



PENINSULA MINES LIMITED

ABN 56 123 102 974

ASX Announcement

10 March 2016

Peninsula Mines Limited
(ASX: PSM)

Exploration in South Korea

- Graphite
- Lithium
- Molybdenum and Tungsten
- Gold, Silver and Base Metals

Substantial Shareholders

Aurora Minerals Limited	35.8%
Management	9.7%
Perth Select	6.8%
M&S Lynch	6.7%

Shares on Issue: 300m

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PLACEMENT TO RAISE \$1.58M TO PROGRESS SOUTH KOREAN LITHIUM AND GRAPHITE PROJECTS

- Peninsula Mines Limited (“Peninsula” or the “Company”) is pleased to announce that it has received binding subscription agreements for a placement of shares to raise up to \$1.58 million (“Placement”) (before costs).
- The Placement, which was oversubscribed, and well supported by a number of Australian stockbroking firms, will result in the issue of up to 98,937,500 ordinary fully paid shares in the Company at a price of 1.6c/share (“Shares”). This includes participation in the Placement by Peninsula’s Directors for up to \$182,000 in total, subject to shareholder approval.
- Agreement has also been reached with its major shareholder Aurora Minerals Limited (ASX:ARM) for the conversion of the balance of its outstanding loan into equity. Subject to shareholder approval and post dilution of Aurora’s holding pursuant to the above Placement, Aurora Minerals will subscribe for up to 31,650,000 shares (“Aurora Shares”) on the same terms as the Placement Shares.
- Hartleys Limited is Lead Manager in respect of the Placement.
- The funding secured will allow Peninsula to advance exploration programmes on its lithium and graphite projects in South Korea, and for working capital.
- Peninsula recently announced a major expansion to its lithium exploration portfolio in South Korea through the successful filing of 53 tenement applications over pegmatites prospective for lithium mineralisation enhanced by a coincident aerially extensive lithium stream sediment anomaly^{#1}. These tenements expand the company’s footprint beyond the previously announced tenement applications over prospective pegmatites surrounding the Boam lithium mine^{#2,3}.

Commenting on the Placement and the issue of the Aurora Shares, Peninsula’s Executive Director, Martin Pyle said:

“We are extremely pleased with the strong support shown by investors for the recently announced expansion of our lithium portfolio, and we are looking forward to commencing our exploration on our highly prospective lithium and graphite assets in South Korea, which is a world-leader in high tech applications for lithium and graphite including Li-ion batteries.

In addition to the funds raised from the placement, the support shown by Aurora Minerals ensures that Peninsula is now debt free and can accelerate exploration on its exciting lithium and graphite portfolio”.

The Placement to sophisticated and professional investors is being conducted in 2 tranches:

- Tranche 1 for up to 75,093,225 Shares will be issued without shareholder approval within the Company's Placement capacity pursuant to ASX listing Rule 7.1 and 7.1A.
- Tranche 2 for up to 23,844,275 Shares will be issued to directors of the Company and other parties and will be subject to shareholder approval at the Company's General Meeting planned for late April 2016.

The Placement is being made to sophisticated investors in Australia under section 708 of the Corporations Act and accordingly no prospectus or other disclosure statement will be issued in relation to the Placement.

Peninsula is also pleased to announce that agreement has been reached with its major shareholder Aurora Minerals Limited (ASX:ARM) for the conversion of the balance of its outstanding loan into equity. Subject to shareholder approval and post dilution of Aurora's holding pursuant to the above Placement, Aurora will subscribe for up to 31,650,000 shares (Aurora Shares) on the same terms as the Placement Shares. As at 7 March 2016, the loan amount owed by the Company to Aurora, including interest, is \$500,225. With accrued interest at the date of conversion the loan amount is anticipated to total approximately \$506,000.

The issue of the Aurora Shares will wholly satisfy the debt owed by Peninsula to Aurora, and other than regular working capital creditors, Peninsula will be debt free following the loan conversion.

Subject to shareholder and regulatory approval, upon allotment of all the above shares Aurora's interest in Peninsula would be approximately 32.2% (currently 35.8%).

In addition, 15,000,000 unlisted options will be issued to Hartleys Limited who acted as sole Lead Manager to the Placement, and to whom the options will be issued as part of their capital raising and corporate advisory fees. The options will be exercisable at 2.1 cents and have a term of 30 months from date of grant. The grant of the options will also be subject to shareholder approval at the General Meeting.

This announcement ends the voluntary suspension requested by the Company on 9 March 2016.

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Previous ASX announcements referred to in the report

1. PSM ASX release - Significant Expansion of Lithium Tenement Portfolio in Korea, 29 February 2016.
2. PSM ASX release - Lithium Prospect Enhanced by Magnetic High, 1 February 2016.
3. PSM ASX release - Lithium Prospects South Korea, 15 January 2016.