Company number: 09473897

PENINSULA URANIUM LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

CORPORATE DIRECTORY

Directors	John Harrison David Coyne	Non-Executive Chairman Non-Executive Director
Company Secretary	Jonathan Whyte	
Registered Office	Hays Galleria 1 Hays Lane London SE1 2RD	
Principal Office	Hays Galleria 1 Hays Lane London SE1 2RD	
Company Number	09473897	
Auditors	BDO LLP 55 Baker Street, London W1U 7EU	

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of Peninsula Uranium Limited (the 'Company') for the year ended 31 December 2018. The directors' report has been prepared under the small companies regime and the Directors have taken the exemption from preparing a Strategic Report.

DIRECTORS

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

- John Harrison; and
- David Coyne

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. The Company has relevant directors' indemnity insurance in place.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of corporate services and uranium sales and marketing.

OPERATING RESULTS

The loss of the Company after providing for income tax for the year ended 31 December 2018 amounted to US$13,815,689 (2017: profit of US$15,168,530).

FINANCIAL INSTRUMENTS

The main financial risks arising from the Company's activities are liquidity risk, interest rate risk and foreign exchange risk. These are monitored by the board of directors as part of the wider Peninsula Energy Limited group. Liquidity risk is further detailed under 'Going Concern' in Note 1. The Company's policy in respect of the identified risks, is to continue to review them as the Company develops. Amendments to the existing policies may be made as and when the directors consider it appropriate.

EVENTS AFTER THE REPORTING DATE

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

FINANCIAL REVIEW

The Company generated revenue of US$Nil (2017: US$7,161,000) from the sale of uranium and a loss after income tax of US$13,815,689 (2017: profit of US$15,168,530). The profit in 2017 includes a fair value gain of US$19,000,000 in respect of partial interests in uranium sale and purchase contracts which were sold in early 2018 for US$19,000,000 and the current year includes costs associated with the contracts partial sale. The Company recorded a tax credit of US$3,238,587 in 2018, including the release of deferred tax liabilities that arose in 2017 on the fair value gain of US$19,000,000 above.

The Company's cash position, as at 31 December 2018 was US$4,679,235 (2017: US$2,230,360). The net asset position of the Company was US$875,344 as at 31 December 2018 (2017: net asset position of US$14,691,033). Included within net assets is trade and other payables of US$9,087,691 (2017: US$4,054,188) which includes cost recharges to group companies. The Company is a wholly owned subsidiary of Australian Securities Exchange listed Peninsula Energy Limited.

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

David Coyne (Non-Executive Director)
Dated this 31st day of October 2019

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

Opinion

We have audited the financial statements of Peninsula Uranium Limited (the "Company") for the year ended 31 December 2018 which comprise of the balance sheet, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 to the financial statements, which indicates that the Company's abilty to continue as a going concern is dependent upon continued financial support from its parent company and the Company's guarantee issued in respect of the convertible loan notes issued by its parent company not being called. The ability of the parent company to continue as a going concern is itself dependent on the securing of the requisite permits and sourcing incremental debt or equity proceeds to assist funding capital requirements, or securing other arrangements to meet its liabilities in the next 12 months, which the the parent company is yet to complete. As noted in Note 1, these conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual financial report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.

Respective responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Ryan Ferguson (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London

Date 31 October 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 US$	2017 US$
Continuing operations			
Revenue		-	7,161,000
Cost of sales and other charges		-	(6,145,464)
Gross profit		-	1,015,536
Corporate services		-	(307,976)
Selling and marketing expenses		(13,941)	(54,675)
General and administrative expenses		(44,612)	(113,155)
Professional fees		(121,019)	(323,737)
Fair value gain on derivative	6	-	19,000,000
Contract sale expenses		(17,551,829)	-
Foreign exchange gain/(loss)		577,208	(450,637)
(Loss)/profit before interest and tax from continuing operations	2	**(17,154,193)**	**18,765,356**
Finance income/(costs)		99,917	(92,142)
Net (loss)/profit before income tax		**(17,054,276)**	**18,673,214**
Income tax benefit/(expense)	3	3,238,587	(3,504,684)
(Loss)/profit for the year from continuing operations		**(13,815,689)**	**15,168,530**
Other comprehensive (loss)/income			
Other comprehensive loss may be reclassified to profit or loss in subsquent periods		-	-
Total comprehensive (loss)/income for the year		**(13,815,689)**	**15,168,530**
(Loss)/profit from continuing operations attributable to:			
Equity holders of the Company		(13,815,689)	15,168,530
		(13,815,689)	**15,168,530**
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Company		(13,815,689)	15,168,530
		(13,815,689)	**15,168,530**

The above Statement of Comprehensive Income should be read in conjunction with accompanying notes.

BALANCE SHEET

As at 31 December 2018 ***Company number: 09473897***

	Notes	2018 US$	2017 US$
CURRENT ASSETS			
Cash and cash equivalents	4	4,679,235	2,230,360
Trade and other receivables	5	5,549,897	1,019,545
Other financial assets	6	-	5,080,214
TOTAL CURRENT ASSETS		10,229,132	8,330,119
NON-CURRENT ASSETS			
Other financial assets	6	-	13,919,786
TOTAL NON-CURRENT ASSETS		-	13,919,786
TOTAL ASSETS		10,229,132	22,249,905
CURRENT LIABILITIES			
Trade and other payables	7	9,087,691	4,054,188
Income tax payable	3	266,097	-
Deferred tax liabilities	3	-	3,504,684
TOTAL CURRENT LIABILITIES		9,353,788	7,558,872
TOTAL LIABILITIES		9,353,788	7,558,872
NET ASSETS		**875,344**	**14,691,033**
EQUITY			
Issued share capital	8	15	15
Retained earnings		875,329	14,691,018
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		**875,344**	**14,691,033**

The above Balance Sheet should be read in conjunction with the accompanying notes. The financial statements were approved and authorised for issue by the Board on 31 October 2019.

Signed on behalf of the Board of Directors.

David Coyne
Non-Executive Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Issued Share Capital US$	Retained Earnings/ (Accumulated Losses) US$	Total Equity US$
31 December 2016	**15**	**(477,512)**	**(477,497)**
Comprehensive Income			
Profit for the year from continuing operations	-	15,168,530	15,168,530
Total Comprehensive Profit	**-**	**15,168,530**	**15,168,530**
31 December 2017	**15**	**14,691,018**	**14,691,033**
Comprehensive Loss			
Loss for the year from continuing operations	-	(13,815,689)	(13,815,689)
Total Comprehensive Loss	**-**	**(13,815,689)**	**(13,815,689)**
31 December 2018	**15**	**875,329**	**875,344**

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 US$	2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers from uranium sales and sale of interests in uranium contracts		19,000,000	11,911,121
Payments to suppliers and employees		(12,118,886)	(6,289,786)
Other receipts		99,917	137,181
Net cash provided by operating activities		6,981,031	5,758,516
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	-
Net cash (used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		(4,532,156)	(7,270,551)
Net cash (used in)/provided by financing activities		(4,532,156)	(7,270,551)
Net increase/(decrease) in cash held		2,448,875	(1,512,035)
Cash and cash equivalents at the beginning of financial year		2,230,360	3,742,395
Cash and cash equivalents at the end of financial year	4	**4,679,235**	**2,230,360**

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Peninsula Uranium Limited is a Company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the directors' report.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union. The adoption of all of the new and revised standards and interpretations issued by the IASB and the IFRIC of the IASB and adopted by the European Union that are relevant to the operations and effective for reporting periods beginning on or before 1 January 2018 are reflected in these financial statements.

IFRS requires management to use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users; that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity. There were no significant judgments, except for the going concern judgment below, the treatment and fair valuation of the uranium sale contract in Note 6 and the application of the own use exemption to uranium contracts in Note 10.

The financial report has been prepared on an accruals, going concern and historical cost basis.

Adoption of New and Revised Standards

IFRS 15 'Revenue from Contracts with Customers' was issued by the IASB in May 2014. It is effective for accounting periods beginning on or after 1 January 2018. The adoption of IFRS 15 has no impact on the 31 December 2018 financial statements.

IFRS 9 'Financial Instruments' was published in July 2014 and it is effective for accounting periods beginning on or after 1 January 2018. It is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and de-recognition of financial assets and financial liabilities together with a new hedge accounting model. The adoption of IFRS 9 had no impact on the Company's results.

There were no other new standards effective for the first time for periods beginning on or after 1 January 2018 that have had a significant effect on the Company's financial statements.

(b) Standards, amendments and interpretations that are not yet effective and have not been early adopted:
Any standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the Company in these financial statements. International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 December 2018:

IFRS 16 'Leases' was issued by the IASB in January 2016 and is effective for accounting periods beginning on or after 1 January 2019. The Directors have assessed the impact of this standard, however do not consider that it will have a material impact as the Company does not currently have any lease arrangements.

Going concern

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

The Company made a loss after income tax of US$13,815,689 for the year ended 31 December 2018 (2017: profit of US$15,168,530) and positive operating cash flows of US$6,981,031 (2017: positive US$5,758,516). The net working capital margin of the Company at 31 December 2018 was US$875,344 (2017: $771,247) and the net increase in cash held during the year was US$2,448,875 (2017: decrease of US$1,512,035).

The Company provides corporate services and uranium sales and marketing for the group headed by Peninsula Energy Limited and is a guarantor under convertible loan notes issued by that company. In April 2018, Peninsula Energy Limited successfully extended the convertible loan notes expiry date to 22 April 2020 with interest settled in cash or shares at Peninsula Energy Limited's option until 30 June 2019 and then at the holders option thereafter.

The ability of the group headed by Peninsula Energy Limited to continue as a going concern is dependent on the successful transition of the Lance Projects in Wyoming from the existing alkaline based production method to one using the low pH method. During the financial year, the Lance Project achieved a number of significant milestones toward a successful transition to the low pH method. Transitioning the Lance Projects to a low pH mining method requires the approval by the regulator of requests to amend existing licenses and permits and securing additional funding for capital expenditure on the development of the Mine.

The Directors have reviewed cash flow forecasts for at least the next 12 months following the date of signing these financial statements. The ability of the Company to continue as a going concem is dependent on the continued financial support of its parent entity. The Company has received written confirmation of this support for a period of at least the next 12 months following the date of signing these financial statements. In addition, the ability of the Company to continue as a going concern is dependent on the guarantee in respect of the convertible loan notes not being called. Having made inquiries of the Board of Peninsula Energy Limited and reviewed the cash flow forecasts of the wider group, the Directors note that the ability of Peninsula Energy Limited to continue as a going concern is itself dependent on sourcing incremental debt or equity proceeds to assist funding capital requirements, and successful progression of operations and generation of positive cash flows. If Peninsula Energy Limited is unable to achieve such outcomes it will not be able to provide the required financial support to the Company or the guarantee may be called.

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

However, the financial statements have been prepared on the basis that the Company is a going concem, 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:

1) The parent has provided written confirmation that it will provide financial support to the Company for a minimum of 12 months from the date these financial statements are approved; and

2) The directors of Peninsula Energy Limited in turn remain satisfied that they are a going concem on the basis that they will be successful in achieving a more permanent resolution of the convertible note debt, raising additional funds as required through debt or equity and generating operating cash flows as production ramps up under low pH operating plan.

Should the Company 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 and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'United States Dollars', which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'foreign exchange gain or loss'.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Revenue

The Company records revenue once control passes to its customers at a point in time when performance obligations have been satisfied and allocates the consideration receivable to the performance condition. Revenue from uranium sales is recognised when persuasive evidence of an arrangement exists, the risks and rewards of ownership 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.

On deliveries to conversion facilities ("Converters"), the Converter credits the Company's account for the volume of accepted uranium. Based on delivery terms in a sales contract with its customer, the Company instructs the Converter to transfer title of a contractually specified quantity of uranium to the customer's account at the Converter. At this point, the Company invoices the customer and recognizes revenue for the uranium supplied.

Trade and other receivables

Trade and other receivables include prepayments. Trade and other receivables are measured at amortised cost using the effective interest rate method, less impairment. A provision for impairment of trade and other receivables is made based on expected credit losses. Prepayments for goods or services are not financial assets because they are associated with the receipt of goods or services. They do not give rise to a present right to receive cash or any other financial asset. IFRS 9 requires trade receivables to be measured at their transaction price if they do not contain a significant financing component - all amounts due from trade receivables have expected terms of less than one year.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company 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.

Financial assets and liabilities

Financial assets and 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).

The Company's financial assets consist of financial assets at amortised cost (trade and other receivables, excluding prepayments, and cash and cash equivalents) and financial assets classified as fair value through profit or loss. Financial assets at amortised cost are initially measured at fair value and subsequently at amortised cost. Financial assets designated as fair value through the profit or loss are measured at fair value through the profit or loss at the point of initial recognition and subsequently revalued at each reporting date. Movements in the fair value of derivative financial assets are recognised in the profit or loss in the period in which they occur.

All financial liabilities are classified as fair value through the profit and loss or financial liabilities at amortised cost. The Company's financial liabilities at amortised cost include trade and other payables and its financial liabilities at fair value through the profit or loss include derivative financial liabilities. Financial liabilities at amortised cost, are initially stated at their fair value and subsequently at amortised cost. Interest and other borrowing costs are recognised on a time-proportion basis using the effective interest method and expensed as part of financing costs in the statement of comprehensive income.

Fair value for derivative financial assets and 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 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.

Share capital

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.

2. LOSS / (PROFIT) BEFORE INTEREST AND TAX FROM CONTINUING ACTIVITIES

	2018 US$	2017 US$
Loss / (profit) before interest and income tax includes the following specific expenses:		
Auditor's remuneration	15,633	14,826
Rental expense – operating lease	-	19,446
Employee benefit expense	-	112,123

The Company had no employees for the year ended 31 December 2018 (2017: 1 employee). No Director was remunerated by the Company during the year.

3. INCOME TAX

	2018 US$	2017 US$
(a) Income tax expense/(benefit):		
Current tax	266,097	-
Deferred tax	(3,504,684)	3,504,684
	(3,238,587)	3,504,684
(b) Reconciliation of income tax to tax charge:		
Accounting (loss)/profit before tax	(17,054,277)	18,673,214
Income tax expense @ 19% (2017: 19.25%)	(3,240,313)	3,594,594
Add tax effect of:		
- Prior year tax losses recognised	-	(95,502)
- Adjustments to tax charge in respect of prior periods	1,726	5,592
Total income tax expense/(benefit)	(3,238,587)	3,504,684
(c) Deferred tax balances arising on timing differences:		
Deferred tax assets @ 19% (2017: 19%):		
Carry forward revenue losses	-	152,816
Total deferred tax assets	-	152,816
Deferred tax liabilities at 19% (2017: 19%):		
Temporary differences – derivative fair value gain	-	3,657,500
Total deferred tax liabilities	-	3,657,500
Offset of deferred tax assets	-	(152,816)
Net deferred tax liabilities recognised	-	3,504,684

4. CASH AND CASH EQUIVALENTS

	2018 US$	2017 US$
Cash at bank and in hand	4,679,235	2,230,360
	4,679,235	**2,230,360**

5. TRADE AND OTHER RECEIVABLES

	2018 US$	2017 US$
Current		
VAT receivable	4,142	5,947
Intercompany receivable – parent entity[(i)]	5,545,755	1,013,598
	5,549,897	**1,019,545**

(i) During the year, Peninsula Uranium Limited returned funds to Peninsula Energy Limited, the Company's 100% parent entity, via an intercompany loan account denominated in US dollars. The loan is due and payable on demand.

The Company has performed an expected credit loss assessment and no expected credit loss provision is considered to apply having considered forward looking scenarios and the counterparties available funds and contained value in its assets.

6. OTHER FINANCIAL ASSETS

	2018 US$	2017 US$
CURRENT		
Derivate financial asset(i)	-	5,080,214
Total Current Assets	**-**	**5,080,214**
NON-CURRENT		
Derivate financial asset(i)	-	13,919,786
Total Non-Current Assets	**-**	**13,919,786**

(i) During the 2017 financial year the Company determined that it would not produce the uranium for delivery through to 2021 under two previously-signed offtake agreements with one of its customers. Previously the contracts were considered to meet the own use exemption under IAS 39 and were therefore not recorded as derivatives. In the 2017 financial year, the Company was able to take advantage of prevailing market conditions to purchase uranium at prices below the expected cost of production. In addition, the Company contracted with a third-party to purchase 900,000 pounds U_3O_8 over a 3-year period commencing *from January 2017 at an average cost of US$25/lb substantially to meet the delivery commitments of this offtake.* As a result of this determination, management assessed that this offtake agreement no longer satisfied the "own-use" exemption under IAS 39 to not fair value the contractual rights and obligations of the arrangement.

As a result of these transactions, a Derivative Financial Asset was recognised, accounted for as Financial Instruments at Fair Value through Profit and Loss. A gain upon the initial recognition of the sale contract under the Financial Instrument Standards was recognised in Profit and Loss, as well as subsequent fair value movements. Revaluation at 31 December 2017 resulted in a fair value gain of US$19.0 million and a Derivative Financial Asset of US$19.0 million. There was no change to this classification of basis of measurement as a result of the adoption of IFRS 9.

On 1 February 2018, the Company announced (through parent entity Peninsula Energy Limited) that it had received cash proceeds of US$19.0 million through the partial sale of its interests in an existing uranium concentrate sale agreement and its interests in a uranium concentrate purchase agreement. 935,000 pounds U_3O_8 under an existing uranium sale agreement and a purchase commitment of 900,000 pounds U_3O_8 were sold to a third party. Net cash proceeds of US$19.0 million were received by the company on 31 January 2018. This sale formed the basis for the fair value measurement of the Derivative Financial Asset at 31 December 2017 as the best indicator of fair value following analysis of the arrangements and market between 31 December 2017 and 31 January 2018. The Derivative Financial Asset was extinguished upon completion of the sale.

7. TRADE AND OTHER PAYABLES

	2018 US$	2017 US$
Trade creditors(i)	9,087,691	20,478
Accrued expenses	-	4,033,710
	9,087,691	**4,054,188**

(i) Trade creditors in 2018 includes charges due to other group companies associated with contributions to uranium sales.

Trade and other payables are non-interest bearing and generally settled on 30 day terms. Due to their short-term nature, their carrying amount is assumed to approximate their fair value.

8. ISSUED SHARE CAPITAL

	2018 US$	2017 US$
10 fully paid ordinary shares (2017: 10)	15	15
Issued and paid up capital reconciliation		
Opening balance	15	15
Closing balance	**15**	**15**

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

9. EVENTS AFTER THE REPORTING DATE

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

10. COMMITMENTS

U_3O_8 delivery commitments

After the subsequent partial sale of its interests in an existing uranium concentrate contract announced on 1 February 2018 described in Note 6, the Company has up to 2,750,000 pounds of U_3O_8 remaining under contract for delivery to major utilities located in the United States and Europe through to 31 December 2025.

Summary of Minimum Delivery Commitments:

Financial Year	Total Pounds U_3O_8 Contractually Committed
2021	400,000
2022	400,000
2023	400,000
2024	400,000
2025	400,000

Judgement was required to determine whether the Company's U_3O_8 delivery commitments satisfy the "own-use exemption" contained within IFRS 9 as at 31 December 2018. 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. As at 31 December 2018, based on the planned production in the Peninsula Energy Limited group, management remained confident that all future delivery commitments would be met from internal production and meet the "own-use exemption" definition given the timing of such deliveries. Therefore, the commitments fall outside the scope of IFRS 9 and no derivative has been recognised.

11. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of an intercompany loan with its ultimate parent entity, certain uranium concentrate sale and purchase agreements, fair value derivative assets, deposits with banks, local money market instruments and accounts receivable and payable.

Specific Financial Risk Exposures and Management

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

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 Company has no significant concentration of credit risk with any single counterparty or group of counterparties except for for the amounts due from its parent company. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5. Aggregates of such amounts are as detailed in Note 5.

Credit risk related to balances with banks and other financial institutions are managed in accordance with approved Board policy. The Company'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 Company is exposed to through investment activities.

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company currently manages liquidity risk through operating cash flows and funding provided by its parent to meet the operating requirements of the business. Refer to Note 1 for further details.

Financial Asset and Financial Liability Maturity Analysis

	Within 1 Year		1-5 Years		Over 5 Years		Totals	
Financial Assets	2018 US$	2017 US$	2018 US$	2017 US$	2018 US$	2017 US$	2018 US$	2017 US$
Cash & cash equivalents	4,679,235	2,230,360	-	-	-	-	4,679,235	2,230,360
Trade and other receivables	5,549,897	1,019,545	-	-	-	-	5,549,897	1,019,545
Other financial assets	-	5,080,214	-	13,919,786	-	-	-	19,000,000
Total Financial Assets	**10,229,132**	**8,330,119**	**-**	**13,919,786**	**-**	**-**	**10,229,132**	**22,249,905**
Financial Liabilities								
Trade and other payables	9,087,691	4,054,188	-	-	-	-	9,087,691	4,054,188
Total Financial Liabilities	**9,087,691**	**4,054,188**	**-**	**-**	**-**	**-**	**9,087,691**	**4,054,188**

(c) Price 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 principal risk surrounds the variable rate loan from the Company's parent. As the loan was in a receivable balance for the entirety of the 2018 financial year, no interest was charged by the parent. The Company does not use derivatives to mitigate these exposures.

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

Maturity of Amounts	2018 %	2017 %	2018 US$	2017 US$
Financial Assets				
Less than 1 year	0.29	6.34	5,545,755	1,013,598
1 to 2 years	-	-	-	-
2 to 5 years	-	-	-	-
Total Financial Assets			**5,545,755**	**1,013,598**
Financial Liabilities				
Less than 1 year	-	-	-	-
1 to 2 years	-	-	-	-
2 to 5 years	-	-	-	-
Total Financial Liabilities			-	-

A 1% change in interest rates would have resulted in a US$nil (2017: US$10,136) increase/(decrease) in losses and equity.

(ii) Foreign Exchange Risk
The Company operates internationally and is exposed to foreign exchange risk arising from currency exposures. Foreign exchange risk can arise from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the Company. The Company's borrowings are denominated in US dollars and its committed sales contracts for future periods are US dollar denominated which is used to mitigate the currency exposure. Currently there are no foreign exchange hedge programmes in place. However, the Peninsula Energy Limited treasury function manages the purchase of foreign currency to meet operational requirements as and when required.

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 – the carrying amount approximates fair value;
- Trade receivables and trade creditors – the carrying amount approximates fair value;
- Derivative financial assets and liabilities – initially recognised at fair value through profit and loss at the date the contract is entered into and subsequently re-measured; and
- Other assets and liabilities approximate their carrying value;

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

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:

2018

Financial Instruments	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
- Derivative financial asset(i)	-	-	-	-
Total Financial Instruments	**-**	**-**	**-**	**-**

2017

Financial Instruments	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
- Derivative financial asset(i)	-	-	19,000,000	19,000,000
Total Financial Instruments	**-**	**-**	**19,000,000**	**19,000,000**

(i) The fair value of the derivative financial asset was initially determined using comparison of uranium forward spot prices to total contractual cash flows of the respective uranium sale and purchase agreements, discounted back to present value.

On 1 February 2018, the Company announced (through parent entity Peninsula Energy Limited) that it had received cash proceeds of US$19.0 million through the partial sale of its interests in an existing uranium concentrate sale agreement and its interests in a uranium concentrate purchase agreement. 935,000 pounds U_3O_8 under an existing uranium sale agreement and a purchase commitment of 900,000 pounds U_3O_8 were sold to a third party. Net cash proceeds of US$19.0 million were received by the company on 31 January 2018. This sale formed the basis for the fair value measurement of the Derivative Financial Asset at 31 December 2017. The Derivative Financial Asset was extinguished upon completion of the sale.

12. 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 and owns 100% of Peninsula Uranium Limited. The parent entity has related party transactions with the Company whereby the parent funds uranium purchases and selling, general and administrative expenses incurred via the provision of an intercompany loan account, with the Company returning funds received from uranium sales. These intercompany transactions have resulted in a receivable balance of US$5,545,755 at 31 December 2018 (2017: receivable balance of US$1,013,598). See Note 5 for details of the loan balance and loan terms. The ultimate parent also charged sales commission and charges relating to the partial sale of the Company's interests in an existing uranium concentrate contract totalling US$950,000 (2017: US$358,050).

Strata Energy Inc

The Company shares the same ultimate parent entity as Strata Energy Inc (Strata), which owns and operates the Lance Projects uranium plant in Wyoming, USA. During the year, Strata charged fees to the Company for services provided and dependency on Strata assets used in securing uranium contracts, totalling US$16,601,829 (2017: US$2,324,179). US$9,087,691 of this charge is included in Trade and Other Payables at year end.

Key Management Personnel

John Harrison and David Coyne are both Directors of the ultimate parent entity and are remunerated accordingly by Peninsula Energy Limited per their respective contracts. No remuneration is paid in their capacity as Directors of Peninsula Uranium Limited.

DIRECTORS' DECLARATION

Directors' responsibilities

The directors are responsible for preparing the the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors in the period and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

David Coyne
Non-Executive Director

London, 31 October 2019