees | - | 750,000 | - | - | 750,000 | - |
| Brian Booth | - | 750,000 | - | - | 750,000 | - |
| David Coyne ² | 450,000 | - | - | (450,000) | - | - |
| Other Executives | | | | | | |
| Ralph Knode ³ | 350,000 | - | - | - | 350,000 | 350,000 |
| Ron Chamberlain | - | - | - | - | - | - |
| Total | 2,300,000 | 4,100,000 | - | (450,000) | 5,950,000 | 1,850,000 |

^r LTI RSUs have been excluded from the table above as they are held in trust for the recipients until respective vesting dates and conditions are met.

Notes:

⁽¹⁾ On 4 December 2018, the Company issued 600,000 unlisted options exercisable at A\$0.50 (A\$0.4572 from 30 June 2020) on or before 30 November 2022 to Mr Harrison, Mr Barker and Mr Wheatley as approved at the Annual General Meeting held on 29 November 2018. 50% of the unlisted options vested on 1 July 2019 and the remaining 50% vested on 1 July 2020.

- ⁽²⁾ On 19 December 2017, unlisted options were issued to Executive Directors as approved by shareholders at the Annual General Meeting held on 28 November 2017. The options were valued independently using the Black Scholes option model and are being expensed over the vesting period of the options, refer to the Notice of Annual General Meeting released on 27 October 2017 for detailed valuation assumptions. The director incentive options will be held on trust for directors and will vest in equal proportions over a three-year period with the first vesting date being 1 July 2018.
- ⁽³⁾ On 19 December 2017, unlisted options were issued to employees under existing contracts. The options were valued using the Black Scholes option model and were expensed over the vesting period of the options. The employee incentive options were held on trust for the various recipients until the future vesting date being 6 months after the relevant regulatory body approves the amendments to the permits and licenses to allow low pH mining in the Ross Permit area. The final amendment approval was received by the Company on 1 August 2019 and the options fully vested on 1 February 2020.
- ⁽⁴⁾ On 27 January 2022 the Board resolved, subject to shareholder approval, to grant the Non-Executive Directors options. The options are proposed to be for a five year period, with an strike price of A\$0.30 per option, with vesting to be over three years in equal traches based on Board appointment. The options have been provisionally valued at A\$0.1039 per option using the Black-Scholes valuation.

⁽⁵⁾ David Coyne resigned from the Board as a Non-Executive Director on 13 October 2021.

Other Transactions with Key Management Personnel

There were no other transactions with key management personnel other than that disclosed above.

Additional Information

The earnings of the consolidated group for the five years to 30 June 2022 are summarised below:

| \$'000 | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------|---------|---------|---------|----------|---------|
| Sales revenue | 18,300 | 9,775 | 6,078 | 6,592 | 13,162 |
| EBITDA | (5,557) | (613) | (1,442) | (37,416) | 3,915 |
| EBIT | (5,837) | (940) | (1,855) | (39,428) | 1,708 |
| Loss after income tax | (4,619) | (1,440) | (7,600) | (43,007) | (1,167) |

The factors that are considered to affect total shareholders return are summarised below:

| Cents per share | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------------|--------|--------|--------|---------|------|
| Share price at financial year end | 15.5 | 17.0 | 7.2 | 30.8 | 23.4 |
| Total dividends declared | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Basic earnings per share | (0.47) | (0.16) | (2.68) | (17.58) | 0.22 |

Voting at Last Annual General Meeting

At the last AGM, shareholders indicated their support of the Company's remuneration practices with 98% of the votes cast being in favour of the adoption of the Remuneration Report.

End of Audited Remuneration Report

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Defin

John Harrison Non-Executive Chairman

29 September 2022 Perth Auditor's Independence Declaration



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

As lead auditor of Peninsula Energy Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Dean Just Director

BDO Audit (WA) Pty Ltd Perth 29 September 2022

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation. FINANCIAL REPORT

Creating long lasting value for all our stakeholders

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

| | Notes | 2022 US\$000s | 2021 US\$000s |
|---|---------------|----------------------------------|--------------------------------|
| Continuing Operations | | | |
| Revenue | 2 | 18,300 | 9,775 |
| Cost of sales | 3(a) | (15,249) | (8,520) |
| Gross Profit | | 3,051 | 1,255 |
| Other income | 2 | 591 | 656 |
| Standby mode and low pH transition costs | 3(b) | (7,079) | (7,138) |
| Corporate and administration expenses | 3(c) | (2,135) | (2,030) |
| Foreign exchange gain/(loss) | | 409 | (650) |
| Derivative fair value movement | 3(d) | 360 | 6,929 |
| Other (expenses)/credits | 3(e) | (1,033) | 98 |
| Loss before interest and tax from continuing operations | _ | (5,836) | (880) |
| Finance costs | | (3) | (35) |
| Net loss before income tax | _ | (5,839) | (915) |
| Income tax benefit/(expense) | 4a | 1,294 | (465) |
| Loss for the year from continuing operations | _ | (4,545) | (1,380) |
| Loss for the year from discontinued operations | | (74) | (60) |
| Loss for the year | _ | (4,619) | (1,440) |
| Other comprehensive loss: Other comprehensive loss may be reclassified to profit or subsequent periods: Exchange differences on translation of foreign operations Total comprehensive loss for the year | r loss in | (437) (5,056) | 1,011 (429) |
| Loss for the year attributable to: | | | |
| Equity holders of the Parent | | (4,635) | (1,432) |
| Non-controlling interests | | 16 | (8) |
| Loss for the year | - | (4,619) | (1,440) |
| Total comprehensive loss for the year attributable to: Equity holders of the Parent Non-controlling interests Total comprehensive loss for the year | - | (5,206) 150 (5,056) | (217) (212) (429) |
| Loss per share attributable to the members of Peninsula E Limited: Basic and Diluted (cents per share) | nergy 23 | (0.47) | (0.16) |
| | 20 | (0.77) | (0.10) |
| Loss for the year from continuing operations | | | |
| Basic and Diluted (cents per share) | 23 | (0.46) | (0.15) |

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

Consolidated Statement of Financial Position

As at 30 June 2022

| | Notes | 2022 US\$000s | 2021 US\$000s |
|---|-------|------------------|------------------|
| Current Assets | | | |
| Cash and cash equivalents | 5 | 7,582 | 6,701 |
| Trade and other receivables | 6 | 1,023 | 10,772 |
| Inventory | 7 | 15,024 | 499 |
| Held for sale assets | | 697 | 916 |
| Other financial assets | 9 | 5,269 | 6,566 |
| Total Current Assets | | 29,595 | 25,454 |
| Non-Current Assets | | | |
| Trade and other receivables | 6 | 3,019 | 3,001 |
| Inventory | 7 | - | 9,419 |
| Property, plant and equipment | 11 | 18,535 | 18,718 |
| Mineral development | 12 | 37,033 | 38,633 |
| Other financial assets | 9 | 3 | 6,084 |
| Total Non-Current Assets | | 58,590 | 75,855 |
| Total Assets | | 88,185 | 101,309 |
| | | | |
| Current Liabilities | | | |
| Trade and other payables | 14 | 1,095 | 7,398 |
| Borrowings | 15 | 3 | 608 |
| Provisions | 16 | 163 | 145 |
| Liabilities associated with held for sale assets | | 261 | 654 |
| Total Current Liabilities | | 1,522 | 8,805 |
| Non-Current Liabilities | | | |
| Borrowings | 15 | 5 | 8 |
| Provisions | 16 | 10,098 | 12,638 |
| Deferred tax liabilities | 4c | 912 | 2,206 |
| Other financial liabilities | 9 | 2,209 | - |
| Total Non-Current Liabilities | | 13,224 | 14,852 |
| Total Liabilities | | 14,746 | 23,657 |
| Net Assets | | 73,439 | 77,652 |
| Equity | | | |
| Issued capital | 17 | 252,717 | 252,502 |
| Reserves | 18 | 8,103 | 8,046 |
| Accumulated losses | | (186,339) | (181,704) |
| Equity attributable to equity holders of the Parent | | 74,481 | 78,844 |
| Non-controlling interest | | (1,042) | (1,192) |
| Total Equity | | 73,439 | 77,652 |

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2022

| | Notes | lssued Capital US\$000s | Accumulated Losses US\$000s | Share- Based Payments Reserve US\$000s | Foreign Currency Translation Reserve US\$000s | Total US\$000s | Non- controlling interest US\$000s | Total Equity US\$000s |
|---------------------------------|--------|-------------------------------|-----------------------------------|--|---|-------------------|---|-----------------------------|
| 30 June 2020 | | 240,598 | (180,272) | 16,148 | (8,635) | 67,839 | (980) | 66,859 |
| Transactions with Owners | | | | | | | | |
| Shares issued during the year | 17(b) | 12,431 | - | (572) | - | 11,859 | - | 11,859 |
| Share-based payments | | - | - | (110) | - | (110) | - | (110) |
| Share issue costs | 17(b) | (527) | - | - | - | (527) | - | (527) |
| Total Transactions with Owner | ers | 11,904 | - | (682) | - | 11,222 | - | 11,222 |
| Comprehensive Loss | | | | | | | | |
| Foreign exchange translation re | eserve | - | - | - | 1,011 | 1,011 | - | 1,011 |
| Non-controlling interest | | - | - | - | 204 | 204 | (204) | - |
| Loss for the year | | - | (1432) | - | - | (1,432) | (8) | (1,440) |
| Total Comprehensive Loss | | - | (1,432) | - | 1,215 | (217) | (212) | (429) |
| 30 June 2021 | | 252,502 | (181,704) | 15,466 | (7,420) | 78,844 | (1,192) | 77,652 |
| Transactions with Owners | | | | | | | | |
| Shares issued during the year | 17(b) | 215 | - | (215) | - | - | - | - |
| Share-based payments | | - | - | 843 | - | 843 | - | 843 |
| Share issue costs | 17(b) | - | - | - | - | - | - | - |
| Total Transactions with Owner | ers | 215 | - | 628 | - | 843 | - | 843 |
| Comprehensive Loss | | | | | | | | |
| Foreign exchange translation re | eserve | - | - | - | (437) | (437) | - | (437) |
| Non-controlling interest | | - | - | - | (134) | (134) | 134 | - |
| Loss for the year | | | (4,635) | - | - | (4,635) | 16 | (4,619) |
| Total Comprehensive Loss | | - | (4,635) | - | (571) | (5,206) | 150 | (5,056) |
| 30 June 2022 | | 252,717 | (186,339) | 16,094 | (7,991) | 74,481 | (1,042) | 73,439 |

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2022

| | | 2022 | 2021 |
|--|-------|----------|-----------------|
| | Notes | US\$000s | US\$000s |
| Operating Activities | | | |
| Receipts from sale of uranium concentrate to customers | | 32,632 | 3,380 |
| Payments to acquire uranium concentrate from suppliers | | (20,750) | (2,018) |
| Net cash margin from sale of uranium concentrate | - | 11,882 | 1,362 |
| | | (0.004) | (0,4,40) |
| Other payments to suppliers and employees | _ | (9,931) | (9,448) |
| Payments for strategic uranium inventory holding | 7 | - | (9,419) |
| Interest paid | | (3) | (138) |
| Interest received | | 11 | 15 |
| Income taxes refunded | | - | 294 |
| Other receipts | _ | 84 | 51 |
| Net cash provided by/(used in) operating activities | 31 _ | 2,043 | (17,283) |
| Investing Activities | | | |
| Payments of property, plant and equipment | | (1,022) | (171) |
| Payments for mineral development | | - | (21) |
| Proceeds from sale of property, plant and equipment | | 50 | 10 [´] |
| Receipts from/(Payments to) mineral exploration performance | | | |
| bonds and rental bonds | | (18) | (12) |
| Net cash used in investing activities | - | (990) | (194) |
| Financing Activities | | | |
| Proceeds from equity issues | | _ | 11,835 |
| Share issue costs | | (58) | (468) |
| Proceeds from borrowing | | (00) | 560 |
| Repayment of borrowings | | (48) | (43) |
| Payments for borrowing costs | | (10) | (10) |
| Net cash provided by financing activities | - | (106) | 11,884 |
| | - | (100) | 1,004 |
| Net increase/(decrease) in cash held | | 947 | (5,593) |
| Cash and cash equivalents at the beginning of financial year | | 6,701 | 11,935 |
| Effects of exchange rate fluctuations on cash held | | (66) | 359 |
| Cash and cash equivalents at the end of the financial year | 5 - | 7,582 | 6,701 |
| ouch and ouch equivalence at the end of the manelar year | - | 1,002 | 0,701 |

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

For the Year Ended 30 June 2022

Note 1: Statement of Significant Accounting Policies

This note provides a list of significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are for Peninsula Energy Limited and controlled entities (consolidated group).

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. Peninsula Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of Peninsula Energy Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on an accruals basis and going concern basis, and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets, and financial liabilities.

Going Concern

For the year ended 30 June 2022 the Group recorded a loss of \$4.6 million and had net cash inflows from operating activities of \$2.0 million. At 30 June 2022 the Group has a surplus in working capital of \$28.1 million including available cash and cash equivalent assets and uranium inventory holdings. As disclosed in Note 28, the Group has commitments to deliver uranium concentrate from mines developed or acquired by the Group under its portfolio of uranium concentrate sale and purchase agreements. To meet these commitments the restart of operations at the Lance Projects will require funding.

The ability of the Group to continue as a going concern is dependent on securing additional equity or debt to fund the capital and operating expenditure necessary to restart the Lance Projects, or maintaining the projects in a standby mode and renegotiating the contractual terms of the uranium concentrate sale and purchase agreements, which include a commitment to deliver uranium concentrate from mines developed or acquired by the Group.

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

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Included within the working capital balance is the Group's uranium inventory holdings which can be realised to provide funding;
- The Group has the ability to raise additional finance from debt or equity if and when required, to contribute to the working capital position and assist in funding the capital and operating expenditure required to restart the Lance Projects;
- During the year the consolidated group completed the MU1A field demonstration and commenced preparatory work for the restart of commercial operations;
- On 15 August 2022 Peninsula published the Definitive Feasibility Study for the Ross and Kendrick Production Areas at Lance, which demonstrated amongst other things robust economics and a six-month pathway to production; and
- The Directors have assessed the cash flow requirements for the 12-month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and

For the Year Ended 30 June 2022

classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

The consolidated financial statements were approved for issue by the board of directors on 29 September 2022.

Adoption of New and Revised Accounting Standards

Peninsula Energy Limited has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current annual reporting period – year ended 30 June 2022.

New Accounting Standards and Interpretations Issued but not yet Effective

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have not been early adopted by the consolidated group for the annual reporting period ended 30 June 2022. The consolidated group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated group, are set out below.

The following new or amended Accounting Standards and Interpretations are not expected to have a s significant impact on the consolidated group's financial statements:

- AASB 2020-1 Amendments to Australian Accounting Standards Classification of Liabilities as Current or Non-Current
- AASB 2021-2 Amendments to Australian Accounting Standards: Disclosure of accounting policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards: Deferred Tax related to Assets and Liabilities arising from a single Transaction
- AASB 2021-6 Amendments to Australian Accounting Standards: Classification of Liabilities as Current or Non-current

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Peninsula Energy Limited at the end of the reporting year. A controlled entity is any entity over which Peninsula Energy Limited has the power to govern the financial and operating policies of, so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights is considered.

Where controlled entities have entered or left the consolidated group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 10 of the notes to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other 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.

For the Year Ended 30 June 2022

Rounding of amounts

The consolidated group has applied the relief available to it under ASIC Legislative Instrument 2017/191. Accordingly, amounts in the Financial Report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Value Added Taxes

Revenues, expenses and assets are recognised net of the amount of value added taxes, except where the amount of value added tax incurred is not recoverable from the relevant tax authority. In these circumstances the value added tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of value added tax. Cash flows are presented in the cash flow statement on a gross basis, except for the value added tax component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of value added tax recoverable from, or payable to, a taxation authority.

Comparative Figures

Total other income

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the consolidated group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in the financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Key Estimates, Judgements and Assumptions

The preparation of the consolidated group's financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. This uncertainty includes the COVID-19 pandemic which to date has not materially impacted the activities of the group. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are disclosed in the relevant notes.

Note 2: Revenue and Other Income 2022 US\$000s Revenue from continuing operations Sale of uranium concentrate 18,300 Total revenue from continuing operations 18,300 Other income Loan forgiveness (Note 15) 560 Profit on sale of property, plant and equipment 12 Interest received 4 Sundry income 15

591

2021

9.775

9,775

516

5

135

656

US\$000s

For the Year Ended 30 June 2022

Accounting Policy

All revenue is stated net of the amount of value added tax (VAT), goods and services tax (GST) or other similar taxes.

Sales Revenue

Revenue from uranium concentrate sales is recognised when control of goods pass to the purchaser, including delivery of the product and transfer of legal title, the selling price is set or determinable, and collectability is reasonably assured.

In accordance with International Accounting Standards the Company is required to recognise a derivative financial asset or financial liability on all open source origin components from its portfolio of uranium concentrate sale and purchase agreements. This results in the use of market prices (average of US\$40.67 per pound U₃O₈) for revenue recognition of uranium sales rather than contracted prices (average of US\$50.49 per pound U₃O₈).

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument.

2022 2021 US\$000s US\$000s a) Cost of sales Purchased uranium⁽ⁱ⁾ 15,418 8,524 Inventory net realisable value reversal (169)(4) Total cost of sales 15,249 8,520 Standby mode and low pH transition costs(ii) 7,079 b) 7,138 **Corporate and administration expenses** Selling and marketing expenses 202 125 Corporate and other administration expenses 1,933 1,905 Total corporate and administration expenses 2,135 2,030 d) Derivative fair value movement⁽ⁱⁱⁱ⁾ 360 6,929 Other expenses/(credits) (110)Share-based payments expense (Note 22) 1.023 Write off of exploration costs 12 10 **Total other expenses** 1,033 (98) Included within the above costs and expenses: 2022 2021 US\$000s US\$000s Employee benefits expense 2,037 1,082

Notes:

In accordance with International Accounting Standards the Company is required to recognise a derivative financial (i) asset or financial liability on all open source origin components from its portfolio of uranium concentrate sale and purchase agreements. This results in the use of market prices (average of US\$44.25 per pound U₃O₈) for expense and/or inventory recognition of uranium purchases as appropriate, rather than contracted prices (average of US\$31.78 per pound U₃O₈).

For the Year Ended 30 June 2022

- (ii) In July 2019 the Lance Projects ceased alkaline ISR operations and as a result the project standby mode and transition costs to the low pH ISR process have been separately disclosed. In 2022 these costs include expenditure related to the MU1A Field Demonstration and the preparatory work programmes for restart of commercial operations. Any costs relating to the sale of uranium concentrate have been disclosed in cost of goods sold.
- (iii) The derivative fair value movement for 2022 relates to a net gain of US\$0.4 million relating to derivative assets and derivative liabilities (Note 9).

Note 4: Income Tax

| | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| (a) Income tax (benefit)/expense | | |
| Current tax | - | (214) |
| Deferred tax | (1,294) | 679 |
| Total income tax (benefit)/expense | (1,294) | 465 |
| (b) Reconciliation of income tax to prima facie tax payable | | |
| Accounting loss before tax | (5,913) | (975) |
| Income tax benefit @ 25.0% (2021: 26%) | (1,478) | (254) |
| Add tax effect of: | | |
| Non-tax effected items and adjustments | (606) | (113) |
| Tax effected items recognised in equity | 130 | - |
| Impact of tax rates applicable outside Australia | 182 | (111) |
| Tax assets over applied in prior years | 1,656 | - |
| Deferred tax assets not recognised | (1,178) | 943 |
| Total income tax (benefit)/expense | (1,294) | 465 |
| (c) Deferred tax liabilities | | |
| Exploration and evaluation expenditure - Foreign | 5,835 | 5,934 |
| Temporary differences - Australia | - | 40 |
| Temporary differences - Foreign | 1,644 | 2,324 |
| | 7,480 | 8,298 |
| Offset with recognised deferred tax assets | (6,568) | (6,092) |
| Net deferred tax liabilities recognised | 912 | 2,206 |
| (d) Deferred tax assets | | |
| Tax losses - Australia | 4,210 | 4,120 |
| Tax losses - Foreign | 19,749 | 21,467 |
| Temporary differences - Australia | 781 | 564 |
| Temporary differences - Foreign | 3,943 | 3,234 |
| | 28,683 | 29,385 |
| Deferred tax assets recognised | (6,568) | (6,092) |
| Deferred tax assets not brought to account | 22,115 | 23,293 |

Accounting Policy

The total income tax expense/(benefit) for the period comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable profits calculated using applicable income tax jurisdiction and rates enacted, or substantially enacted, as at reporting date. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the relevant taxation authorities.

Deferred income tax expense/(benefit) reflects movements in deferred tax assets and deferred tax liability balances during the period as well as unused tax losses.

For the Year Ended 30 June 2022

Current and deferred income tax expense/(benefit) is charged/credited directly to equity instead of the profit or loss when tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination where there is no effect on accounting or taxable profit or loss.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) legally enforceable right of set-off exists; and, (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Key Estimates, Judgements and Assumptions

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the way management expects to recover or settle the carrying amount of the related asset or liability.

Note 5: Cash and Cash Equivalents

| 15 | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| Cash at bank and in hand | 7,582 | 6,701 |
| Cash at bank per consolidated statement of cash flow | 7,582 | 6,701 |

Refer to Note 25 for analysis of risk exposure for cash and cash equivalents.

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the Year Ended 30 June 2022

Note 6: Trade and Other Receivables

| | 2022 US\$000s | 2021 US\$000s |
|---|------------------|------------------|
| Current | | |
| Trade receivable ⁽ⁱ⁾ | - | 9,913 |
| Prepayments | 771 | 394 |
| GST and VAT receivable | 23 | 123 |
| Sundry receivables | 19 | 107 |
| Bonds and security deposits | 210 | 235 |
| Total current trade and other receivables | 1,023 | 10,772 |
| Non-Current | | |
| Bonds and security deposits ⁽ⁱⁱ⁾ | 3,019 | 3,001 |
| Total non-current trade and other receivables | 3,019 | 3,001 |

Notes:

- (i) The June 2021 balance relates to the sale of 200,000 pounds of U₃O₈ at an average realised cash price of US\$49.57 per pound U₃O₈. This trade receivable was collected by the Company within contractual terms in the month of July 2021.
- (ii) Consists of the cash on deposit as security for the Permit to Mine Bond and Environmental Performance Bonds for the construction and operating activities at the Lance Projects.

No receivables are past due or impaired. Refer to Note 25 for analysis of risk exposure for trade and other receivables.

Accounting Policy

Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Sundry receivables are recognised at amortised cost, less any provision for impairment. Bonds and security deposits include restricted cash amounts and amounts placed on deposit as security for restoration and rehabilitation obligations.

For the Year Ended 30 June 2022

Note 7: Inventory

| | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| Current | | |
| Stores and consumables | 134 | 22 |
| Inventory – In-Process Uranium | 1,657 | 774 |
| Inventory – Drummed Uranium | 967 | 734 |
| Net Realisable Value write-down on year-end balance ⁽ⁱ⁾ | (1,647) | (1,031) |
| Sub-Total | 1,111 | 499 |
| Inventory – Uranium Stockpile ⁽ⁱⁱ⁾ | 13,913 | - |
| Total current inventory | 15,024 | 499 |
| Non-Current | | |
| Inventory – Uranium Stockpile ⁽ⁱⁱ⁾ | - | 9,419 |
| Total non-current inventory | - | 9,419 |

The carrying value of inventory was reviewed at year end. A write down has been recorded in both years to value inventory at the lower of cost and net realisable value.

In June 2021 the Company purchased 300,000 pounds of uranium concentrate at a price of US\$31.35 per pound as a strategic inventory holding. In 2021 this inventory was disclosed as non-current as the Company did not intend to dispose of the uranium concentrate within 12 months.

In June 2022 this inventory remains unchanged at 300,000 pounds of uranium concentrate, but at an increased unit cost of US\$46.38 per pound, from the replenishment of inventory during the year. In 2022 this inventory has been disclosed as current as the Company now considers this to be a normal operating inventory holding.

Accounting Policy

Because of the nature of in-situ operations, it is not economically feasible to accurately measure the amount of in-process inventory at any given time. We use a combination of calculating estimated uranium captured per sampling applied to total lixiviant flow rates to determine the estimated U₃O₈ pounds captured. In-process inventory represents uranium that has been extracted from the wellfield and captured in the ion exchange columns and the elution tanks in the processing plant and is currently being transformed into a saleable product. Plant inventory is U₃O₈ that is contained in yellowcake, which has been dried and packaged in drums, but not yet transported to the conversion facility. The amount of U_3O_8 in the plant inventory is determined by weighing and assaying the amount of U₃O₈ packaged into drums at the plant. Conversion facility inventory is U₃O₈ that has been transported to and received at the conversion facility. The amount of U₃O₈ in the conversion facility inventory includes the amount of U₃O₈ contained in drums shipped to the conversion facility plus or minus any final weighing and assay adjustments per the terms of the uranium supplier's agreement with the conversion facility.

The consolidated group's inventories are measured at the lower of cost or net realisable value and reflect the U_3O_3 content in various stages of the production and sales process including in-process inventory, plant inventory and conversion facility inventory. Operating supplies are expensed when purchased. Finished goods and work in progress inventory are valued at the lower of cost and net realisable value using the weighted average cost method.

When determining the weighted average cost of uranium inventory, finished goods are segregated between uranium produced by the consolidated group and uranium purchased by the consolidated group. Produced uranium and purchased uranium are then separately valued at the lower of weighted average cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Where it is probable that the inventory will be delivered into existing agreements with purchasers that are not designated as derivative assets or liabilities, the estimated selling price is the average price contained in the existing agreements, otherwise current market prices are used to determine the estimated selling price.

For the Year Ended 30 June 2022

Production costs include the cost of raw materials, direct labour, mine-site related overhead expenses and depreciation of mineral interests, property, plant and equipment.

Note 8: Assets and Liabilities Classified as Held for Sale

On 27 April 2018, the Company announced its intention to divest or exit its 74% interest in the Karoo Projects in South Africa. After careful consideration of the available options, the Company decided to fully withdraw from any further development activities for the Karoo Projects in which it has an interest. Asset and liability balances and the operating results relating to the Karoo Projects are immaterial and therefore not disclosed.

Accounting Policy

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale;
- Management is committed to a plan to sell;
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- An active programme to locate a buyer has been initiated;
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs.

| Note 9: Other Financial Assets and Liabilities | | |
|--|----------|----------|
| | 2022 | 2021 |
| | US\$000s | US\$000s |
| Current financial assets | | |
| Derivate financial assets ⁽ⁱ⁾ | 5,269 | 6,566 |
| Total current other financial assets | 5,269 | 6,566 |
| Non-current financial assets | | |
| Derivate financial assets ⁽ⁱ⁾ | - | 6,081 |
| Listed investment | 3 | 3 |
| Total non-current other financial assets | 3 | 6,084 |
| Non-current financial liabilities | | |
| Derivate financial liabilities ⁽ⁱ⁾ | 2,209 | - |
| Total non-current other financial liabilities | 2,209 | - |

Notes:

(i) At 30 June 2022 the group has a portfolio of uranium concentrate sale and purchase agreements of up to 4.8 million pounds U_3O_8 of delivery commitments (3.45 million pounds U_3O_8 committed; up to 1.35 million pounds U_3O_8 optional).

For the Year Ended 30 June 2022

At 30 June 2022 the Company has 0.45 million pounds U_3O_8 of purchase commitments which will be used to satisfy delivery commitments in the next year.

Judgement and Management Assessment

Judgement is required to determine whether the group's portfolio satisfies the "own-use exemption" contained within IFRS 9. The standard applies to contracts to buy or sell a non-financial item that can be settled net in cash or in another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale, or usage requirements.

Management has assessed that the entire portfolio of uranium concentrate sale and purchase agreements no longer satisfy the "own-use" exemption under IFRS 9 *Financial Instruments* to not fair value the contractual rights and obligations of the arrangement.

In 2018 the Company announced that it was seeking to transition the Lance Projects from an alkaline based mining method to a low pH mining method. To assist with the transition period, the group agreed to vary certain uranium sale and purchase agreements and reduce the quantity of Lance origin uranium to be delivered and granted a series of option agreements to customers. The group also enters into purchase commitments in order to procure pounds of U_3O_8 to satisfy the delivery obligations.

Committed Offtake Agreements

At 30 June 2022, pricing for the committed offtake agreements relate in the main to base escalated sales contracts, with the average cash sales price over the remaining term of the contracts estimated at between US\$58 to US\$61 per pound using conservative US inflation assumptions. Delivery obligations under the contracts continue through to 2030.

A Derivative Financial Asset has been recognised and accounted for as Financial Instruments at Fair Value through Profit or Loss. This asset only relates to the open source origin component of these agreements (0.45 million pounds U_3O_8 at 30 June 2022) and all the purchase commitments. No asset value has been subscribed to the Lance Project origin component of the committed offtake agreements (3 million pounds U_3O_8).

Uncommitted Option Agreements

The uncommitted option agreements are subject to a mixture of base escalated prices and current uranium pricing metrics, including both a floor and a ceiling price, with an estimated cash sales price range of between US\$47 to \$58 per pound relating to the calendar years 2024 to 2026 inclusive, with exercise dates in the first quarter of the 2023 calendar year.

The increase in uranium prices during the year has resulted in the first-time recognition of a Derivative Financial Liability at 30 June 2022 for the uncommitted option agreements which has been accounted for as Financial Instruments at Fair Value through Profit or Loss. This liability only relates to the open-source origin component of the uncommitted option agreements (0.9 million pounds U_3O_8). No liability value has been subscribed to the Lance Project origin component of the uncommitted option agreements (0.45 million pounds U_3O_8).

Fair Value

The derivative financial asset and financial liability fair value of the open source origin components of the committed offtake agreements, purchase commitments, and uncommitted option agreements is based on the present value of the difference between the revenue/expense under the agreements and revenue/expense that similar agreements would generate if entered into at 30 June 2022, and will differ from the actual cash received/paid in the future.

The net derivative gain recognised in 2022 is US\$0.4 million (2021: net derivative gain of US\$6.929 million), attributable to both the derivative financial assets and financial liabilities (2021: derivative financial assets only).

Accounting Policy

Financial assets are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated group commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Key Estimates, Judgements and Assumptions

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

For the Year Ended 30 June 2022

Fair value for derivative financial assets is determined by reference to comparable arm's length transactions or by reference to factors that would apply on an arm's length transaction. In determining fair value, the projected cash flow stream of the financial asset is escalated to a future date using the interest rate applicable to the financial asset instrument. Future cash flows are discounted back to present value using a discount rate that reflects the expected rate of return and level of risk inherent within each financial instrument.

Purchase contract derivative fair values are based on product value of the difference in purchase prices versus the forward curve of spot prices. Delivery contract derivative fair values are based on the present value of the difference between revenue under existing offtake contracts and revenue that a similar contract would generate if entered into at reporting date. Judgement is applied in determining what similar contracts could be entered into.

Note 10: Controlled Entities

(a) Controlled entities consolidated

| | Country of | Percentage (% | |
|--|---------------|------------------|------|
| | Incorporation | 2022 | 2021 |
| Parent Entity | | | |
| Peninsula Energy Limited | Australia | | |
| | | | |
| Subsidiaries of Peninsula Energy Limited | | | |
| Peninsula Uranium Limited | UK | 100% | 100% |
| Strata Energy Inc. | USA | 100% | 100% |
| Peninsula USA Holdings Inc. | USA | 100% | 100% |
| Peninsula Energy LTIP Pty Ltd | Australia | 100% | 100% |
| PM Prospecting Pty Ltd | Australia | 100% | 100% |
| PM Energy Pty Ltd | Australia | 100% | 100% |
| Trove Resources Pty Ltd | Australia | 100% | 100% |
| Imperial Mining (Fiji) NL | Australia | 100% | 100% |
| Tasman Pacific Minerals Limited | Australia | 100% | 100% |
| Tasman RSA Holdings (Pty) Ltd | South Africa | 100% | 100% |
| Tasman Mmakau JV Company (Pty) Ltd | South Africa | 74% | 74% |
| Tasman Lukisa JV Company (Pty) Ltd | South Africa | 74% | 74% |
| Beaufort West Minerals (Pty) Ltd | South Africa | 74% | 74% |

(b) Acquisition and disposal of controlled entities

There were no acquisitions or disposals of controlled entities during the year.

(c) Non-controlling interests (NCI)

No summarised financial information has been presented for the Lukisa Joint Venture as it is immaterial.

On 18 December 2013, the Company acquired a 74% interest in Lukisa JV Company (Pty) Ltd. Under the terms of the shareholders' agreement in place with the holder of the 26% minority interest, the Company has judged that the Company has sufficient capability under the shareholders' agreement to control the day-to-day activities and economic outcomes of Lukisa JV Company (Pty) Ltd. Future changes to the shareholders' agreement may impact on the ability of the Company to control Lukisa JV Company (Pty) Ltd. The Company may be liable in the future to make an additional payment of US\$45.0 million to the vendor. Following the decision to exit the project, liquidate the assets and relinquish the mining rights, it is improbable that this additional payment is required, refer to Note 28 for further details.

Key Estimates, Judgements and Assumptions

In determining whether the consolidated group has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the consolidated group to control the day-to-day activities of the partly owned

For the Year Ended 30 June 2022

subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the consolidated group has with other owners of partly owned subsidiaries are taken into consideration. Whilst the consolidated group is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the consolidated group where it is determined that the consolidated group controls the day-to-day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiary de-consolidation.

Upon acquisition of partly owned subsidiaries by the consolidated group, judgement is exercised concerning the value of net assets acquired on the date of acquisition. Minority owner interest share of net assets acquired, and subsequent period movements in value thereof, are disclosed as outside equity interests.

| 2022 US\$000s | 2021 US\$000s |
|------------------|--|
| | |
| 18,514 | 18,548 |
| (1,727) | (1,638) |
| 16,787 | 16,910 |
| | |
| 2,186 | 2,186 |
| (438) | (378) |
| 1,748 | 1,808 |
| 18,535 | 18,718 |
| | US\$000s 18,514 (1,727) 16,787 2,186 (438) 1,748 |

| 30 June 2022 | Plant and Equipment | Land and Buildings | Total |
|---|------------------------|-----------------------|----------------------|
| (a) Movement in carrying amounts Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year. | US\$000s | US\$000s | US\$000s |
| Balance at the beginning of the year Additions Disposals | 16,910 45 (31) | 1,808 - - | 18,718 45 (31) |
| Depreciation expense included in standby mode and low pH transition costs and discontinued operations Foreign exchange translation | (137) | (61) - | (198) |
| Carrying amount at the end of the year | 16,787 | 1,747 | 18,535 |

| 30 June 2021 | Plant and Equipment | Land and Buildings | Total |
|---|------------------------|-----------------------|----------|
| (b) Movement in carrying amounts Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year. | US\$000s | US\$000s | US\$000s |
| Balance at the beginning of the year | 16,947 | 1,869 | 18,816 |
| Additions | 173 | - | 173 |
| Disposals | (2) | - | (2) |
| Depreciation expense included in standby mode and low pH transition costs and discontinued operations | (209) | (61) | (270) |
| Foreign exchange translation | 1 | | 1 |

16,910

1,808

18,718

Carrying amount at the end of the year

For the Year Ended 30 June 2022

Accounting Policy

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

Land and Buildings

Freehold land and buildings are shown at their cost, less accumulated depreciation on buildings.

Plant and Equipment

Plant and equipment are measured on a cost basis.

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

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

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

Depreciation

The carrying amounts of mineral interests, property, plant and equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, or using the straight-line method over their estimated useful lives indicated below.

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

- Mine plant and equipment based on recoverable resources or reserves on a unit of production basis;
- Assets under construction not depreciated;
- Property, plant and equipment 2 to 15 years straight-line or on a unit of production basis; and
- Buildings 6 to 40 years straight-line or on a unit of production basis.

Note 12: Mineral Development

| | 2022 | 2021 |
|---|----------|----------|
| | US\$000s | US\$000s |
| Mineral Development | | |
| Balance at the beginning of the year | 38,633 | 37,356 |
| Development costs | 1,022 | 22 |
| (Decrease)/Increase in provision for rehabilitation | (2,540) | 1,313 |
| Amortisation of development costs | (82) | (58) |
| Carrying amount at the end of the year | 37,033 | 38,633 |

For the Year Ended 30 June 2022

Accounting Policy – Amortisation of Development Costs

Amortisation of development costs is charged on a units of production basis over the life of economically recoverable resources. Mineral development costs are amortised on the following basis for the Company's operating in-situ recovery project:

- Mine Units Wellfield development costs (mine unit wellfield data package costs, mining wells, monitor wells and header houses) within a mine unit are amortised on a units of production basis over the expected uranium to be recovered from that mine unit;
- Permit Area Capitalised exploration, trunkline installation, permitting costs and restoration and rehabilitation costs are amortised on a units of production basis over the expected uranium to be recovered from that permit area; and
- Life of Mine Capitalised borrowing costs and capitalised pre-production costs are amortised on a units of production basis over the expected uranium to be recovered over the life of mine from all permit areas.

Amortisation of Ross Permit Area costs commenced on 1 May 2016 upon the election to commence commercial operations.

Accounting Policy – Rehabilitation

The consolidated group's operations are subject to significant environmental regulation under international legislation in relation to its conduct of development and operation of uranium projects. The Directors are of the opinion that sufficient procedures and reporting processes have been established to enable the consolidated group to meet its environmental responsibilities, including future restoration and rehabilitation obligations.

Accounting Policy – Impairment of Assets

Development activities commence after commercial viability and technical feasibility of the project is established. At the end of each reporting period, the consolidated group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal (FVLCD) and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. The recoverable amount is calculated based on estimates, the most significant of which are mineral resources, sales price of uranium concentrate, operating and capital costs, discount rate and production start date.

Key Estimates, Judgements and Assumptions

At the end of each reporting period, the consolidated group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal (FVLCD) and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. No indicators were present at 30 June 2022.

Pre-production costs are deferred as development costs until such time as the asset is capable of being operated in a manner intended by management and depreciated on a units of production basis. Post-production costs are recognised as a cost of production.

Determining when a project has commenced commercial operations involves judgement. Management performs this assessment for each development project. Amongst the criteria that are evaluated for in-situ recovery and operations are: the level of wellfield flow rates relative to design capacity; the level of production relative to design capacity and the sustainability of this level; the period of time since the start of uranium production; and, an assessment of the sustainability of profitable operations. These factors can be subjective and no one factor by itself is necessarily indicative. Management exercises judgment in evaluating these factors based on its knowledge of the project's operations.

This assessment impacts the statement of financial position and statement of profit or loss and other comprehensive income, as upon commencement of commercial operations, development expenditures cease to

For the Year Ended 30 June 2022

be capitalised, revenue is recognised from any sales when the appropriate criteria have been met, and the assets included in assets under construction are reclassified to property, plant and equipment.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable resources or reserves. For ISR operations where a reserve (by definition under the relevant JORC-Code), cannot be determined until a sufficient period of economic operations have occurred, the rate of depletion shall be based on economically recoverable resources. In determining economically recoverable resources, management makes certain estimates and assumptions as to future events, including the future price of uranium.

Note 13: Joint Arrangements

Interest in Joint Operations

The consolidated group's share of assets employed in joint operations that are included in the consolidated financial statements are as follows:

Mmakau (RSA) Joint Venture

Peninsula Energy has a 74% interest in the Mmakau Joint Venture, whose principal activity was uranium exploration in the Karoo region of the Republic of South Africa. The 74% interest in this joint venture is proportionately consolidated. BEE partner Mmakau Mining (Pty) Ltd holds a 26% interest. The joint venture is dormant and all capitalised mineral exploration and evaluation expenditure relating to the Mmakau Joint Venture was fully impaired at 30 June 2018.

Accounting Policy

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required. Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The consolidated group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Note 14: Trade and Other Payables

| | 2022 US\$000s | 2021 US\$000s |
|---|------------------|------------------|
| Current | | |
| Trade and other payables ⁽ⁱ⁾ | 1,095 | 7,398 |
| Total trade and other payables | 1,095 | 7,398 |

Notes:

(i) The large amount in trade and other payables at 30 June 2021 relates to the purchase of 200,000 pounds of U_3O_8 in June 2021 in order to meet a sales delivery commitment. This trade payable was settled by the Company within contractual terms in the month of July 2021.

Accounting Policy

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

For the Year Ended 30 June 2022

Note 15: Borrowinas

| | 2022 US\$000s | 2021 US\$000s |
|---|------------------|------------------|
| Current | | |
| US Paycheck Protection Program ⁽ⁱ⁾ | - | 560 |
| Other borrowings ⁽ⁱⁱ⁾ | 3 | 48 |
| Total current borrowings | 3 | 608 |
| Non-Current | | |
| Other borrowings ⁽ⁱⁱ⁾ | 5 | 8 |
| Total non-current borrowings | 5 | 8 |

During the 2021 financial year the Company received US\$0.56 million under the second round of a US COVID-19 Paycheck Protection Program which is a forgivable loan specifically designed to help businesses keep their workers on the payroll. In accordance with the terms and conditions of this loan the Company applied for and received approval for this loan and accrued interest to be 100% forgiven in August 2021, resulting in the Company having no outstanding loan under the second round of the US Paycheck Protection Program at 30 June 2022. The Company has recognised loan forgiveness during the year in other income as detailed in Note 2.

Other borrowings consist of leases of motor vehicles, plant and equipment.

| Off-balance sheet arrangements | |
|--|----------|
| | |
| Surety bonds ⁽ⁱ⁾ 11,63 | 0 11,058 |
| Total off-balance sheet arrangements 11,63 | 0 11,058 |

In the normal course of business, the Company is a party to certain off-balance sheet arrangements. These arrangements include guarantees and financial instruments with off-balance sheet risk, such as letters of credit and surety bonds. No liabilities related to these arrangements are reflected in this consolidated Statement of Financial Position, other than the rehabilitation provision.

US federal and state laws require the Company to secure certain long-term obligations, such as asset retirement obligations. In 2021 the Company secured Lance Projects reclamation obligations with surety bonds and supported the surety bonds with cash deposits of US\$2.9 million that represent a percentage of the face value of the obligation. The surety bond provider has a first ranking charge over the cash deposit amounts.

In June 2022 the Company granted security to the surety bond provider over some specific Lance Projects assets in lieu of providing additional cash deposits as part of the transition to low-pH ISR operations (security over cash deposits of US\$2.9 million remains in place in 2022).

The Company believes that these bonds will expire without any claims or payments thereon, and accordingly we do not expect any material adverse effect on our financial condition, results of operations or cash flows therefrom.

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost or fair value. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended

For the Year Ended 30 June 2022

use or sale. Borrowing costs cease to be capitalised upon the earlier of extinguishment of the liability or the commencement of commercial production from the qualifying asset.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Key Estimates, Judgements and Assumptions

Balances disclosed in the financial statements and notes related to financial liabilities are shown at their amortised cost or fair value. When measuring fair value of financial liabilities owed by the consolidated group to minority owners of partly owned subsidiaries within the consolidated group, judgement is made on the future maturity date of the financial instruments, likelihood of the obligation having to be settled and the discount rate applied to future cash flow streams to determine fair value at each reporting date. The discount rate takes into account a risk factor applicable to each such financial liability on each reporting date. At the time of completion of the acquisition of the 74% interest in the Lukisa JV Company (Pty) Ltd, the Company and the holder of the 26% minority interest each acquired from the vendor certain loans owing from the Lukisa JV Company (Pty) Ltd to the vendor. Due to the decision by the Company to withdraw from the Karoo Projects in South Africa and the subordinated position that the acquired loans hold compared to other shareholder loans and third-party liabilities, the Company has applied its judgement to value these loans at a fair value of nil.

The expected maturity date and discount factor applied at each reporting date may change as a result of changes in development, operations or future prospects of partly owned subsidiaries and uranium market conditions.

Note 16: Provisions

| | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| Current | | 000003 |
| Employee Entitlements – Annual Leave | 163 | 145 |
| Total current provisions | 163 | 145 |
| Non-Current | | |
| Rehabilitation Provision ⁽ⁱ⁾ | 10,098 | 12,638 |
| Total non-current provisions | 10,098 | 12,638 |
| Movement in Rehabilitation Provision: | | |
| Balance at the beginning of the year | 12,638 | 11,325 |
| Change in provision recognised in Mineral Development assets | (2,540) | 1,313 |
| Balance at the end of the year | 10,098 | 12,638 |

Notes:

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

Accounting Policy

Provisions

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

For the Year Ended 30 June 2022

Employee Benefits

Provision is made for the consolidated group's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined Superannuation Schemes

Australian employees receive a superannuation guarantee contribution required by the government, which was 10% up to 30 June 2022, and do not receive any other retirement benefits. United States employees receive retirement contributions under a 401(k) plan established by Strata, which is currently 5.0% of ordinary earnings, and do not receive any other retirement benefits.

Key Estimates, Judgements and Assumptions

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of the mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example, in response to changes in resources or to production rates. In recognising the amount of decommissioning and restoration obligation at each reporting date, judgement is made on the extent of decommissioning and restoration that the consolidated group is responsible for at each reporting date. For ISR operations, this requires an assessment to be made on not only physical above ground disturbances but also on below ground disturbances in mining zone aquifers that have occurred through the use of the ISR mining method. Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Note 17: Issued Capital

| | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| A reconciliation of the movement in issued capital and reserves for the consolidated group can be found in the Statement of Changes in Equity. | | |
| 997,296,191 fully paid ordinary shares (2021: 996,018,185) | 252,717 | 252,502 |
| | | |
| (a) Ordinary shares – Number of Shares | 2022 No. | 2021 No. |
| At the beginning of the reporting year | 996,018,185 | 882,129,638 |
| Shares issued during the year | | |
| Shares issued under an institutional placement | - | 89,333,334 |
| Shares issued under a Share Purchase Plan | - | 13,333,226 |
| Shares issued under employment agreements⁽ⁱ⁾ | 1,278,006 | 9,130,217 |
| Shares issued in lieu of cash 2017 retention scheme⁽ⁱⁱ⁾ | - | 1,648,353 |
| Shares issued in lieu of cash short-term incentives | - | 443,417 |
| Total at the end of the reporting year | 997,296,191 | 996,018,185 |
| | | |

For the Year Ended 30 June 2022

| (b) Ordinary shares – Value of Shares | 2022 US\$000s | 2021 US\$000s |
|--|------------------|---|
| At the beginning of the reporting year | 252,502 | 240,598 |
| Shares issued during the year Shares issued under an institutional placement Shares issued under a Share Purchase Plan Shares issued under employment agreements⁽ⁱ⁾ Shares issued in lieu of cash 2017 retention scheme⁽ⁱⁱ⁾ Shares issued in lieu of cash short-term incentives Share issue costs Total at the end of the reporting year | 215 | 10,330 1,506 476 96 23 (527) 252,502 |

Notes:

(i) In October 2021, the Board approved the payment of Long-Term Incentive Plan incentives for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2021. These were subsequently issued on 1 December 2021 after the 2021 Annual General Meeting of shareholders. Restricted share units (RSUs) are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.2476 per share, being the 30-day volume weighted share price as at 1 October 2021. No RSU will vest for any participant before 1 July 2022.

In September 2020, the Board approved the payment of Long-Term Incentive Plan incentives for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2020. These amounts were accrued as at 30 June 2020 and subsequently issued on 2 October 2020. Restricted share units (RSUs) are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.078 per share, being the 30-day volume weighted share price as at 30 June 2020. No RSU will vest for any participant before 1 July 2021.

(ii) In November 2020, Shareholders approved the issue of shares to key management personnel at their election in lieu of cash 2017 retention scheme awards. The number of shares issued was based on a share price of A\$0.169 per share.

(c) Options

The total number of options on issue at 30 June 2022 was 4,925,000.

The options include 1,950,000 unlisted options exercisable at A\$0.4572 (A\$0.4572: 2020) on or before 30 November 2022 and 2,975,000 unlisted options exercisable at A\$0.5072 (A\$0.5072: 2020) on or before 30 November 2022.

A reconciliation of the total options on issue as at 30 June 2022 is as follows:

| | OPTIONS | |
|--|---------------|-----------------|
| | LISTED No. | UNLISTED No. |
| At the beginning of the reporting year | - | 27,425,000 |
| Issued during the year | - | - |
| Expired during the year | - | (22,500,000) |
| Exercised during the year | - | - |
| Options subject to shareholder approval ⁽ⁱ⁾ | - | 4,100,000 |
| Total at the end of the reporting year | - | 9,025,000 |

All options granted to Key Management Personnel are convertible into ordinary shares in Peninsula, which confer a right of one ordinary share for every option held. All equity transactions with specified directors and specified executives have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

For the Year Ended 30 June 2022

Notes:

(i) On 27 January 2022 the Board resolved, subject to shareholder approval, to grant the Non-Executive Directors options. The options are proposed to be for a five year period, with an strike price of A\$0.30 per option, with vesting to be over three years in equal traches based on Board appointment. The options have been provisionally valued at A\$0.1039 per option using the Black-Scholes valuation.

(d) Capital Management

Management controls the capital of the consolidated group in order to maintain an appropriate debt to equity ratio and ensure that the consolidated group can fund its operations and continue as a going concern. The consolidated group currently has no debt.

Management effectively manages the consolidated group's capital by assessing projected compliance with financial undertakings and financial risks, and if required, adjusting its capital structure in response to changes in these risks and projected compliance with financial undertakings. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated group since the prior year.

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

The consolidated group operates equity-settled share-based payment employee share, performance rights, restricted share unit and option schemes. The fair value of the equity in which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares and restricted share units is ascertained as the market bid price at the time of issue. The fair value of performance rights is ascertained independently on the effective date of grant using a hybrid option pricing model, with the expected share price at the expiry date simulated using a Monte-Carlo model. The fair value of options is ascertained independently using a Black Scholes pricing model which incorporates all market vesting conditions. The number of shares, restricted stock units and options expected to vest is reviewed and, where expectations relate to non-market performance conditions, adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Note 18: Reserves

(a) Share-Based Payments Reserve

The share-based payments reserve records items recognised as expenses on valuation of employee share options and convertible note facility shares and options.

A reconciliation of the movement in the share-based payments reserve as at 30 June 2022 is as follows:

| 2022 US\$000s | 2021 US\$000s |
|------------------|---|
| 15,466 | 16,148 |
| (215) | - |
| 348 | - |
| 428 | - |
| 67 | - |
| - | (489) |
| - | (193) |
| 16,094 | 15,466 |
| | US\$000s 15,466 (215) 348 428 67 - - |

For the Year Ended 30 June 2022

Notes:

(i) In August 2022, the Board approved the award of incentives under both the Long-Term Incentive Plan (LTIP) and the Short-Term Incentive Plan (STIP) for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2022. The STIP is awarded in cash, but an election can be made by the participant to receive a gross up of the cash benefit in shares. Both the LTIP shares and the STIP share elections were accrued for as at 30 June 2022 but issued subsequent to year end.

In October 2021, the Board approved the award of Long-Term Incentive Plan incentives for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2021. These were subsequently issued on 1 December 2021 after the 2021 Annual General Meeting of shareholders. Restricted share units (RSUs) are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.2476 per share, being the 30-day volume weighted share price as at 1 October 2021. No RSU will vest for any participant before 1 July 2022.

In September 2020, the Board approved the award of Long-Term Incentive Plan incentives for Key Management Personnel and senior staff in recognition of substantial progress being made on the low pH license and permit amendment approvals during the financial year to 30 June 2020. These amounts were accrued for as at 30 June 2020 but were issued subsequent to year end.

In order to meet employee taxation obligations for STIP share elections, US\$180k has been recognised as a cash settled share-based payment and recorded as a current liability.

(ii) On 27 January 2022 the Board resolved, subject to shareholder approval, to grant the Non-Executive Directors options. The options are proposed to be for a five-year period, with an strike price of A\$0.30 per option, with vesting to be over three years in equal traches based on Board appointment. The options have been provisionally valued at A\$0.1039 per option using the Black-Scholes valuation.

(b) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign operations.

Refer to the Statement of Changes in Equity for a reconciliation of movements in the Share-Based Payments Reserve and Foreign Currency Translation Reserve during the year.

Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the consolidated group's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of the parent entity is Australian dollars. The consolidated financial statements are presented in United States dollars which is the parent entity's presentation currency. The functional currency of a material subsidiary, Strata Energy, Inc. is United States dollars. The functional currency of a material subsidiary, Tasman RSA Holdings (Pty) Ltd is South African rand. The functional currency of a material subsidiary, Peninsula Uranium Limited is United States dollars.

Transaction and Balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. The parent entity of the consolidated group provides the majority of funding to subsidiaries by way of US dollar denominated intercompany loans, thereby generating a net investment hedge where the gain or loss on consolidation is taken to other comprehensive income in the consolidated statement of profit or loss.

For the Year Ended 30 June 2022

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

Group Companies

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

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

Exchange differences arising on translation of foreign operations with functional currencies other than United States dollars are recognised in Other Comprehensive Income and included in the foreign currency translation reserve in the statement of financial position.

| Note 19: Auditor's Remuneration | | |
|--|------------------|------------------|
| | 2022 US\$000s | 2021 US\$000s |
| Remuneration of the auditor of the parent entity for: | | |
| Auditing or reviewing the financial report | 73 | 79 |
| Other services | 32 | 67 |
| Total auditor's remuneration | 105 | 146 |

Note 20: Key Management Personnel Compensation

Names and positions held of consolidated and parent entity Key Management Personnel in office at any time during the financial year are:

| Key Management Personnel | Position |
|--------------------------|---|
| John Harrison | Non-Executive Chairman |
| Wayne Heili | Managing Director / Chief Executive Officer |
| Harrison Barker | Non-Executive Director |
| Mark Wheatley | Non-Executive Director |
| Rachel Rees | Non-Executive Director (appointed 5 February 2022) |
| Brian Booth | Non-Executive Director (appointed 14 May 2022) |
| David Coyne | Non-Executive Director (resigned 13 October 2021) |
| Ralph Knode | Chief Executive Officer (Strata Energy Inc.) |
| Ron Chamberlain | Chief Financial Officer and Joint Company Secretary from 13 July 2020 |

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the consolidated group's Key Management Personnel for the year ended 30 June 2022.

The totals of remuneration paid to Key Management Personnel of the Company and the consolidated group during the year are as follows:

| | 2022 US\$000s | 2021 US\$000s |
|---|------------------|------------------|
| Short-term employee benefits | 1,227 | 1,219 |
| Post-employment benefits | 53 | 54 |
| Other benefits | 70 | 61 |
| Share-based payments (Note 22) | 674 | (88) |
| Total remuneration paid to Key Management Personnel | 2,024 | 1,246 |

For the Year Ended 30 June 2022

Note 21: Events Since the End of the Financial Year

On 1 August 2022 the Company announced the change of register office, back to its old offices in Subiaco, WA.

On 15 August 2022 the Company announced the Definitive Feasibility Study for the Ross and Kendrick Projects at Lance.

On 2 September 2022 the Company issued 1,376,430 shares to employees (non-related parties) under the short-term incentive plan.

The group continues to progress and execute its planned activities wherever possible subject to governmental, legal, health, safety and other necessary or imposed restrictions and concerns related to COVID-19 pandemic. COVID-19 has not materially impacted the transition to low pH operations at the Lance Projects, but it does remain an uncertainty moving forward. COVID-19 uncertainty may inhibit the divestment of the Karoo Projects in South Africa.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Note 22: Share-Based Payments

| | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| Accrual for LTIP shares ⁽ⁱ⁾ Accrual for election to receive cash STIP in shares ⁽ⁱ⁾ | 428 528 | (13) |
| Accrual for Retention Incentive Shares ⁽ⁱⁱ⁾ | - | (97) |
| Accrual for Non-Executive Director Options(iii) | 67 | - |
| Total share-based payments | 1,023 | (110) |

Notes:

(i) In August 2022, the Board approved the award of incentives under both the Long-Term Incentive Plan (LTIP) and the Short-Term Incentive Plan (STIP) for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2022. The STIP is awarded in cash, but an election can be made by the participant to receive a gross up of the cash benefit in shares. Both the LTIP shares and the STIP share elections were accrued for as at 30 June 2022, but issued subsequent to year end.

In October 2021, the Board approved the award of Long-Term Incentive Plan incentives for Key Management Personnel and senior staff in recognition of performance during the financial year to 30 June 2021. These were subsequently issued on 1 December 2021 after the 2021 Annual General Meeting of shareholders. Restricted share units (RSUs) are held in trust for the recipients to vest over a three-year period. The number of RSUs issued has been determined using a share price of A\$0.2476 per share, being the 30-day volume weighted share price as at 1 October 2021. No RSU will vest for any participant before 1 July 2022.

In September 2020, the Board approved the award of Long-Term Incentive Plan incentives for Key Management Personnel and senior staff in recognition of substantial progress being made on the low pH license and permit amendment approvals during the financial year to 30 June 2020. These amounts were accrued for as at 30 June 2020 but were issued subsequent to year end.

(ii) On 3 February 2020, the Company announced that Mr Heili elected to take the full amount (US\$153,000) of his Retention Scheme award as shares in lieu of cash. These have been accrued as at 30 June 2020 and were issued subsequent to year end in December 2020 after shareholder approval was obtained at the 2020 Annual General Meeting.

In the 2020 financial year Mr Coyne elected to take part of his Retention Scheme award (US\$40,248) as shares in lieu of cash. These have been accrued as at 30 June 2020 and were issued subsequent to year end in December 2020 after shareholder approval was obtained at the 2020 Annual General Meeting.

 On 27 January 2022 the Board resolved, subject to shareholder approval, to grant the Non-Executive Directors options. The options are proposed to be for a five year period, with an strike price of A\$0.30 per option, with vesting to be over three years in equal traches based on Board appointment. The options have been provisionally valued at A\$0.1039 per option using the Black-Scholes valuation.

For the Year Ended 30 June 2022

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

Note 23: Loss Per Share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share

| (a) Reconciliation of earnings used in calculating earnings per share | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| Loss for the year attributable to the members of Peninsula Energy Limited: | | |
| Loss after income tax | (4,635) | (1,432) |
| Loss used to calculate basic and diluted EPS | (4,635) | (1,432) |
| Loss for the year from continuing operations: | | |
| Loss after income tax | (4,545) | (1,380) |
| Loss used to calculate basic and diluted EPS | (4,545) | (1,380) |
| (b) Weighted average number of shares outstanding during the year | 2022 No. | 2021 No. |
| Weighted average number of ordinary shares used in calculating basic EPS | 996.760.479 | 897.209.346 |
| Weighted average number of ordinary shares and shares under option used in calculating diluted EPS | 996,760,479 | , |
| | | |

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the 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. For the 2022 and 2021 financial years the exercise of granted options is anti-dilutive and as such the diluted earnings per share is the same as the basic loss per share.

| Note 24: Capital, Leasing and Delivery Commitments | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| (a) Exploration Tenement Leases Payable – Mining Leases (not later than one year) | 279 | 324 |

The consolidated group has certain obligations with respect to mining tenements and minimum expenditure requirements on areas held. For exploration licence expenditures, commitments are only expected for the following year. Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.

For the Year Ended 30 June 2022

(b) U₃O₈ Delivery Commitments

As at 30 June 2022 Peninsula has up to 4,800,000 pounds of U₃O₈ remaining under contract through to calendar year 2030 for delivery to major utilities located in the United States and Europe.

Of the total delivery commitments noted above, 3,450,000 pounds U_3O_8 is committed and up to 1,350,000 pounds U_3O_8 is optional at the election of the customer.

| Summary of Delivery Commitments Over the Next Five Years: | | | | |
|---|--------------------------------------|--|--|--|
| Financial Year | Pounds U ₃ O ₈ | | | |
| 2023 | 450,000 | | | |
| 2024 | 625,000 | | | |
| 2025 | 850,000 | | | |
| 2026 | 850,000 | | | |
| 2027 | 625,000 | | | |

Approximately 60% of deliveries over the next five years are firm and binding and 40% of deliveries are optional at the election of the customer.

Of the 30 June 2022 committed U_3O_8 sale deliveries at 30 June 2022, 0.45 million pounds can be satisfied with market sourced material ("open origin") in the next year, with the balance to be supplied from Lance Project origin uranium. The open-source origin components do not meet the 'own-use exemption' under *IFRS 9 Financial Instruments* to not fair value the contractual rights and obligations of the arrangement, refer to Note 9.

(c) U₃O₈ Purchase Commitments

As at 30 June 2022 Peninsula has 450,000 pounds of U₃O₈ remaining under contract for purchase.

| Summary of Purchase Commitments Over the Next Five Years: | | | | |
|---|--------------------------------------|--|--|--|
| Financial Year | Pounds U ₃ O ₈ | | | |
| 2023 | 450,000 | | | |
| 2024 | - | | | |
| 2025 | - | | | |
| 2026 | - | | | |
| 2027 | - | | | |

Key Estimates, Judgements and Assumptions

Judgement is required to determine whether the consolidated group's U_3O_8 delivery commitments satisfy the "own-use exemption" contained within IFRS 9. The standard applies to contracts to buy or sell a non-financial item that can be settled net in cash or in another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale, or usage requirements.

Other than sale contracts that can be settled net in cash or in another financial instrument, management believe all other sales contracts meet the "own-use exemption" definition. Therefore, the majority of commitments fall outside the scope of IFRS 9 and no derivative has been recognised other than as disclosed in Note 9.

Note 25: Financial Risk Management

The consolidated group's financial instruments consist of certain uranium concentrate sale and purchase agreements, deposits with banks, local money market instruments, short-term investments and accounts receivable and payable, notes issued to debt providers, loans to subsidiaries, and leases.

For the Year Ended 30 June 2022

Financial Risk Management Policies

The consolidated group manages its exposure to a variety of financial risks, market risk (including currency risk, commodity price risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the Audit and Risk Management Committee Charter and specific approved group policies. These policies are developed in accordance with the consolidated group's operational requirements. The consolidated group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of prevailing and forecast interest rates and foreign exchange rates. The consolidated group manages credit risk by only dealing with recognised, creditworthy third parties and liquidity risk is managed through the budgeting and forecasting process.

Specific Financial Risk Exposures and Management

The main risks the consolidated group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and equity price risk.

(a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the consolidated group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from invoice date.

Risk is also minimised by investing surplus funds in financial institutions that maintain a high credit rating.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the reporting date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The consolidated group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the consolidated group has significant credit risk exposures to the United States, United Kingdom and Australia given the substantial operations in those regions. Details with respect to credit risk of Trade and Other Receivables are provided in Note 6. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 6.

Credit risk related to balances with banks and other financial institutions are managed in accordance with approved Board policy. The consolidated group's current investment policy is aimed at maximising the return on surplus cash, with the aim of outperforming the benchmark within acceptable levels of risk return exposure and to mitigate the credit and liquidity risks that the consolidated group is exposed to through investment activities.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

| | 2022 US\$000s | 2021 US\$000s |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | | 0 =0 (|
| A-Rated | 7,582 | 6,701 |

(b) Liquidity Risk

Liquidity risk arises from the possibility that the consolidated group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing

For the Year Ended 30 June 2022

excess funds in highly liquid short term investments. The consolidated group's liquidity needs can be met through a variety of sources, including the issue of equity instruments and short or long term borrowings.

Alternative sources of funding in the future could include project debt financing and equity raisings, and future operating cash flow. These alternatives will be evaluated to determine the optimal mix of capital resources.

The following table details the consolidated group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

| | Financial Asset and Financial Liability Maturity Analysis | | | | | | | |
|--------------------------------|---|----------|-----------|----------|--------------|----------|----------|----------|
| | Within 1 Year | | 1-5 Years | | Over 5 Years | | Totals | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | US\$000s | US\$000s | US\$000s | US\$000s | US\$000s | US\$000s | US\$000s | US\$000s |
| Financial Assets | | | | | | | | |
| Cash and cash equivalents | 7,582 | 6,701 | - | - | - | - | 7,582 | 6,701 |
| Trade and other receivables | 1,023 | 10,772 | 3,019 | 3,001 | - | - | 4,042 | 13,773 |
| Other financial assets | 5,269 | 6,566 | 3 | 6,084 | - | - | 5,272 | 12,650 |
| Total Financial Assets | 13,874 | 24,039 | 3,022 | 9,085 | - | - | 16,896 | 33,124 |
| Financial Liabilities | | | | | | | | |
| Trade and other payables | 1,095 | 7,398 | - | - | - | - | 1,095 | 7,398 |
| Borrowings | 3 | 608 | 5 | 8 | - | - | 8 | 616 |
| Other financial liabilities | - | - | 2,209 | - | - | - | 2,209 | - |
| Total Financial Liabilities | 1,098 | 8,006 | 2,214 | 8 | - | - | 3,312 | 8,014 |

(c) Market Risk

(i) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The consolidated group does not use derivatives to mitigate these exposures.

At the reporting date, the details of outstanding contracts are as follows:

| | Effective Average Fixed Interest Rate | | | |
|-----------------------------|---------------------------------------|-----------|------------------|------------------|
| | 2022 % | 2021 % | 2022 US\$000s | 2021 US\$000s |
| Maturity of Amounts | | | | |
| Less than 1 year | 1.10 | 1.10 | 40 | 43 |
| 1 to 2 years | - | - | - | - |
| 2 to 5 years | - | - | - | - |
| Total Financial Assets | | | 40 | 43 |
| Maturity of Amounts | | | | |
| Less than 1 year | - | - | - | - |
| 1 to 2 years | 1.00 | 1.00 | - | 560 |
| 2 to 5 years | - | - | - | - |
| Total Financial Liabilities | | | - | 560 |

For the Year Ended 30 June 2022

(ii) Foreign Exchange Risk

The consolidated group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the relevant group company. The consolidated group's borrowings and deposits are largely denominated in US dollars. Currently there are no foreign exchange hedge programmes in place. However, the consolidated group treasury function manages the purchase of foreign currency to meet operational requirements.

As at 30 June 2022 the consolidated group's net exposure to foreign exchange risk was as follows:

| | Currency | 2022 \$000s | 2021 \$000s |
|---|----------|----------------|----------------|
| Functional currency of individual entity: AUD | | | |
| Net Foreign Currency Financial Assets Cash and cash equivalents | USD | 3,966 | 5,711 |
| Net Foreign Currency Financial Liabilities Borrowings | | - | |
| Total Net Exposure | USD | 3,966 | 5,711 |

The effect of a 10% strengthening of the USD against the AUD at the reporting date on the USDdenominated assets and liabilities carried within the AUD functional currency entity would, all other variables held constant, have resulted in a decrease in post-tax profit for the year and increase of net assets of US\$0.39 million (2021: increase in post-tax loss and decrease in net assets of US\$0.57 million).

(iii) Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors of commodities. The consolidated group is also exposed to securities price risk on investments held for trading or for medium or longer terms. The value of the consolidated group's investments, as detailed in Note 9, is not material enough to be considered a risk at the reporting date.

Fair Value

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

- Cash and short-term investments the carrying amount approximates fair value because of their short term to maturity;
- Trade receivables and trade creditors the carrying amount approximates fair value;
- Listed investments for financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset adjusted for transaction costs necessary to realise the asset;
- Derivative financial assets and liabilities initially recognised at fair value through profit or loss at the date the contract is entered into and subsequently re-measured at each reporting date; and
- Other assets and liabilities approximate their carrying value.

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

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Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

| 30 June 2022 | Level 1 | Level 2 | Level 3 | Total |
|--|----------|----------|----------|----------|
| | US\$000s | US\$000s | US\$000s | US\$000s |
| Financial Assets | | | | |
| Listed investments ⁽ⁱ⁾ | 3 | - | - | 3 |
| Derivative financial asset ⁽ⁱⁱ⁾ | - | - | 5,269 | 5,269 |
| Total Financial Assets | 3 | - | 5,269 | 5,272 |
| | | | | |
| Financial Liabilities | | | | |
| Derivative financial liabilities ⁽ⁱⁱ⁾ | - | - | 2,209 | 2,209 |
| Total Financial Liabilities | | - | 2,209 | 2,209 |
| | | | | |
| 30 June 2021 | Level 1 | Level 2 | Level 3 | Total |
| | US\$000s | US\$000s | US\$000s | US\$000s |
| Financial Assets | | | | |
| Listed investments ⁽ⁱ⁾ | 3 | - | - | 3 |
| Derivative financial asset ⁽ⁱⁱ⁾ | | - | 12,647 | 12,647 |
| Total Financial Assets | 3 | - | 12,647 | 12,650 |

Notes:

- (i) The fair value of the listed investments have been based on the closing quoted bid prices at reporting date, excluding transaction costs.
- (ii) The fair value of the derivative financial asset and financial liabilities have been determined using comparison of uranium forward spot prices to total contractual cash flows of the respective uranium sale and purchase agreements and options, discounted back to present value.

There were no transfers between levels during the years ended 30 June 2022 and 30 June 2021.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair value due to their short-term nature.

Level 3 Assets

Movements in level 3 assets during the year ended 30 June 2022 are set out below:

| | Balance 1 July 2021 | Derivative fair value movement | Realised Sales portion | Realised Purchase or Inventory | Balance 30 June 2022 |
|----------------------------------|------------------------|-----------------------------------|------------------------------|--------------------------------------|-------------------------|
| Derivative financial assets | 12,646 | 2,654 | (4,419) | (5,612) | 5,269 |
| Derivative financial liabilities | | 2,209 | _ | _ | 2,209 |

For the Year Ended 30 June 2022

| Description | Unobservable Inputs | Input | Sensitivity |
|----------------------------------|--------------------------------|---------------|---|
| Derivative financial assets | Pre-tax discount rate | 10.7% nominal | 1% change would increase/ decrease fair value by US\$0.0m (2021: US\$0.1m) |
| | Uranium forward sales price | US\$53/lb | US\$1/lb change would increase/decrease fair value by US\$0.4m (2021: US\$0.8m) |
| | Uranium forward purchase price | US\$50-52/lb | US\$1/lb change would increase/decrease fair value by US\$0.4m (2021: US\$0.6m) |
| Derivative financial liabilities | Pre-tax discount rate | 10.7% nominal | 1% change would increase/ decrease fair value by US\$0.1m (2021: Nil) |
| | Uranium forward sales price | US\$53/lb | US\$1/lb change would increase/decrease fair value by US\$0.4m (2021: Nil) |

The level 3 asset unobservable inputs and sensitivities are as follows:

Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated group commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through the profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method. Mortgages and finance leases are measured at amortised cost and all other financial instruments are measured at fair value through profit or loss. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised Cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The consolidated group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost or fair value. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as noncurrent assets.

For the Year Ended 30 June 2022

(ii) Investments

Investments are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Investments include non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost or fair value.

(iv) Financial assets

Fair value for financial assets is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. Fair value for financial liabilities is determined by reference to comparable arm's length transactions or by reference to factors that would apply on an arm's length transaction. In determining fair value, the projected cash flow stream of the financial liability is escalated to a future date using the interest rate applicable to the financial liability instrument. Future cash flows are discounted back to present value using a discount rate that reflects the expected rate of return and level of risk inherent within each financial liability instrument.

(v) Impairment

At each reporting date, the consolidated group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(vi) Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with IFRS 15: Revenue from Contracts with Customers. Where the entity gives guarantees in exchange for a fee, revenue is recognised under IFRS 15.

(vii) De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 26: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

Ultimate Parent Entity

Peninsula Energy Limited is the ultimate parent entity. The parent entity has related party transactions with its subsidiaries whereby the parent funds exploration, evaluation and development expenses, and general and administrative expenses incurred by its subsidiaries. These expenses are charged to the subsidiaries through inter-company loans.

For the Year Ended 30 June 2022

Service Agreements

Peninsula Energy Limited charged its wholly owned subsidiary Strata Energy Inc, a management fee for the provision of corporate, financial management, administration and other services during the year. The total management fee charged was US\$0.32 million (2021: US\$0.31 million).

Note 27: Operating Segments

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

The consolidated group has three reportable operating segments as follows:

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

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

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

(b) Inter-segment transactions

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

(c) Segment assets

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

(d) Segment liabilities

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

(e) Unallocated items

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

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

For the Year Ended 30 June 2022

| 30 June 2022 | Lance Projects Wyoming, USA | Karoo Projects, South Africa | Corporate/ Other | Total |
|---|--|---|--|---|
| | US\$000s | US\$000s | US\$000s | US\$000s |
| Revenue and Other Income External sales Cost of sales Gross Profit | 2,250 (2,113) 137 | - - | 16,050 (13,136) 2,914 | 18,300 (15,249) 3,051 |
| Loan forgiveness Gain on sale of equipment Sundry income Interest revenue Total Other Income | 560 12 - 4 576 | - 15 7 22 | - 15 - 15 | 560 12 30 11 613 |
| Total Gross Profit and Other Income | 713 | 22 | 2,929 | 3,664 |
| Expenses Standby mode and low pH transition costs Selling and marketing expenses Corporate and other administration expenses Derivative fair value movement Other expenses Allocated Segment Expenses | (7,079) (67) - (600) - (7,746) | - (5) - (91) (96) | (135) (1,933) 960 - (1,108) | (7,079) (202) (1,938) 360 (91) (8,950) |
| Unallocated Expenses Foreign exchange loss Other expenses Finance costs Income tax expense Loss for the year Segment loss included in discontinued operations Loss for the year from continuing operations | | | | 409 (1,033) (3) <u>1,294</u> (4,619) <u>74</u> (4,545) |
| Segment Assets Mineral development Property, plant and equipment Cash and cash equivalents Trade and other receivables Inventory Held for sale assets Other financial assets Total Assets | 37,033 18,530 1,122 3,706 15,024 - - 469 75,884 | 4 91 202 - 697 - 994 | - 1 6,369 134 - - 4,803 11,307 | 37,033 18,535 7,582 4,042 15,024 697 5,272 88,185 |
| Segment Liabilities Borrowings Provisions Trade and other payables Liabilities associated with held for sale assets Deferred tax liabilities Other financial liabilities Total Liabilities | 8 10,250 701 - - 623 11,582 | - 29 261 - 2 90 | - 11 365 - 912 <u>1,586</u> 2,874 | 8 10,261 1,095 261 912 2,209 14,746 |

For the Year Ended 30 June 2022

| \geq | 30 June 2021 | Lance Projects Wyoming, USA | Karoo Projects, South Africa | Corporate/ Other | Total |
|--------|--|--------------------------------------|------------------------------------|---------------------|----------|
| | | US\$000s | US\$000s | US\$000s | US\$000s |
| | Revenue and Other Income | | | | |
| | External sales | 2,775 | - | 7,000 | 9,775 |
| | Cost of sales | (2,246) | - | (6,274) | (8,520) |
| | Gross Profit | 529 | - | 726 | 1,255 |
| | Lean familyanasa | 516 | | | 516 |
| | Loan forgiveness | 510 | - 9 | - 135 | 144 |
| | Sundry income Interest revenue | - 1 | 10 | 4 | 144 |
| | Total Other Income | 517 | <u> </u> | 139 | 675 |
| | | 517 | 13 | 155 | 075 |
| | Total Gross Profit and Other Income | 1,046 | 19 | 865 | 1,930 |
| | Expenses | | | | |
| | Standby mode and low pH transition costs | (7,138) | _ | _ | (7,138) |
| | Selling and marketing expenses | (13) | _ | (112) | (125) |
| | Corporate and other administration expenses | (10) | (14) | (1,905) | (1,919) |
| | Derivative fair value movement | 620 | - | 6,309 | 6,929 |
| | Allocated Segment Expenses | (6,531) | (14) | 4,292 | (2,253) |
| |)) | | | , - | |
| | Unallocated Expenses | | | | |
| | Foreign exchange loss | | | | (650) |
| | Other expenses | | | | 33 |
| | Finance costs | | | | (35) |
| | Income tax expense | | | | (465) |
| | Loss for the year | | | | (1,440) |
| | Segment loss included in discontinued operations | | | | 60 |
| | Loss for the year from continuing operations | | | | (1,380) |
| | Segment Assets | | | | |
| | Mineral development | 38,633 | _ | _ | 38,633 |
| | Property, plant and equipment | 18,713 | _ | 5 | 18,718 |
| | Cash and cash equivalents | 365 | 341 | 5,995 | 6,701 |
| | Trade and other receivables | 3,327 | 258 | 10,188 | 13,773 |
| | Inventory | 9,918 | - | - | 9,918 |
| | Held for sale assets | - | 916 | - | 916 |
| | Other financial assets | 1,037 | - | 11,613 | 12,650 |
| | Total Assets | 71,993 | 1,515 | 27,801 | 101,309 |
| | Segment Liabilities | | | | |
| | Borrowings | 616 | - | - | 616 |
| | Provisions | 12,773 | - | 10 | 12,783 |
| | Trade and other payables | 498 | 32 | 6,867 | 7,397 |
| | Liabilities associated with held for sale assets | - | 654 | - | 654 |
| | Deferred tax liabilities | - | - | 2,206 | 2,206 |
| | Total Liabilities | 13,888 | 686 | 9,084 | 23,657 |

Note 28: Contingent Liabilities

Portfolio of Uranium Concentrate Sale and Purchase Agreements

Peninsula has commitments to deliver uranium concentrate from mines developed or acquired by the Group under its portfolio of uranium concentrate sale and purchase agreements.

For the Year Ended 30 June 2022

The earliest date for this commitment to deliver Group production is November 2023 and at the reporting date Peninsula is expected to meet this commitment based on a restart of the Lance Projects in Wyoming USA. The Company has a well-defined pathway to restarted production at the Lance Projects and a final investment decision to restart commercial production is expected by the end of CY2022. Given the Project's existing operational field areas, that were in production as recently as 2019, Peninsula can rapidly restart commercial operations within 6 months and therefore realise the economic benefit from the agreements.

The Group is not expected to breach any of the uranium concentrate sale and purchase agreements and as such be liable in the future to pay liquidated damages or other breach of contract remedies, and as a result no onerous contract provision in relation to agreements has been recognised in the financial statements at 30 June 2022.

Lukisa Joint Venture Company Acquisition

In December 2013, the Company completed the acquisition of the South African uranium assets held by AREVA. As part of the commercial arrangements, an additional amount of US\$45.0 million is to be paid to AREVA at the time that at least 50% of project development funding is secured. If 50% of project development funding is not secured within 25 years, no additional contingent payment is liable to be made. In order to achieve at least 50% of project development funding, additional exploration and delineation drilling is required, a bankable feasibility study needs to be completed and a mineral reserve to support the first five to seven years of mining operations is required. Following the decision during the 2018 financial year to exit the project, liquidate the assets and relinquish the mining rights, it is improbable that this additional payment is required.

The Board is not aware of any other circumstances or information which leads them to believe there are any other material contingent liabilities outstanding as at 30 June 2022.

Key Estimates, Judgements and Assumptions

Amounts disclosed as contingent liabilities are judgements based on commercial arrangements entered into by the consolidated group. When making judgement on contingent liabilities, consideration is given the past or future event that gives rise to a possible liability in the future and to the probability that the liability will be actually required to be settled in the future. Under the terms of the agreement to acquire a 74% interest in Lukisa JV Company (Pty) Ltd, the Company may be liable in the future to make an additional payment of US\$45.0 million to the vendor. After assessment of the conditions that would require this payment to be made in the future, the Company has judged that this possible future payment is a contingent liability as described above and will continue to classify it as a contingent liability until such time as the basis for the possible payment no longer exists. Change in circumstances or the future attainment of objectives may cause liabilities that are currently assessed as being contingent to be reclassified as financial liabilities.

Note 29: Parent Entity Information

| | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| Current assets | 4,405 | 6,697 |
| Total assets | 65,788 | 73,514 |
| Current liabilities | 341 | 403 |
| Total liabilities | 1,927 | 403 |
| Issued capital | 252,717 | 252,502 |
| Accumulated losses | (224,137) | (197,370) |
| Share-based payment reserve | 16,094 | 15,466 |
| Foreign currency translation reserve | 19,187 | 2,514 |
| Total equity | 63,861 | 73,112 |
| Profit/(Loss) of parent entity | (26,767) | 16,029 |
| Other comprehensive income | - | - |
| Total comprehensive profit/(loss) of the parent entity | (26,767) | 16,029 |

For the Year Ended 30 June 2022

Note 30: Retirement Benefit Obligations

Superannuation

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

Note 31: Cash Flow Information

| (a) Reconciliation of net cash used in operating activities with loss after income tax | 2022 US\$000s | 2021 US\$000s |
|--|------------------|------------------|
| Loss after income tax | (4,619) | (1,440) |
| Non-cash flows included in loss: | | |
| Gain on sale of fixed assets | (12) | (10) |
| Depreciation (including depreciation charged to cost of sales | | |
| and Lance Projects costs) | 227 | 327 |
| Share-based payments expense | 1,023 | (110) |
| Inventory net realisable value adjustment | (169) | (4) |
| Unrealised foreign exchange (gain)/loss | (337) | 650 |
| Loan forgiveness | (560) | (516) |
| Change in assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables relating to operating activities | 9,749 | (10,142) |
| Increase in inventories | (4,937) | (9,441) |
| Increase in net held for sale assets and liabilities | (209) | (62) |
| Decrease/(increase) in other financial assets | 7,378 | (3,354) |
| Increase in other financial liabilities | 2,209 | - |
| /Decrease)/increase in trade and other payables relating to operating activities | (6,424) | 6,194 |
| Increase/(decrease) in provisions relating to operating activities | 18 | (54) |
| (Decrease)/Increase in deferred tax liabilities | (1,294) | 679 |
| Net cash used in operating activities | 2,043 | (17,283) |

(b) Acquisition and disposal of entities

During the financial year the group did not acquire or dispose of any entities that materially affected cash flows.

(c) Non-cash investing and financing activities

During the financial year, Peninsula made a number of share-based payments and transactions, which are outlined at Note 17 and Note 22.

Directors' Declaration

For the Year Ended 30 June 2022

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

- (1) (a) the consolidated financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and accompanying notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated group's financial position at 30 June 2022 and of its performance for the year ended on that date;
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (iii) other mandatory professional reporting requirements.
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - (c) the audited remuneration disclosures set out in the Remuneration Report of the Directors' Report for the year ended 30 June 2022 comply with section 300A of the *Corporations Act 2001*.
- (2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2022.
- (3) The consolidated group has included in the notes to the consolidated financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

On behalf of the Board

John Harrison Non-Executive Chairman

29 September 2022 Perth

For the Year Ended 30 June 2022



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INDEPENDENT AUDITOR'S REPORT

To the members of Peninsula Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Peninsula Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its
 financial performance for the year ended on that date; and

i) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Material uncertainty related to going concern

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

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

For the Year Ended 30 June 2022



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of mine assets

| Key audit matter | How the matter was addressed in our audit |
|--|--|
| Note 11 and 12 of the financial report discloses the carrying value of the Group's non-current mine assets which includes mine development assets and property, plant and equipment respectively. The Australian Accounting Standards require the Group to assess whether there are any indicators that the non-current mine assets may be impaired and if any indicator exists the group must estimate the recoverable amount of the asset. At year end, the group concluded that there were no indicators of impairment. The assessment of indicators of impairment is judgemental and includes a range of external and internal factors that could impact the recoverable amount of its mine assets. Accordingly, this matter was considered as key audit matter. | We evaluated and challenged whether there had been a significant changes in external and internal factors considered by the Group in assessing whether indicators of impairment exists and this included the following: Obtaining and reviewing the Definitive Feasibility Study Report prepared by management's external expert and assessing the competency and objectivity of management's expert; Comparing the carrying amounts of the Group's net assets against the market capitalisation, both as at 30 June 2022, and subsequent movements; Challenging management's uranium price assumptions against external market information and trends, to determine whether a significant change would impact the carrying value of assets, in conjunction with our internal valuation experts; Evaluating reasonableness of the operating costs and forecasted capital costs; Reviewing the Directors' minutes and ASX announcements for evidence of consistency of information with management's assessment of the carrying value; and |

• Assessing the adequacy of the related disclosures in Notes 11 and 12 of the financial report.

For the Year Ended 30 June 2022



Accounting for derivative financial instruments

| Key audit matter | How the matter was addressed in our audit |
|--|---|
| The carrying value of derivative financial instruments held by the Group as at 30 June 2022 is disclosed in Note 9. Management is required to make significant accounting estimates and judgements to value and recognise a derivative financial instrument consisting of sale and purchase agreements which fall under the scope of AASB 9 <i>Financial Instruments</i> ('AASB 9'). Refer to Note 9 and Note 25 for the detailed disclosures, which include the related accounting policies and critical accounting judgements and estimates. | Our procedures included, but were not limited to the following: Evaluating management's assessment that the contracts fall within the scope of AASB 9; Reviewing management's calculation including key judgements and assumptions applied in respect of accounting for the derivative financial instruments; Inspecting and reviewing the terms of both the sale and purchase contracts, and recalculating the expected future cash flows that formed the basis of the valuation; Challenging management's assumptions over the discount rates and other key judgements applied, involving our valuation experts where necessary; Assessing whether management's assessment for classification of the financial instruments are in accordance with the accounting standard; Considering the taxation implications; and Assessing the adequacy of the related disclosures in Note 9 and Note 25 of the financial report. |
| Other information | |

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

For the Year Ended 30 June 2022



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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 42 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Peninsula Energy Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

Dean Just Director Perth 29 September 2022

ASX Additional Information

(a) Distribution of Shareholders as at 26 September 2022

| | Spread of Holdings | Number of Ordinary Shareholders | Number of Shares |
|----|--------------------|------------------------------------|------------------|
| | 1 – 1,000 | 2,648 | 894,552 |
| | 1,001 – 5,000 | 3,205 | 9,296,509 |
| | 5,001 – 10,000 | 1,812 | 13,920,545 |
| 0 | 10,001 – 100,000 | 3,905 | 138,070,507 |
| IJ | 100,001 – and over | 885 | 835,212,502 |
| | Total | 12,455 | 997,394,615 |

| | Spread of Holdings | Number of Ordinary Shareholders | Number of S | Shares |
|----------|---|------------------------------------|--------------------------------------|------------|
| | 1 – 1,000 | 2,648 | | 894,55 |
| | 1,001 – 5,000 | 3,205 | | 9,296,50 |
| | 5,001 – 10,000 | 1,812 | | 13,920,54 |
| | 10,001 – 100,000 | 3,905 | | 138,070,50 |
| / | 100,001 – and over | 885 | | 835,212,50 |
| | Total | 12,455 | | 997,394,61 |
| Rank | Nan | ne | Number of Ordinary Shares Held | % |
| 1 | HSBC CUSTODY NOMINEES (AUSTR | ALIA) LIMITED | 196,863,251 | 19.7 |
| 2 | CITICORP NOMINEES PTY LIMITED | | 77,091,384 | 7.7 |
| 3 | BNP PARIBAS NOMINEES PTY LTD A | CF CLEARSTREAM | 58,769,580 | 5.8 |
| 4 | BNP PARIBAS NOMS PTY LTD | | 51,754,885 | 5.1 |
| 5 | BNP PARIBAS NOMINEES PTY LTD | 51,220,149 | 5.1 | |
| 6 | MERRILL LYNCH (AUSTRALIA) NOMI | NEES PTY LIMITED | 31,394,920 | 3.2 |
| 7 | HSBC CUSTODY NOMINEES (AUSTR | ALIA) LIMITED | 25,335,969 | 2.5 |
| 8 | WANNA QUICKIE PTY LTD | | 11,371,384 | 1.1 |
| 9 | DR TIMOTHY CHARLES CROWE | | 7,000,000 | 0. |
| 10 | MR WAYNE HEILI | | 5,942,459 | 0.0 |
| 11 | J P MORGAN NOMINEES AUSTRALIA | PTY LIMITED | 5,294,800 | 0.9 |
| 12 | TEN LUXTON PTY LTD | | 5,000,000 | 0 |
| 13 | MR JOHN ROBERT LALOLI | | 4,606,523 | 0.4 |
| 14 | HSBC CUSTODY NOMINEES (AUSTR | ALIA) LIMITED-GSCO ECA | 4,211,728 | 0.4 |
| 15 | | | 4,135,880 | 0.4 |
| 16 | XUE INVESTMENTS PTY LIMITED | | 3,635,216 | 0.0 |
| 17 18 | BRISPOT NOMINEES PTY LTD BEARAY PTY LIMITED | | 3,465,184 3,396,181 | 0.0 |
| 19 | HSBC CUSTODY NOMINEES (AUSTR | | 0.0 | |
| 20 | MR RICHARD ARTHUR LOCKWOOD | 3,329,863 3,000,000 | 0.3 | |
| 20 | WIR RICHARD ARTHOR LOCKWOOD | Total Top 20 | | 55.8 |
| | | | 556,819,356 | 55.0 |
| | | Balance of Register | 437,735,937 | 44.1 |

The number of shareholders holding less than a marketable parcel of shares is 4,598, totalling 4,957,853 ordinary shares as at 26 September 2022.

(c) Unlisted Issued Options as at 26 September 2022:

- There are 1,950,000 unlisted options over unissued shares on issue, in the class exercisable at A\$0.4572 on or before 30 November 2022. There are three holders in this class of option.
- There are 2,975,000 unlisted options over unissued shares on issue, in the class exercisable at • A\$0.5072 on or before 30 November 2022. There is one holder in this class of option.

(d) Voting Rights

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

(e) Schedule of Interests in Mining Tenements

• Wyoming, USA (Strata Energy, Inc.)

| Location / Project Name | Tenement | Percentage |
|---|----------------------|------------|
| Private Land (FEE) – Surface Access Agreement | Approx. 2,397 acres | 100% |
| Private Land (FEE) – Mineral Rights | Approx. 10,361 acres | 100% |
| Federal Mining Claims – Mineral Rights | Approx. 13,445 acres | 100% |
| Federal Surface – Grazing Lease | Approx. 40 acres | 100% |
| State Leases – Mineral Rights | Approx. 11,544 acres | 100% |
| State Leases – Surface Access | Approx. 314 acres | 100% |
| Strata Owned – Surface Access | Approx. 315 acres | 100% |

Karoo Projects, South Africa

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| Permit Number/ Name | Holding Entity | Initial Rights Date | Renewed/ Signed/ Validity (e.g. Valid, Under PR Application, Under Mining Right Application, Closure Submitted/Issued) | Area (km²) | Current Expiry | Commodity Group | Original PR Status |
|---------------------------|----------------------|---------------------------|---|---------------|-------------------|--------------------|-----------------------|
| EC 07 PR | Tasman Lukisa JV | 14/11/2006 | MR Application rejected – Environmental Closure | 48 | 10/06/2015 | U, Mo | Expired |
| | | | Application Submitted | | | | |
| EC 08 PR | Tasman Lukisa JV | 14/11/2006 | MR Application rejected - Environmental Closure Application Submitted | 47 | 10/06/2015 | U, Mo | Expired |
| EC 12 PR | Tasman Lukisa JV | 14/11/2006 | MR Application rejected - Environmental Closure Application Submitted | 36 | 10/06/2015 | U, Mo | Expired |
| EC 13 PR | Tasman Lukisa JV | 14/11/2006 | MR Application rejected - Environmental Closure Application Submitted | 69 | 10/06/2015 | U, Mo | Expired |
| WC 25 PR | Tasman Lukisa JV | 17/10/2007 | MR Application lapsed - Rehabilitation Completed - Environmental Closure Application being prepared | 7 | 12/11/2014 | U, Mo | Expired |
| WC 33 PR | Tasman Lukisa JV | 01/12/2006 | MR Application lapsed – Environmental Closure Application Submitted | 68 | 04/07/2016 | U, Mo | Expired |
| WC 34 PR | Tasman Lukisa JV | 01/12/2006 | MR Application lapsed - Environmental Closure Application Submitted | 34 | 01/08/2015 | U, Mo | Expired |
| WC 35 PR | Tasman Lukisa JV | 01/12/2006 | MR Application lapsed - Environmental Closure Application Submitted | 69 | 01/08/2015 | U, Mo | Expired |
| WC 47 PR | Tasman Lukisa JV | 04/09/2008 | MR Application lapsed - Environmental Closure Application Submitted | 36 | 04/07/2015 | U, Mo | Expired |
| WC 59 PR | Tasman Lukisa JV | 01/12/2006 | MR Application lapsed - Environmental Closure Application Submitted | 40 | 01/08/2015 | U, Mo | Expired |
| WC 60 PR | Tasman Lukisa JV | 01/12/2006 | MR Application lapsed - Environmental Closure Application Submitted | 56 | 01/08/2015 | U, Mo | Expired |
| WC 61 PR | Tasman Lukisa JV | 01/12/2006 | MR Application lapsed - Environmental Closure Application Submitted | 69 | 01/08/2015 | U, Mo | Expired |
| WC 95 PR | Tasman- Lukisa JV | 17/04/2007 | Closure Submitted | 5 | 23/03/2013 | U, Mo | Expired |
| WC 137 PR | Tasman Lukisa JV | 30/11/2006 | MR Application lapsed - Environmental Closure Application Submitted | 73 | 04/07/2016 | U, Mo | Expired |

| WC 152 PR | Tasman- | 01/12/2006 | MR Application lapsed - | 189 | 04/07/2016 | U, Mo | Expired |
|-----------|-----------|------------|----------------------------|-----|------------|-------|--------------|
| | Lukisa JV | | Rehabilitation Completed - | | | | |
| | | | Environmental Closure | | | | |
| | | | Application being prepared | | | | |
| WC 187 PR | Tasman | 01/12/2006 | Closure Submitted | 24 | 01/08/2014 | U, Mo | Expired |
| | Lukisa JV | | | | | | |
| WC 168 PR | Tasman | 13/12/2006 | Closure Submitted | 332 | 05/05/2014 | U, Mo | Expired |
| | Pacific | | | | | | |
| | Minerals | | | | | | |
| WC 170 PR | Tasman | 13/12/2006 | Closure Submitted | 108 | 05/05/2014 | U, Mo | Expired |
| | Pacific | | | | | | |
| | Minerals | | | | | | |
| EC 28 PR | Tasman | 15/11/2006 | Closure Submitted | 225 | 26/03/2015 | U, Mo | Expired |
| D) | Pacific | | | | | | |
| | Minerals | | | | | | |
| NC 330 PR | Tasman | 08/06/2007 | Closure Submitted | 481 | 19/04/2019 | U, Mo | Relinquished |
|)) | Pacific | | | | | | |
| 2 | Minerals | | | | | | |
| NC 331 PR | Tasman | 08/06/2007 | Closure Submitted | 205 | 17/11/2018 | U, Mo | Relinquished |
| | Pacific | | | | | | |
| | Minerals | | | | | | |
| NC 347 PR | Tasman | 08/06/2007 | Closure Submitted | 634 | 17/11/2018 | U, Mo | Relinquished |
| | Pacific | | | | | | |
| | Minerals | | | | | | |

Corporate Directory

Directors

John Harrison Wayne Heili Harrison Barker Mark Wheatley Rachel Rees Brian Booth Non-Executive Chairman Managing Director / CEO Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director

Managing Director / Chief Executive Officer

Wayne Heili

Chief Financial Officer

Ron Chamberlain

CEO – Strata Energy Ralph Knode

Joint Company Secretaries

Jonathan Whyte and Ron Chamberlain

Registered and Principal Office

Units 32/33, Level 3, 22 Railway Road, Subiaco, WA 6008

PO Box 8129, Subiaco East, WA 6008

| Telephone: | +61 8 9380 9920 |
|------------|-----------------|
| Facsimile: | +61 8 9381 5064 |

Website: www.pel.net.au

Share Registry

Link Market Services Limited Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000

Telephone:1300 554 474Facsimile:+61 2 9287 0303

Auditors

BDO Audit (WA) Pty Ltd Level 9 Mia Yellagonga Tower 2 5 Spring Street Perth, WA 6000

Stock Exchange

Peninsula Energy Limited is a public company listed on the Australian Securities Exchange (ASX) and incorporated in Western Australia.

Peninsula trades under the ticker "PENMF" on the OTCQB Venture Market in the United States.

ASX Codes

PEN - Ordinary Fully Paid Shares

ABN

67 062 409 303

