



# PENINSULA MINES LIMITED

ASX:PSM

## ASX ANNOUNCEMENT

12 December 2016

### HIGH-GRADE GOLD CHANNEL SAMPLING RESULTS FROM OSU GOLD PROJECT, SOUTH KOREA

- Multiple high-grade gold intersections from new channel sampling results within the 30m wide veined zone at the Osu Gold Project:
  - 5.7m @ 3.14 g/t Au, incl. 1.25m @ 7.73 g/t Au (PG038 – 042)
  - 0.15m @ 11.3 g/t Au, 327 g/t Ag, 0.56% Cu, 0.7% Pb (PG057B)
  - 0.20m @ 18.3 g/t Au, 224 g/t Ag, 2.63% Pb (PG047)
- With the benefit of this new information drilling targets have been optimised to drill test the immediate down-plunge extensions of the high-grade zones intersected, requiring new Forestry Department access consent prior to drilling commencing

Peninsula Mines Limited ("Peninsula" or the "Company") is pleased to announce high-grade gold intersections from multiple channel sampling intervals at the Company's 100% owned Osu Gold Project in South Korea (see Figure 2).

The channel sampling was conducted using a rock-saw / angle grinder which produced a cut "channel" (see photo Figure 1) across the generally steeply dipping veins and shear zones (see Figure's 2 and 3 for channel sampling locations and results).

Anomalous results were produced across the entire 30m sampled zone, excluding certain zones where vegetation/rock-scrree material obscured outcrop, in which case no samples were taken. Several high-grade results were produced across individual veins, including sample **PG047: 0.2m @ 18.3 g/t gold (Au), 224 g/t silver (Ag)** above a historical stope at the eastern end of the sampled zone and **PG042: 1.25m @ 7.73 g/t Au**, part of a 5.7m intersection grading 3.14 g/t Au, including a 0.5m interval (0.0 g/t Au applied) not sampled due to scree and rubble obscuring outcrop (see Figure 3).

The high-grade results and intersections are summarised in Table 1 below. Appendices 1 & 2 list all sampling details and sample locations and results.

**Table 1: Selected high-grade results and intersections from channel sampling at the Osu Gold Project :**

SampleID	Width m	Au g/t	Ag g/t	Cu %	Pb %	Zn %
PG024B	0.23	5.48	36	0.30%	0.21%	0.02%
PG028	0.55	4.12	15	0.01%	0.53%	0.01%
PG038 - 042	5.70	3.14	14	0.01%	0.40%	0.02%
Incl. PG042	1.25	7.73	22	0.03%	0.67%	0.03%
Incl. PG040	1.15	5.34	35	0.01%	1.05%	0.02%
PG057B	0.15	11.3	327	0.56%	0.70%	0.04%
PG047	0.20	18.3	224	0.07%	2.63%	0.03%

Peninsula Mines CEO Jon Dugdale commented, "The results from channel sampling recently undertaken at Osu, have demonstrated there are multiple high-grade vein zones that we can now test with drilling, to target potential high-grade shoots of gold-silver mineralisation."

Peninsula Mines Limited (ASX: PSM)

Principal & Registered Office

Suite 2, Level 2

20, Kings Park Road

West Perth, WA 6005

www.peninsulamines.com.au

Jon Dugdale, Chief Executive Officer

Tel: +61 8 6143 1840

jdugdale@peninsulamines.com.au

Karen Oswald, Media and Investor Relations

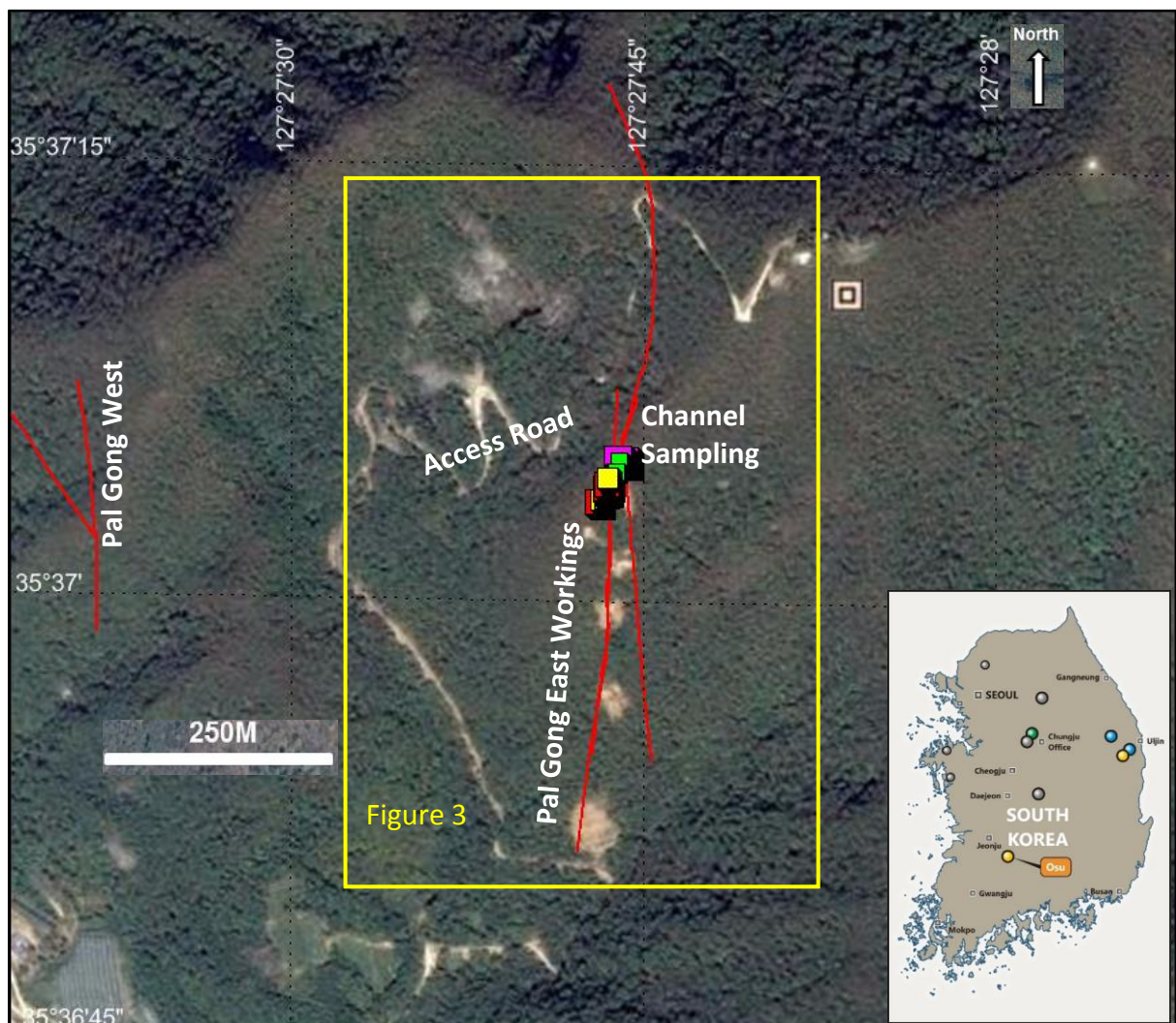
Tel: +61 423 602 353

Ken Banks, Investor Relations

Tel: +61 402 079 999

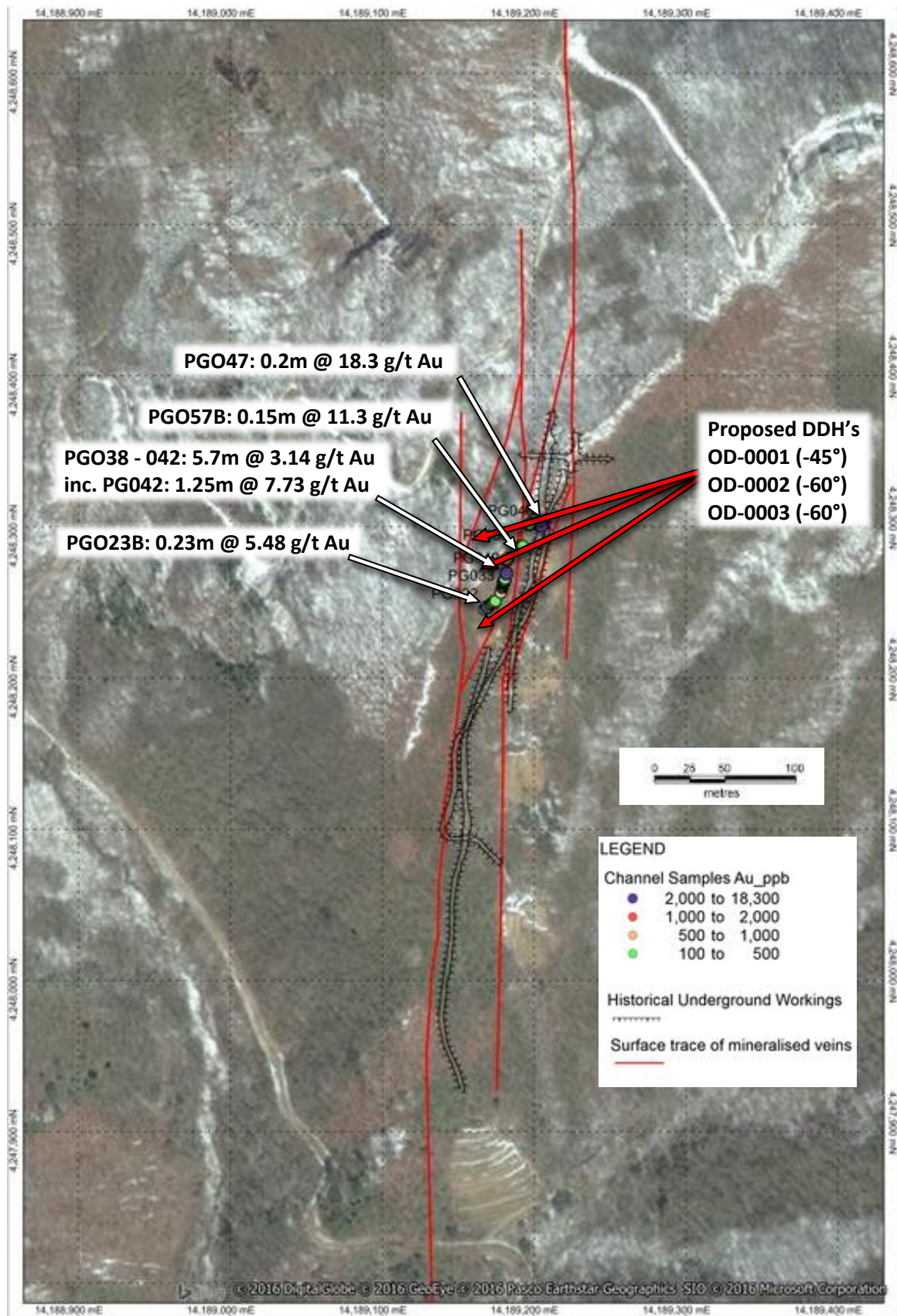


**Figure 1: Channel sampling using a rocksaw/angle grinder, Osu Gold Project**



**Figure 2: Osu Gold Project, Pal Gong East workings, channel-sampling locations**





**Figure 3: Osu Gold Project, plan of channel sampling results with projected underground development and lodes, as well as proposed drilling locations**

The proposed drilling programme has been optimised to target the projected high-grade veins/shoots vertically and down plunge below the channel sampled vein zones. Three diamond drill-holes are planned for up to 500m (see Figure 3 for planned locations), testing below projected stoping on the high-grade veins to a depth of approximately 120m vertically below the outcropping channel-sampled zone. The new targets will be accessed from Forestry Department land on the eastern side of the mountain.

Access to the new proposed drilling sites will require approval from the South Korean Forestry Department, in parallel with seeking individual landholder and local council consent, a process that we expect will allow for drilling to commence in Q1 2017. Peninsula will use the time prior to the commencement of drilling to submit an application for drill funding support from the Korean Resources Corporation (KORES). Peninsula has previously received drill funding support from KORES for its Daehwa Project. KORES accepts funding submissions in January and releases funds for successful applications during the following field season commencing from March/April 2017.

### **Background to the Osu Gold Project**

The Osu project consists of one granted tenement, Osu 23 and applications for 3 adjoining tenements. The Osu 23 tenement contains the historical Baegun and Pal Gong Mines (Figure 2).

The Osu Project has high-grade, polymetallic veins that were discovered in the 1930's and exploited intermittently until the early 1970's. The bulk of the mineralisation is hosted within granites which become more foliated and gneissic towards the west where they host the Pal Gong and Pal Gong West mine workings (Figure 2).

The historically mined vein structures at Osu occurring over a strike length in excess of 1,500m possibly represent near surface, sub-epithermal, polymetallic veins emanating from a deeper seated, porphyry intrusive source.

In 2014, Peninsula reported the assay results from a surface sampling program which yielded very encouraging high grade gold and silver mineralisation with base metals credits<sup>D2</sup>. Significant assay results from the channel sampling of the lode structures at surface included:

- 0.1m @ 18.5 g/t Au, 318 g/t Ag & 0.37% Cu, 2.5% Pb, 0.09% Zn & 0.63% W
- 0.05m @ 20.7 g/t Au, 126 g/t Ag, 0.11% Cu, 2.5% Pb, 0.09% Zn, 0.03% W
- 0.09m @ 9.17 g/t Au, 509 g/t Ag, 0.43% Cu, 0.7% Pb, 0.03% Zn
- 0.09m @ 9.9 g/t Au, 97 g/t Ag, 0.05% Cu, 0.35% Pb, 0.1% Zn
- 0.14m @ 20.3 g/t Au, 153 g/t Ag, 0.07% Cu, 1.9% Pb, 0.03% Zn

The channel samples were taken across narrow iron and manganese stained vein structures in and around the historic Pal Gong East mine workings.

Historic mining was confined to hand held mining methods resulting in very limited tonnage being recovered. The recent channel sampling shows evidence of steeply plunging shoot controls on the mineralization, which provides an immediate target for the initial drilling program at Osu.

For further information please contact:

**Jon Dugdale**

Chief Executive Officer

Phone: +61 8 6143 1840

Email: [jdugdale@peninsulamines.com.au](mailto:jdugdale@peninsulamines.com.au)



## 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](http://www.peninsulamines.com.au)

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

- D1 Osu drilling campaign high-grade gold target, 1 August 2016
- D2 Exciting Rock Chip Sample Results – Osu Project, 11 August 2014

## 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.*



## JORC Code, 2012 Edition: Table 1

### Section 1: Sampling Techniques and Data

*(Criteria in this section apply to all succeeding sections.)*

Criteria	JORC – Code of Explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>The results released in this announcement are rock-saw cut channels, approximately 10cm wide, taken horizontally across the generally steeply dipping mineralised shear structures and veins and country rock.</p> <p>The sample quality was good to very good, fresh to partially oxidised rock. The entire sample was collected in the Intervals ranging from 15cm to 1.25m.</p> <p>The rock chip samples were analysed for a suite of elements by NAGROM Laboratory Service in Perth, Australia, using ICP and XRF fusion analyses and Fire Assay for precious metals.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<p>The results released in this announcement are rock-saw cut channels, approximately 10cm wide, taken horizontally across the generally steeply dipping mineralised shear structures and veins and country rock. The interval sampled was an even width and the entire sample was collected in the Intervals ranging from 10cm to 1.25m, ensuring representivity.</p>
	<i>Aspects of the determination of mineralisation that are material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	<p>Rock chip samples were collected in a calico bag and taken using a rock-saw and removed using mallet and/or chisel. Samples were funnelled into the bag using a piece of rubber matting.</p>
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	<p>No drilling has been undertaken by the Company and no commentary is being presented here on past drilling results.</p>





Criteria	JORC – Code of Explanation	Commentary
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	No drilling has been undertaken by the Company and no commentary is being presented here on past drilling results.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	The interval sampled was an even width and the entire sample was collected in the Intervals ranging from 10cm to 1.25m, ensuring representivity.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Samples are representative and no sample bias is observed.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	No drilling has been undertaken by the Company and no commentary is being presented here on past drilling results.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	
	<i>The total length and percentage of the relevant intersections logged.</i>	
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	No drilling has been undertaken by the Company and no commentary is being presented here on past drilling results.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	The rock chip samples were jaw crushed post oven drying at the NAGROM Laboratory to a nominal 2mm size fraction. In cases where sample weights exceeded 3kg samples were riffle split with the resultant sample fraction then pulverised using an LM5 pulveriser to 95% passing 75 microns. A 150gm pulverised sub sample was then prepped for analysis.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The channel sampling analyses, samples were prepped as discussed above. This methodology is considered appropriate for both base and precious metal analyses as well as analyses for a broader range of trace elements. The use of fusion methods XRF and ICP analyses is considered total for all the elements analysed. A 50gm fire assay with an ICP finish was used for the Au analyses.



Criteria	JORC – Code of Explanation	Commentary
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	As above.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Selected repeat/field duplicate samples were taken.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The size of the rock chip samples is considered appropriate for the style of sampling undertaken.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Rock chip samples were dried at 105°C upon receipt by the lab. The samples were then prepped and pulverised as discussed above. The 0.8gm subsample was then prepared for analysis via heating to 1050oC using 8gm sodium peroxide as the flux agent. The samples were then analysed using a Perkin Elmer NexION unit for ICP-MS analyses or a Thermo iCAP 6000 unit for ICP-OES analyses. A 50gm charge was prepared for fire assay for all the Au analyses. A 0.8gm sub-sample was prepped using 8gm of lithium metaborate flux and W, Mo and Sn analyses were undertaken using a Panalytical Axios XRF.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivations, etc.</i>	No geophysics in this release.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	The Company has included duplicate samples and standard samples and external laboratory checks and these exhibit acceptable levels of accuracy (i.e. lack of bias).  The data is considered adequate to provide the necessary QA/QC procedures for quality control with these analyses.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The results reported or commented upon in this release have been independently checked by non-Company personnel. This is not considered material at this early reconnaissance stage of the project's evaluation.
	<i>The use of twinned holes.</i>	No drilling has been undertaken by the Company and no commentary is being presented here on past drilling results.





Criteria	JORC – Code of Explanation	Commentary
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Assay results are stored in an Excel database. All results are checked by the responsible geologist on entry to the database.  The Company's data is stored in an excel database and routinely transferred to the Perth Head Office.
	<i>Discuss any adjustment to assay data.</i>	The data presented in the Appendices is raw laboratory data. No adjustments have been made to the data.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	No drilling has been undertaken by the Company and no commentary is being presented here on past drilling results. The sample locations have been recorded using a hand held Garmin GPS60CSx. The accuracy of this unit at most sample sites was +/- 10m.
	<i>Specification of the grid system used.</i>	All sample sites were surveyed in the UTM WGS84 zone 52N coordinate system or WGS 84 Latitudes and Longitudes.
	<i>Quality and adequacy of topographic control.</i>	The National Geographic Information Institute (NGII) has 1:5,000 scale digital contour data for the entire country.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	The interval sampled was an even width and the entire sample was collected in the Intervals ranging from 10cm to 1.25m, ensuring representivity.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	This sampling interval, approximating 1m intervals (0.1m to 1.25m), is in line with protocols for sampling drillcore. It is anticipated that these data would be suitable to form part of a future Mineral Resource estimation, subject to drilling information providing the required evidence of continuity and being at a suitable spacing.
	<i>Whether sample compositing has been applied.</i>	None of the assay results in Appendices 1 and 2 have been composited.  Weighted average channel-sampling intervals have been calculated and summarised in Table 1, in the body of the report.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Where possible the channel samples have been collected perpendicular to the strike and dip of the mineralised structures.



Criteria	JORC – Code of Explanation	Commentary
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No drilling has been undertaken by the Company and no commentary is being presented here on past drilling results.
Sample security	<i>The measures taken to ensure sample security.</i>	The rock chip samples were organised and packed at the Company's secure core yard facility at Sotae-myeon. The samples were then packed in cardboard cartons and shipped to NAGROM Laboratory, Kelmscott, Perth using DHL Global Forwarding. The samples routinely took 4 to 7 days in transit from Korea until clearing customs in Perth and delivery to the laboratory. DHL online tracking allows for the parcels to be tracked throughout their transit.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	The NAGROM Laboratory, Kelmscott has been visited by Company personnel and meets full international standards. NAGROM is internationally recognised particularly in the field of metallurgical evaluations.

*(Criteria in this section apply to all succeeding sections.)*



## Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC – Code of Explanation	Commentary
Tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<p>SMCL, a wholly owned subsidiary of PSM was granted tenure over the Osu 23 block on 17 December 2014. The Company has a 6 year exploration period which at any time during that period can be converted to Mining Right by filing a prospecting report. The Company also has 3 applications, Osu 13, Osu 14 and Osu 24 over neighbouring tenement blocks. The company has until 9 January 2016 in the case of blocks Osu 13 and Osu 14 and 28 December 2016 in the case of block Osu 24 to successfully lodge Mineral Deposit Survey (MDS) reports over the applied areas and subsequently, the Ministry of Trade, Industry and Energy (MOITE) makes its decision on the issuance of a Mining Right<sup>3</sup>.</p> <p>Each tenement block covers a 1-minute graticule and has a nominal area of 276 hectares. The Company has sole rights to the applied elements within the tenement area. The company must complete Mineral Deposit Surveys (MDS) over each of the five blocks within 6 months of the application date. The MDS requires that the applicant indicates the presence of mineralisation on the tenement usually by engaging a Government approved independent expert to complete a single rock chip analysis and to confirm that mineralised structures of a specified grade, width and length are present on the title. In the case of gold, the Company must indicate that a gold bearing structure is present on the tenement that is at least 10m long, 0.3m wide and with a grade of at least 2g/t.</p> <p>There are no native title interests in Korea. It is a generally accepted requirement that title holders gain the consent of local land owners and residents. The project is located in a mixed deciduous and coniferous regrowth forest on the flanks of Mt Pal Gong. Land ownership is a mixture of private and public forest land. There are no State Parks or National Parks over any of the applied tenement areas. The Osu 23 and Osu 24 tenements have been held in the past for the purpose of precious and base metal exploration and mining.</p>
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	<p>On approval of the MDS, an applicant has 12 months from the original application date, 13 July 2016 in the case of Osu 13 and Osu 14 and 1 July in the case of Osu 24, to submit a prospecting plan to the Ministry. The prospecting plan outlines the intended prospecting method: Geochemical (e.g. soil sampling), geophysical (e.g. IP) or drilling (usually diamond drilling in Korea) that the applicant intends to utilise in the proposed exploration programme. Certain minimum levels of work are required, for example, completing at least 3 holes and 450m of drilling. An applicant may at anytime during the exploration period, file an application to change the prospecting method. A recent amendment to Mining Law</p>





Criteria	JORC – Code of Explanation	Commentary
		<p>means that a tenement applicant is now granted a 6 year exploration window upon the acceptance of the MDS and the formal grant of a Mining Right.</p> <p>Three months prior to the end of the 6 year prospecting period, the applicant must submit a prospecting report. The submission of the prospecting report is considered by the Ministry as an application for a mining right. The title holder then has 3 years to file and have a Mine Planning Application (MPA) approved. The MPA is submitted to and approved by the Local Government and is akin to local council planning approval. As part of the MPA process, the title holder must secure a “no objection certificate” from the residents of the local village(s). An MPA primarily covers design, implementation, environmental and safety aspects of all surface activities associated with the planned mining venture. The approval of the MPA then grants the mining right holder a 20-year production period that can be extended further upon application, provided all statutory requirements have been met over the life of the mine. From the date of grant of the Mining Right, the title holder has a 3-year period in which mine production must commence. During this 3-year period, the title holder must make a minimum level of investment on plant and mine infrastructure in the amount of KWon100million (~A\$120,000). In addition, certain minimum annual production levels must be met depending on the commodity being mined and its commercial value.</p>
Exploration done by other parties	<i>Acknowledgement and appraisal of exploration by other parties.</i>	<p>KMPC has completed a number of surface and underground sampling campaigns over the various historic mine workings at the Osu Project between the 1960s and early 1980s. In addition, KMPC drilled a number of drill holes at Osu between 1975 and 1984.</p> <p>Historic KMPC reports outline past exploration efforts by KMPC at the Osu project. The Baegun and Pal Gong prospects were discovered during the Japanese occupation of Korea. In 1945, the mines closed and mine remained closed until 1956. In 1961-62, KMPC provided funding to support 490m of fresh underground development at Baegun. In 1968, KMPC funded a further 250m of underground development at Baegun. In the late 1960s and early 1970s, KMPC completed several phases of underground channel and grab sampling at both the Pal Gong and Baegun mines. In 1975, KMPC completed a 3 hole BQ diamond drill programme at Pal Gong. In 1982, KMPC completed 3 BQ diamond drill holes at both Pal Gong and Baegun mines and in 1984, KMPC completed a further 3 BQ drill holes at Baegun. The results for this work are incomplete and the Company is still trying to locate all the relevant details. Only limited production figures have been located but several schematic figures have been located showing the extent of adit development at both mines and the stoping extents at</p>



Criteria	JORC – Code of Explanation	Commentary
		<p>the Baegun mine. No further exploration has been undertaken since the work completed by KMPC in the early 1980s.</p> <p>KIGAM has flown airborne radiometrics and airborne magnetics across South Korea as part of an ongoing data capture programme conducted over the last 30 or more years. KIGAM completed 1:50,000 scale geological mapping over the Osu Geology sheet in 1983.</p> <p>The Company is currently not aware of any exploration work by other non-Government agencies/parties. The Company has not as yet been able to locate comprehensive reports of past production from the Baegun and Pal Gong Mines.</p>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	The mineralisation observed at the Baegun and Pal Gong East Mine is characterised by steeply dipping quartz sulphide vein shear structures hosted within biotitic granodiorite. At the Pal Gong Mine and Pal Gong West mines, steeply dipping quartz sulphide structures are hosted within foliated granitic gneiss. The age of the mineralisation and host intrusive is unknown. The recently acquired and reprocessed airborne magnetic image indicates a significant magnetic high centred midway between the Baegun and Pal Gong East Mines (Figures 2 and 3).
Drill hole information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduce Level) – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length</li> </ul>	All rock chip results, location details and descriptions are included herewith as Appendices 1 & 2.
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	None of the data is included in this or earlier release are considered incomplete.



Criteria	JORC – Code of Explanation	Commentary
Data aggregation methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	No data has been cut or truncated.  Weighted average channel-sampling intervals have been calculated and summarised in Table 1, in the body of the report.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	The data has not been aggregated.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent vales have been reported.
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	The assay results being commented upon are all rockchip sample channel sample data assays.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	No drilling has been undertaken or commented upon in this release.
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	No drilling or assaying has been undertaken and no drilling or assay results have been reported or commented upon.





Criteria	JORC – Code of Explanation	Commentary
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	<p>Assay results are summarised in Appendix I &amp; II.</p> <p>Figure 2 shows the extent of the historic Baegun and Pal Gong workings on the Google Earth image from which a strike potential of 1500m has been interpreted.</p> <p>Figure 3 shows the location of the channel samples, projected onto historic development drives underlying the channel sampling. The location of the development drives has been interpreted from historic mine records and the historic KMPC sampling.</p>
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	The full list of all the base and precious metal assays obtained from rock chip channel sample assaying is included as Appendices 1 & 2. The sample data points are displayed on Figure 3.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All base metal data considered relevant and material has been included in this announcement.
Further work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	The Company intends to complete 3 diamond drillholes at the Osu Project to test the down dip potential below the historic Pal Gong east workings. Follow-up work will be subject to this first round of drill results.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Figures 2 and 3 shows the location of the Pal Gong East interpreted mineralised structures. Drilling will be planned to test down plunge of the mineralised lode/vein structures that have been sampled, the results of which are reported herein.



## Appendix 1 – Location and sample description details for stage 2 rock chip sampling, Ubeong Project

[illegible]

Location	SampleID	UTME (84/52)	UTMN (84/52)	mRL	Channel ID	From m	To m	Width	Geology/Comment
Osu - Pal Gong East	PG042 REP	360,857.87	3,942,735.43	1,007.45	PGC0003	0.00	1.25	1.25	
Osu - Pal Gong East	PG043	360,857.14	3,942,733.00	1,006.68	PGC0004	0.00	0.20	0.20	almost a Vertical sample
Osu - Pal Gong East	PG044	360,858.04	3,942,742.72	1,012.44	PGC0005	0.60	1.75	1.15	mnr qz-sul vns, apy py lm vugs 0.02-0.15m
Osu - Pal Gong East	PG044 REP	360,858.04	3,942,742.72	1,012.44	PGC0005	0.60	1.75	1.15	
Osu - Pal Gong East	PG045	360,858.83	3,942,743.52	1,012.20	PGC0005	1.75	2.48	0.73	
Osu - Pal Gong East	PG046	360,876.67	3,942,760.41	1,014.76	PGC0007	0.00	0.55	0.55	qz sul vn 2.4-2.55m
Osu - Pal Gong East	PG047	360,877.02	3,942,760.36	1,014.38	PGC0009	0.00	0.20	0.20	quartz sulphide vein shear
Osu - Pal Gong East	PG048	360,875.33	3,942,759.02	1,014.17	PGC0006	0.00	1.00	1.00	FW west of stope
Osu - Pal Gong East	PG049	360,877.03	3,942,759.86	1,014.41	PGC0008	0.00	1.00	1.00	Less altered cg HW granite 0.5-1cm fd xls
Osu - Pal Gong East	PG050	360,875.49	3,942,760.01	1,014.12	PGC0006	1.00	2.00	1.00	FW west of stope
Osu - Pal Gong East	PG051	360,868.12	3,942,754.63	1,015.83	PGC0010	0.00	1.10	1.10	
Osu - Pal Gong East	PG052	360,868.14	3,942,755.71	1,016.02	PGC0010	1.10	2.10	1.00	
Osu - Pal Gong East	PG053	360,868.68	3,942,756.54	1,016.19	PGC0010	2.10	3.10	1.00	
Osu - Pal Gong East	PG054	360,869.29	3,942,757.31	1,016.37	PGC0010	3.10	3.60	0.50	
Osu - Pal Gong East	PG055	360,869.46	3,942,757.78	1,016.32	PGC0010	3.60	4.30	0.70	
Osu - Pal Gong East	PG055 REP	360,869.46	3,942,757.78	1,016.32	PGC0010	3.60	4.30	0.70	
Osu - Pal Gong East	PG056	360,869.48	3,942,760.73	1,017.84	PGC0011	0.00	0.85	0.85	
Osu - Pal Gong East	PG057	360,869.99	3,942,761.40	1,017.98	PGC0011	0.85	1.72	0.87	
Osu - Pal Gong East	PG057B	360,870.77	3,942,761.68	1,017.81	PGC0012	0.00	0.15	0.15	Shear on FW of sample PG057
Osu - Pal Gong East	PG058	360,870.77	3,942,761.68	1,017.81	PGC0011	1.72	2.72	1.00	
Osu - Pal Gong East	PG059	360,863.28	3,942,747.65	1,013.34	PGC0013	0.00	1.00	1.00	
Osu - Pal Gong East	PG060	360,863.58	3,942,748.56	1,013.60	PGC0013	1.00	2.00	1.00	
Osu - Pal Gong East	PG061	360,864.00	3,942,749.46	1,013.48	PGC0013	2.00	3.00	1.00	
Osu - Pal Gong East	PG062	360,864.93	3,942,749.81	1,013.62	PGC0013	3.00	4.00	1.00	
Osu - Pal Gong East	PG063	360,865.92	3,942,749.93	1,013.71	PGC0013	4.00	5.00	1.00	
Osu - Pal Gong East	PG063 REP	360,865.92	3,942,749.93	1,013.71	PGC0013	4.00	5.00	1.00	
Osu - Pal Gong East	PG064	360,866.90	3,942,749.93	1,013.88	PGC0013	5.00	6.17	1.17	
Osu - Pal Gong East	PG065	360,857.91	3,942,743.16	1,012.82	PGC0005	0.00	0.60	0.60	Sample in HW of sample PG044

Mineral codes: Sulphide (Sul), magnetite (mt), pyrrhotite (po), sphalerite (sp), galena (gl), pyrite (py), chalcopryrite (cpy), arsenopyrite (apy), bornite (bn), manganese (mn), limonite (lm), goethite (go), quartz (qz), calcite (ca), hedenbergite (hd), clay (cy).



## Appendix 2 - Results of Channel Sampling at the Osu Gold Project

Sample ID	Ag ppm	Al ppm	As ppm	Au ppm	Au ppb	Ba ppm	Bi ppm	Ca ppm	Cd ppm	Co ppm	Cu ppm	Fe %	In ppm
Method	ICP003	ICP003	ICP003	FA10	FA10	ICP003	ICP003	ICP003	ICP003	ICP003	ICP003	ICP004	ICP003
Units	ppm	ppm	ppm	ppb	ppb	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm
LLD	1	10	50	10	10	5	0.1	0.5	0.5	5	10	0.01	0.1
PG022	5	69040	1400	0.27	274	685	6.0	2150	1.5	5	400	3.44	0.8
PG023	-1	72280	200	0.03	29	760	1.6	4500	1.5	5	190	2.88	0.2
PG023A	-1	73840	150	0.02	16	800	0.7	5285	1.5	5	190	2.85	-0.1
PG024	8	71530	2350	1.09	1088	660	5.6	710	2.0	5	620	3.35	1.0
PG024A	2	72830	750	0.07	68	725	3.3	995	1.0	-5	240	3.28	0.4
PG024B	36	61450	10750	5.48	5481	515	8.5	50	2.0	-5	2950	3.82	3.1
PG024C	2	70550	1150	0.25	253	715	2.9	990	2.5	-5	500	3.30	0.4
PG024D	19	65790	9150	4.22	4224	520	15.8	90	3.5	5	650	4.59	3.3
PG024D REP	19	65200	8500	0.00		525	15.7	75	3.5	5	650	4.62	3.4
PG025	2	70870	150	0.04	39	665	1.6	2110	0.5	-5	220	3.13	0.3
PG026	3	72750	150	0.08	82	720	2.5	1305	1.0	-5	210	2.72	0.4
PG027	-1	75040	100	0.13	126	745	0.6	1670	2.0	-5	140	2.89	-0.1
PG028	11	73100	2000	0.28	277	655	22.2	610	1.0	15	650	3.47	1.1
PG028 REP				0.28	278								
PG029	32	74380	1300	0.54	536	420	34.4	45	1.0	-5	1540	3.21	1.6
PG030	2	72820	350	0.12	121	560	2.9	100	1.5	5	320	3.99	0.3
PG031	1	77590	350	0.04	36	550	0.8	110	-0.5	-5	100	1.59	-0.1
PG032	10	79150	300	0.52	519	420	2.3	55	-0.5	-5	120	1.70	0.3
PG033	5	77130	400	0.08	77	285	0.4	45	-0.5	-5	120	2.04	-0.1
PG034	5	73790	800	0.09	90	225	1.8	25	-0.5	-5	100	1.89	-0.1
PG035	6	62680	2000	0.40	403	130	0.7	30	-0.5	-5	100	2.99	-0.1
PG036	11	71950	750	0.12	118	240	1.0	55	-0.5	-5	90	2.02	-0.1
PG037	4	71830	1550	0.38	381	590	1.2	90	-0.5	-5	220	2.47	0.2
PG038	17	65610	4350	3.59	3588	325	3.5	25	0.5	-5	140	2.64	0.4
PG039	1	57490	350	0.12	119	760	0.8	205	-0.5	-5	70	2.41	-0.1
PG040	35	53560	6500	5.34	5343	135	0.8	5	-0.5	-5	130	2.82	0.2
PG041	4	68450	250	0.13	133	545	1.4	315	1.5	-5	80	2.38	-0.1
PG042	22	56550	2750	7.73	7728	320	0.8	55	2.0	-5	250	4.34	-0.1
PG042 REP	22	56310	2650	0.00		315	0.8	45	2.0	-5	250	4.30	0.1
PG043	2	60730	2300	0.06	64	215	0.4	35	2.5	-5	100	6.82	-0.1

Sample ID	Ag ppm	Al ppm	As ppm	Au ppm	Au ppb	Ba ppm	Bi ppm	Ca ppm	Cd ppm	Co ppm	Cu ppm	Fe %	In ppm
Method	ICP003	ICP003	ICP003	FA10	FA10	ICP003	ICP003	ICP003	ICP003	ICP003	ICP003	ICP004	ICP003
Units	ppm	ppm	ppm	ppb	ppb	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm
LLD	1	10	50	10	10	5	0.1	0.5	0.5	5	10	0.01	0.1
PG044	16	61630	2850	0.94	936	415	0.9	85	2.0	-5	130	3.85	0.1
PG044 REP				1.10	1096								
PG045	48	58480	2900	0.34	340	430	43.5	20	-0.5	-5	200	2.49	1.2
PG046	15	56970	7500	4.12	4118	165	0.3	50	1.0	-5	100	2.35	0.1
PG047	224	18720	78450	18.28	18284	140	1.5	35	4.5	-5	660	7.58	0.7
PG048	1	62250	350	0.06	64	635	0.3	190	1.0	-5	60	2.12	-0.1
PG049	-1	65990	200	0.01	13	645	0.2	390	6.5	-5	80	2.91	-0.1
PG050	2	56520	450	0.02	19	615	0.4	85	0.5	-5	60	1.67	-0.1
PG051	-1	57810	-50	0.01	14	655	0.2	125	1.0	10	230	2.06	-0.1
PG052	-1	61680	100	0.00	-1	740	0.3	680	2.5	5	370	2.53	-0.1
PG053	4	62840	350	0.09	86	665	0.3	400	2.0	15	440	3.32	-0.1
PG054	2	53000	150	0.05	48	620	0.2	160	2.0	-5	590	2.26	-0.1
PG055	2	66580	100	0.06	58	775	0.1	5815	1.0	5	810	2.72	-0.1
PG055 REP				0.08	77								
PG056	2	63940	150	0.02	24	730	0.2	1960	1.5	5	670	2.75	-0.1
PG057	4	59040	1950	0.24	241	420	10.4	55	-0.5	-5	440	2.41	0.7
PG057B	327	33890	141250	11.26	11263	280	1528.8	50	7.0	30	5560	21.05	25.4
PG058	11	70390	1900	0.15	145	420	73.4	30	1.0	5	460	3.29	2.7
PG059	-1	63900	250	0.05	53	710	5.4	85	4.0	-5	100	2.81	0.1
PG060	-1	59350	200	0.30	303	480	1.1	125	1.0	-5	70	1.91	-0.1
PG061	-1	68510	150	0.02	17	600	0.7	95	0.5	-5	60	1.91	-0.1
PG062	-1	59390	200	0.02	16	565	0.5	120	1.0	-5	60	2.12	-0.1
PG063	2	62530	950	0.17	171	630	1.9	80	1.5	-5	80	2.75	0.2
PG063 REP	7	63900	950	0.00		645	2.0	90	1.5	-5	80	2.77	0.2
PG064	1	56000	150	0.27	271	665	2.0	1315	2.0	-5	180	2.35	0.2
PG065	16	54620	3000	0.59	591	160	0.6	70	1.5	-5	150	3.09	0.2

## Appendix 2 - Results of Channel Sampling at the Osu Gold Project Continued

Sample ID	K ppm	Mg ppm	Mn ppm	Mo ppm	Pb ppm	S ppm	Sb ppm	Sn ppm	Te ppm	Ti ppm	W ppm	Zn ppm	Zr ppm
Method	ICP003	ICP003	ICP003	ICP004	ICP003	ICP003	ICP004	ICP004	ICP003	ICP004	ICP004	ICP003	ICP004
Units	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
LLD	100	5	5	5	10	50	1	1	0.1	100	10	5	100
PG022	40200	3860	645	-5	520	1500	11	49	1.2	2300	10	165	240
PG023	41700	4255	1335	-5	50	650	3	14	1.2	2300	-10	180	305
PG023A	42300	4595	1535	-5	20	750	2	7	1.1	2300	-10	185	518
PG024	43200	3100	1040	-5	940	1700	21	42	0.3	2200	10	175	225
PG024A	44100	3250	1245	-5	120	350	3	27	0.4	2200	-10	105	222
PG024B	36600	2395	525	-5	2100	7550	84	115	0.1	1900	20	215	194
PG024C	44100	3285	1290	-5	600	1100	7	25	-0.1	2200	-10	255	199
PG024D	37600	2560	1020	-5	1400	1650	56	109	0.5	2100	30	195	410
PG024D REP	38100	2560	1020	-5	1400	1750	56	108	0.4	2200	30	190	392
PG025	39800	3770	680	-5	110	250	2	25	0.6	2400	-10	95	226
PG026	43600	3355	980	-5	340	300	2	34	0.4	2300	10	135	219
PG027	45100	3685	2215	-5	140	500	2	12	0.3	2400	-10	210	238
PG028	39300	3350	920	-5	1360	1400	6	49	0.1	2300	40	90	267
PG028 REP													
PG029	37800	2855	260	-5	780	2750	11	61	0.3	2300	50	180	217
PG030	41400	2750	2150	-5	280	700	6	33	0.1	2300	10	130	248
PG031	48500	2685	130	-5	930	500	7	22	0.3	2500	-10	45	241
PG032	43400	3080	140	-5	1190	500	12	42	-0.1	2600	20	50	239
PG033	40900	3365	225	-5	1050	550	14	64	-0.1	2700	10	95	330
PG034	37800	2990	160	-5	2280	750	17	43	-0.1	2400	10	90	247
PG035	31600	2765	185	-5	1680	950	19	73	-0.1	2200	10	100	245
PG036	36700	2930	195	-5	2790	1500	18	80	-0.1	2400	20	60	243
PG037	42500	3175	175	-5	840	700	19	54	0.2	2300	10	45	224
PG038	31900	3015	155	-5	1670	1650	48	64	-0.1	2200	20	45	249
PG039	46200	4315	405	-5	630	150	3	16	1.2	2500	-10	135	910
PG040	28500	2315	210	-5	10460	3050	72	130	-0.1	2000	10	155	1509
PG041	46700	2840	455	-5	660	1400	8	18	0.2	2400	-10	345	619
PG042	34300	2380	1030	-5	6710	2400	45	112	-0.1	2000	-10	325	214

Sample ID	K ppm	Mg ppm	Mn ppm	Mo ppm	Pb ppm	S ppm	Sb ppm	Sn ppm	Te ppm	Ti ppm	W ppm	Zn ppm	Zr ppm
Method	ICP003	ICP003	ICP003	ICP004	ICP003	ICP003	ICP004	ICP004	ICP003	ICP004	ICP004	ICP003	ICP004
Units	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
LLD	100	5	5	5	10	50	1	1	0.1	100	10	5	100
PG042 REP	33300	2350	1000	-5	6470	2350	42	108	-0.1	2000	-10	335	255
PG043	31700	2820	3075	-5	1520	900	16	46	-0.1	2200	-10	285	218
PG044	39100	2380	315	-5	1170	1850	39	61	0.1	2000	-10	445	203
PG044 REP													
PG045	37700	2700	145	-5	2430	1350	23	76	0.2	2200	20	60	190
PG046	29900	2665	150	15	5320	800	64	54	-0.1	2100	-10	75	193
PG047	6200	595	75	55	26280	19750	844	54	-0.1	400	-10	335	72
PG048	51800	2240	120	-5	420	50	7	16	0.2	2400	-10	85	200
PG049	41000	4770	1720	-5	230	-50	4	6	0.4	2600	-10	1085	207
PG050	48500	3060	175	-5	560	-50	7	14	-0.1	2500	-10	60	427
PG051	41400	2920	730	-5	30	-50	1	6	-0.1	2400	-10	200	233
PG052	41000	5410	780	-5	-10	50	-1	4	-0.1	2700	-10	155	273
PG053	44400	3330	2020	-5	100	100	4	8	0.5	2600	-10	175	244
PG054	46100	3340	1285	-5	40	-50	3	7	0.4	2600	-10	160	247
PG055	39600	5635	1140	-5	-10	50	1	5	0.6	2600	-10	285	893
PG055 REP													
PG056	42500	5035	1390	-5	-10	150	-1	5	-0.1	2500	-10	210	255
PG057	39700	2715	120	-5	310	100	7	42	0.6	2400	10	55	251
PG057B	13600	1155	3125	-5	6950	29500	106	310	0.3	900	20	390	106
PG058	39900	2765	1280	-5	920	200	12	62	0.1	2300	20	145	226
PG059	38400	4010	1375	-5	80	50	2	9	0.3	2500	-10	400	186
PG060	41000	3280	265	-5	130	50	6	27	0.2	2500	-10	115	731
PG061	46700	2825	335	-5	90	50	5	10	0.4	2400	-10	120	233
PG062	46400	2695	555	-5	180	50	3	14	0.7	2400	-10	135	586
PG063	45000	2965	260	-5	660	350	6	32	-0.1	2500	-10	135	228
PG063 REP	44700	3080	260	-5	640	350	6	33	-0.1	2500	-10	155	235
PG064	38900	4400	655	-5	170	100	2	20	0.5	2500	-10	210	253
PG065	30200	2470	200	5	4080	850	61	87	-0.1	2000	10	215	195