

ASX Announcement

08 September 2016

Peninsula Mines Limited (ASX: PSM)

Focused on Exploration in South Korea
- Graphite and Lithium
- Gold, Silver and Base Metals

Substantial Shareholders

Aurora Minerals Limited	32.0%
Management	10.0%
Perth Select	6.1%
M&S Lynch	6.0%

Shares on Issue: 434.5M

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PENINSULA CEO UPDATE AND LETTER TO SHAREHOLDERS

To current shareholders and potential new investors,

Since joining Peninsula in mid-August, and having recently embarked on the journey of examining our South Korean projects, I have become very excited about the prospects for the Company.

The last 12 months for Peninsula have seen the Company emerge to become a multi-faceted explorer, focussed on the outstanding opportunities for mineral discovery and development within South Korea.

South Korea is highly prospective for multiple commodities, including graphite and precious metals in the older pre-Cambrian craton, and gold-silver-base metals and pegmatite hosted lithium deposits in the Jurassic-Cretaceous volcanic arc that forms the southern half of the country. The volcanic arc is an older version of the arcs now centred on Japan-Philippines-PNG, part of the extremely productive “rim of fire”.

Added to that, very little modern exploration has been carried out in South Korea and it is wide open due to the ‘use-it-or-lose-it’ tenements policy of the Korean government.

The Company has established, and will continue to grow, its large tenement holding in South Korea, focussed on three of the hottest commodities at present: graphite, lithium and gold. In addition, the ongoing regional work is showing promising opportunities for polymetallic deposits, with more on this to come.

South Korea is the world’s largest single Li-Ion battery market and leading manufacturer, so the opportunities for both Graphite and Lithium in terms of development, off-take and partnerships with South Korean manufacturers are outstanding.

The most advanced projects in the Company’s portfolio are the graphite projects, in particular Wolmyeong, Daewon and Yongwon in the centre of South Korea. Very high in-situ total graphitic carbon (TGC) grades have been produced from surface outcrops within these projects^{D1 D2 D3}, and the Company is currently finalising the results of petrography and initial metallurgical testing with the focus being generation of a flake-graphite concentrate that is suitable for the production of spherical graphite for Li-Ion battery anode applications and/or expandable graphite, or even the production of graphene. Encouraging metallurgical results will provide a pathway to selecting drilling targets for the definition of resources on these key graphite projects.

The initial results of the Lithium programme have also been very encouraging. The Company is growing a substantial tenement holding in the east of the country, focussed on an area where previous Korean Government (KIGAM) stream-sediment lithium results and some lithium mining indicates strong prospectivity for pegmatite-hosted lithium deposits. In particular, highly anomalous lithium results received from the Tonggo prospect^{D4}, in the Dongsugok project area, have defined a 3km corridor with results up to 3 times the level as seen draining from the nearby Boam Lithium Mine, with the source yet to be located but follow up sampling is in progress.

South Korea is also highly prospective for gold and base metals deposits, in particular high-grade epithermal gold deposits and polymetallic zinc-silver-gold (copper, lead) skarns in the east of the country.

During the recent field visit, it was recognised that there is an opportunity to target high-grade epithermal gold and polymetallic zinc-silver-gold deposits in the highly prospective east of the country. Several previous and current mines have been visited and stream sediment sampling is proving particularly effective at narrowing down target corridors for these styles of mineralisation. The Company is awaiting the results of stream sediment follow-up and rockchip sampling of identified sulphide mineralisation within our tenements conducted during the recent field visit, and we look forward to reporting the results of this work very shortly.

Preparations are well advanced to commence drilling of our high-grade gold-silver target at Osu. Field examination of the high-grade zones previously sampled^{D5}, indicates that the high-grades are associated with multiple narrow (< 1m) shear zones within a broader envelope over 30m to 40m wide. Channel (rock saw) sampling is now planned to test across the entire 30m to 40m wide zone to provide initial true-width intersections, to be followed by the diamond drilling immediately below historic high-grade underground development^{D4}.

The highly experienced executive team at Peninsula, including myself, Martin Pyle and Danny Noonan, have over 90 years combined discovery, mine geology, resource development and corporate/finance experience. We remain focussed on highly-prospective South Korea and making discoveries, the only question is which of our multitude of opportunities will be the first one!

I look forward to the continued support of our shareholders and would welcome new investors into the Company. Should you wish to discuss our prospects further please do not hesitate to call or email.

Sincerely,



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

- D1 High Graphite Grades at Wolmyeong Project (2 June 2016)
- D2 Daewon Graphite Mineralisation Confirmed (21 June 2016)
- D3 High Graphite Grades at Yongwon Project (19 July 2016)
- D4 Strongly Anomalous Lithium Results from Stream Sediments Survey (31 August 2016)
- D5 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 Persons 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.