



PENINSULA MINES LIMITED

ASX:PSM

ASX ANNOUNCEMENT

20 February 2018

PENINSULA MINES UPDATE & LETTER TO SHAREHOLDERS

Dear Fellow Shareholders and Potential New Investors in Peninsula Mines Ltd (ASX:PSM),

I am pleased to provide this update on the fully-funded Peninsula Mines Ltd (“Peninsula” or “the Company”) programme and budget for the 2018 calendar year, as approved by the Company’s board.

The field programme has already commenced and is designed to continue the considerable progress the Company has made on its dual strategy to:

- i) become an integrated producer/supplier of high quality graphite to South Korea’s, world-leading, lithium-ion battery market, as well as other rapidly growing markets such as expandable graphite for use as non-flammable building cladding, and,
- ii) potentially deliver a high-grade base and/or precious metals discovery from its exploration and drilling programmes at Ubeong, which are testing a series of exciting Zinc-Lead-Silver and Copper-Gold sulphide targets.

The graphite programme and business plan will now be accelerated, with the objective of creating a positive cash-flow generating business in the medium term.

The Company has already signed an offtake MOU with a Korean expandable graphite end-user^{D3} and a graphite supply agreement with Canadian company DNI Metals (“DNI”), who are advancing their large-flake graphite projects in Madagascar^{D4}. This supply agreement is expected to enable the Company to establish binding offtake agreements with key Korean end-users whilst continuing to discuss potential development cooperation with DNI^{D4}.

Peninsula is also rapidly advancing its recently identified large to Jumbo flake graphite projects in South Korea^{D5}, having commenced electromagnetics (“EM”) programmes at three of its key graphite projects: Eunha, Chugwang and Daewon, with the objective of locating extensions to the high-grade, outcropping graphite mineralisation and generating drilling targets. In addition, bulk metallurgical samples have been collected to produce high-purity, >97% graphitic carbon, concentrate samples for spherical graphite and expandable graphite testing and evaluation by potential offtake partners^{D4}.

In addition to the graphite programme, the Company recently announced highly anomalous lithium soil sampling results over an extensive area of pegmatite on its Tonggo Project in eastern, South Korea^{D6}. The Company will be advancing this target in parallel with the other projects with the objective of defining drilling targets for lithium-bearing pegmatite in an area of recent and historic lithium and tin mining.

At the Ubeong Project drilling is about to re-start. The Company has identified a large, mineralised, porphyry - skarn system at Ubeong, and has tenement applications over an 80km² area, including six granted tenements over the areas of identified workings on high-grade zinc-lead-silver and copper-gold sulphide occurrences at the Chilbo and Ilweol Prospects.

Geological mapping, geophysics, soil and rock chip geochemistry have identified a series of drilling targets at Ubeong, associated with extensive areas of sulphide mineralisation, with some massive zinc sulphide lenses that have been intersected in the first three holes completed at the project^{D1}. The next diamond drillhole will test the Viper target, the interpreted magnetic “core” of the porphyry - skarn system, where surface sampling has produced highly anomalous zinc and copper-gold results, and discovered a copper-gold bearing massive sulphide lode^{D2}.

Peninsula Mines Limited (ASX: PSM)

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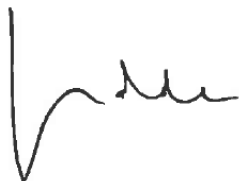
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A second zone of extensive and highly anomalous lead - zinc soil and rock chip geochemistry has been identified at "Python", to the northwest of the Chilbo area, along strike of major fault zones that appear to have acted as conduits for hydrothermal mineralisation from a buried intrusive (porphyry?) system. Detailed geophysics, magnetics and possibly electromagnetics, will be conducted to locate massive sulphide drilling targets hosted by the limestone-skarn horizon, projected to lie just below the highly anomalous surface lead-zinc geochemistry.

The executive team at Peninsula has an established track record of discovery, development and corporate/financing, and we remain focused and determined to make a breakthrough discovery in highly-prospective South Korea, as well as taking advantage of the outstanding opportunity to supply graphite and lithium to South Korea's world-leading, high technology, Lithium-ion battery and other markets such as expandable graphite.

I look forward to the continued support of our shareholders and would welcome new investors into the Company. Please do not hesitate to contact me directly to discuss the Company's strategy and projects via phone or email, at any time.

Sincerely,



Jon Dugdale

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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 and development within South Korea. Peninsula's strategy is to focus on mineral commodities that have a positive price outlook and offer potential for off-take and/or strategic partnerships in-country.

The Company is advancing a highly prospective zinc-lead-silver and copper-gold project at Ubeong in eastern South Korea, and also has a dual focus on advancing a series of flake-graphite projects, and lithium projects, that offer potential to be advanced and developed to supply high technology, lithium-ion battery and/or expandable graphite applications for which South Korea is the major global end-user.

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

- D1 Ubeong Drilling Intersects Massive and Disseminated Sulphides 19/12/17
- D2 Massive Sulphide Copper-Gold Zone Discovered in Outcrop at Ubeong Project, 06/07/17
- D3 Flake-Graphite Offtake & Development MOU signed with Korean End-User, 14/06/17
- D4 PSM signs Binding Agreement to Supply Graphite to Korean End-Users, 15/08/17
- D5 Super Jumbo and High-Grade Flake Graphite at New Projects, 20/10/17
- D6 Highly Anomalous Lithium Soil Results from Tonggo Prospect, South Korea, 22/12/17

For full versions of the Company's releases see Peninsula's website www.peninsulamines.com.au



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.

The information in this release that relates to Geophysical Results and Interpretations is based on information compiled by Mr William Peters, a Consulting Geophysicist (Crosmine Pty Ltd) at Southern Geoscience Consultants. Mr Peters is a Fellow of the Australasian Institute of Mining and Metallurgy and Chartered Professional (Geology) and 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 Peters consents to the inclusion in the release of the matters based on this information in the form and context in which it appears.

