



PENINSULA MINES LIMITED

ASX:PSM

ASX ANNOUNCEMENT

21 November 2016

ESTABLISHING MULTIPLE DRILLING TARGETS ACROSS KEY PROJECTS AND COMMODITIES IN SOUTH KOREA

- Peninsula's field programme continues to yield exceptional results across several key projects in South Korea, setting Peninsula up for a multi-project, multi-commodity drilling programme, offering exposure to highly prospective graphite, lithium, zinc-silver and gold prospects.
- Following grant of the key tenement over the Yongwon flake-graphite deposit, an electromagnetics (EM) geophysical survey has defined and extended the graphite unit and metallurgical optimisation targeting a high-grade flake-graphite concentrate is nearing completion. Next step is to drill define the graphite unit and generate initial resources.
- Strongly anomalous lithium stream sediment geochemistry at Tonggo Lithium Prospect has identified a >100m wide, 2km to 3km strike length, lithium-anomalous pegmatite corridor. Follow up soil and rockchip sampling is planned prior to drill targeting.
- Additional massive-sulphide mineralisation has been sampled at Ubeong Zinc-Silver Project and a geophysical programme (EM and magnetics) is underway to locate high-grade drilling targets.
- Channel sampling completed across 30m section of mineralisation at Osu Gold Project has exposed multiple quartz-sulphide veins, with drilling planned to test high-grade zones at depth.

Peninsula Mines Limited ("Peninsula" or the "Company") is pleased to provide an update on its exploration programmes in South Korea. These programmes are designed to fast-track several key projects to the drill-target definition stage, and target a range of commodities, all with a positive outlook and offtake potential in-country, including graphite, lithium, zinc-silver and gold.

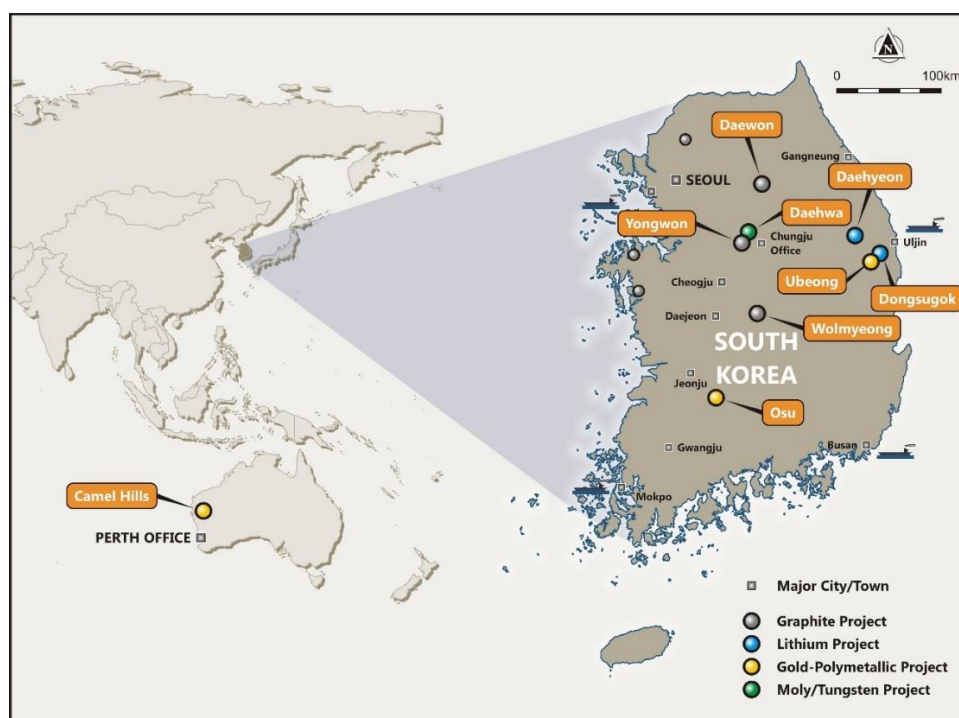


Figure 1: Peninsula's Key South Korean Exploration Projects

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Yongwon Graphite Project

Key tenement granted over identified graphite mineralisation, where additional channel sampling is underway and an EM geophysical programme has just been completed, aimed at defining drilling targets once metallurgical results are optimised.

On 24 October 2016 the Company was granted a 3 year exploration right over the Eumseong 32-1 tenement sub-block, a 68 hectare area encompassing all the known graphite mineralisation at the Yongwon Graphite Project. The initial 3-year exploration period can be extended to 6 years upon the submission of a supplementary application to the Ministry. Further, the Company can convert the exploration licence to a formal mining right application upon the filing of a prospecting report.

Exploration has now been accelerated on the Yongwon Graphite Project following the grant of the key tenement, the identification of “Jumbo” sized graphite flakes¹, and the encouraging initial results from metallurgical testing designed to optimise flake-graphite concentrate grades¹.

Additional channel sampling has commenced through re-establishing and extending historical costeans, across the entire width of the outcropping/sub-cropping graphitic unit, where previous channel sampling returned **4.6m @ 9.05% Total Graphitic Carbon (TGC) including 1.7m @ 11.9% TGC¹**. A 10m wide graphitic zone has been exposed and sampled and this work will continue, weather permitting, with the objective of determining the width and grade of graphite mineralisation at surface.

In addition, a detailed EM geophysical programme has been completed along the identified strike-length of the graphitic unit at Yongwon, producing strongly conductive responses, extending the zone of interest to >400m strike length, and demonstrating continuity at depth. The EM results will be modelled; however it is already evident that the graphite unit is strongly conductive, dips moderately to the northeast and represents a very straight forward drilling target as the moderate dip of the unit means only shallow holes are required to be drilled from the flanks of the steep slopes at Yongwon. The moderate dip also indicates potential low stripping ratios if future open pit mining is established.

Additional metallurgical testing is being conducted through Independent Metallurgical Operations Pty Ltd (IMO). The objective of this additional testing, nearing completion, is to optimise graphitic concentrate grades and generate a product that will be suitable for Lithium-Ion battery and/or high-value expandable graphite applications. South Korea is the World’s leading manufacturer of Li-Ion battery technology.

Pending completion of these parallel work programmes at Yongwon, and the metallurgical results, the Company will design a drilling programme with the objective of defining an initial flake-graphite resource for the Yongwon Graphite Project.

Achievement of these objectives will allow the Company to demonstrate that it can produce suitable products for these high-end industrial Lithium-Ion battery and/or high-value expandable graphite applications in South Korea, and will likely lead to engagement with key industry players to discuss off-take and/or partnership options.

Tonggo Lithium Prospect

Follow up of strongly anomalous Lithium stream sediment geochemistry has identified a >100m wide and 2km to 3km strike length anomalous pegmatite corridor.

Infill stream sediment sampling results from the Tonggo Lithium Prospect (Dongsugok Project), currently being compiled, have confirmed a continuous 2km to 3km strike length, northeast-southwest trend of anomalous lithium results that have previously been reported up to 219 ppm Li².



Field investigation indicates that the strongly anomalous lithium results are associated with a corridor of pegmatites approximately 100m wide and continuing for a 2km to 3km strike length, associated with a northeast-southwest trending magnetic low evident in regional KIGAM magnetics².

Regional stream sediment sampling anomalies associated with a parallel trend of pegmatites, southeast of Tonggo that include numerous tin workings and the Boam Lithium Mine, are of a lower level than the anomalies generated on the Company's Tonggo Prospect area. This indicates that the Tonggo pegmatites are potentially the most Lithium bearing in the area.

Next steps will include ridge and spur soil sampling across the anomalous pegmatite trend, with the objective of locating lithium (lepidolite/spodumene) bearing zones that may represent drilling targets.

Ubeong Zinc-Silver Project

Additional massive sulphide/gossan zones identified and sampled, and geophysical program commenced (EM and magnetics) to define drilling targets for high-grade mineralisation.

At the Ubeong Zinc-Silver Project, further workings with high-grade massive sulphide/gossan mineralisation have been identified in the Chilbo Mine area. Hand-held XRF measurements on both outcrop and dump samples have verified the high grades associated with remnant massive sphalerite/gossan +/- galena, chalcopyrite, arsenopyrite (and silver) mineralisation in pits, adits and open stopes, that have now been identified over a 2km (north-south) x 1km (east-west) area.

Given the exceptionally high-grades produced from previous rock-chip and channel sampling in the Chilbo Mine area (including up to **0.40m @ 39.7% zinc, 294 g/t silver³** from the main Chilbo workings and **12.7% zinc, 669 g/t silver, 19.1% lead⁴** from a northern adit), exploration has now been fast-tracked to include:

- i) An initial geophysical programmes including an EM trial over the Chilbo mine workings designed to detect massive sulphide bodies, and,
- ii) the commencement of detailed ground magnetics to define the magnetic limestone-skarn unit and to locate structures that may host mineralisation, and,
- iii) detailed soil sampling and mapping, to be carried out along the entire 10km strike length of the limestone-skarn unit over which the Company has tenement applications.

The objectives of this work are to locate further outcropping mineralisation that will assist approval and grant of tenement applications and, in parallel, define drilling targets for new, high-grade, zinc-silver rich massive sulphide bodies, initially within the Chilbo (historical) mining area.

Osu Gold Project

Channel sampling completed across 30m mineralised zone and results to fine tune targets for proposed drilling.

At Osu Gold Project, channel sampling has been conducted across the entire 30m section of mineralised veins and shear zones and associated workings exposing multiple epithermal quartz-carbonate-sulphide veins and mineralised shear zones.

Results are being compiled and the proposed drilling programme is being fine-tuned to target the high-grade veins/shoots within the upper 100m vertically below the channel sampled vein zones. Previously, the individual veins within this zone have assayed up to **0.14m @ 20.3 g/t gold, 153 g/t silver⁵**.



Up to three drill holes are planned to be drilled from the verge of the access road that is in the process of being sealed by the local Council. The relevant landowner(s) and local Council have been approached and drilling will commence as soon as access is established.

Peninsula CEO Jon Dugdale commented:

“We are fast-tracking exploration of our high-priority targets in South Korea, with the objective of defining drilling targets on several key projects.

“The Company has generated multiple opportunities for discovery over a range of commodities, all with a very positive outlook and offtake potential in-country. It is now time to progress our key projects to the drill target definition stage and focus our efforts during 2017.

“The ultimate objective is to progress key projects towards resource definition and ultimately development, possibly across multiple projects and commodities given the diversity offered by our portfolio.”

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About Peninsula Mines

Peninsula Mines Ltd is an Australian listed exploration/development company focused on developing the outstanding opportunities for mineral discovery within South Korea. Peninsula’s strategy is to focus on mineral commodities which have a positive price outlook and offer potential for off-take or strategic partnerships in-country.

The Company has established and is growing a portfolio of highly prospective graphite, lithium, gold-silver and zinc-silver-polymetallic projects in South Korea that all offer significant exploration potential.

Full versions of all the company's releases are available for download from the Company's website www.peninsulamines.com.au

The material and/or releases referenced in this release are listed below:

1. Jumbo and Very Large Identified at South Korean Graphite Projects (20 September 2016)
2. Strongly Anomalous Lithium Results (31 August 2016)
3. Exceptional Zinc-Silver Grades from Newly Acquired Project, South Korea (13 September 2016)
4. Further exceptionally high-grade zinc-silver results from Ubeong Project (31 October 2016)
5. Osu drilling campaign high-grade gold target (1 August 2016)

Forward looking Statements

This release contains certain forward looking statements. These forward-looking statements are not historical facts but rather are based on Peninsula Mines Ltd’s current expectations, estimates and projections about the industry in which Peninsula Mines Ltd operates, and beliefs and assumptions regarding Peninsula Mines Ltd’s future performance. Words such as “anticipates”, “expects”,



“intends”, “plans”, “believes”, “seeks”, “estimates” “potential” and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Peninsula Mines Ltd, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Peninsula Mines Ltd cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Peninsula Mines Ltd only as of the date of this release. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Peninsula Mines Ltd does not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

Competent Person’s Statement

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

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

