PENINSULA MINES
LIMITED
ASX: PSM

ASX ANNOUNCEMENT **31 May 2018**

RESOURCE DRILLING COMMENCES AT EUNHA GRAPHITE PROJECT

- **Resource diamond-drilling commenced testing the Eunha North graphite target in South Korea**
- **Rock-saw channel sampling completed across Roadhouse graphite unit, samples submitted for analysis**
- **Eunha high-grade (96.7%) graphite concentrate generated for downstream spherical graphite testing**

Peninsula Mines Ltd (ASX:PSM) has commenced flake-graphite resource diamond-drilling at its 100% owned Eunha Graphite Project in the Chungnam Province, south of Seoul, in South Korea (see location, Figure 1).

The diamond drilling programme will test the Eunha North graphitic unit / electromagnetic ("EM") target[D1] (see Figures 1 and 2), with two to four holes initially planned to determine thickness and orientation, prior to a detailed 40m x 40m drill out (up to 2,000m) of the 500m strike length and up to 10m thick graphitic unit[D1], with the objective of defining a maiden indicated graphite resource for development.

Drilling is also planned to test the 500m strike length, Roadhouse graphitic unit / EM target (see Figure 1)[D1], where rock-saw channel sampling has been completed on an average 40m spaced sections. The channel sampling has been completed by cutting a slot across the excavated graphitic unit and sampling the material on an average 1m spacing for analysis. The data generated by the channel sampling will be of sufficient quality to be incorporated into JORC compliant resource estimations. A total of 132 samples have been submitted for analysis at Nagrom laboratories in Perth.

In parallel with the resource drilling programme at Eunha, additional metallurgical testing on a combined Eunha North and Roadhouse composite sample grading 6.7% total graphitic carbon ("TGC") has confirmed a very-high concentrate grade of 96.7% TGC (target >95% TGC) (see Appendix 1)[D2].

This confirmation of the high concentrate grades achievable at Eunha will allow Independent Metallurgical Operations ("IMO") to complete the generation of the >5kg, high-grade (>96.5% TGC) concentrate sample, to be sent to a German spherical graphite processing specialist for spherical graphite testing, including micronisation (to less than 20 micron), spheronisation, then thermal, non-fluoride, purification with the objective of generating a >99.95% TGC purity, uncoated spherical graphite product suitable for lithium-ion (graphite) battery anode production in Korea[D2,D3].

The Eunha graphite deposit is the best candidate for the down-stream spherical graphite testing due to a low proportion, of 13.6%, of <20 micron graphite in the final concentrate sample, indicating limited expected loss of fine graphite during the micronisation and spheronisation process. The project is also located close to the Dangjin Port in Chungnam Province, where the Company has been offered an industrial site for downstream, spherical graphite, processing facilities – and any fine graphite residue may be sold to one of several steel making plants in the area to provide a by-product credit.

The production of spherical graphite is a value-added process that increases the potential value of the graphite product from a current market price for fine flake graphite concentrate (<150µm, >94-95% TGC) of ~AUD 1,000/t[D4] to a market price for un-coated, purified (>99.95% TGC) spherical graphite of >AUD 4,000/t[D4].

Peninsula's Managing Director, Jon Dugdale, commented, *"The commencement of diamond drilling at Eunha is a key milestone for the Company, as we look to define a maiden graphite resource in parallel with completing downstream spherical graphite testing and working with key end-users to develop high-purity, downstream, spherical graphite production for the Korean lithium-ion battery industry."*

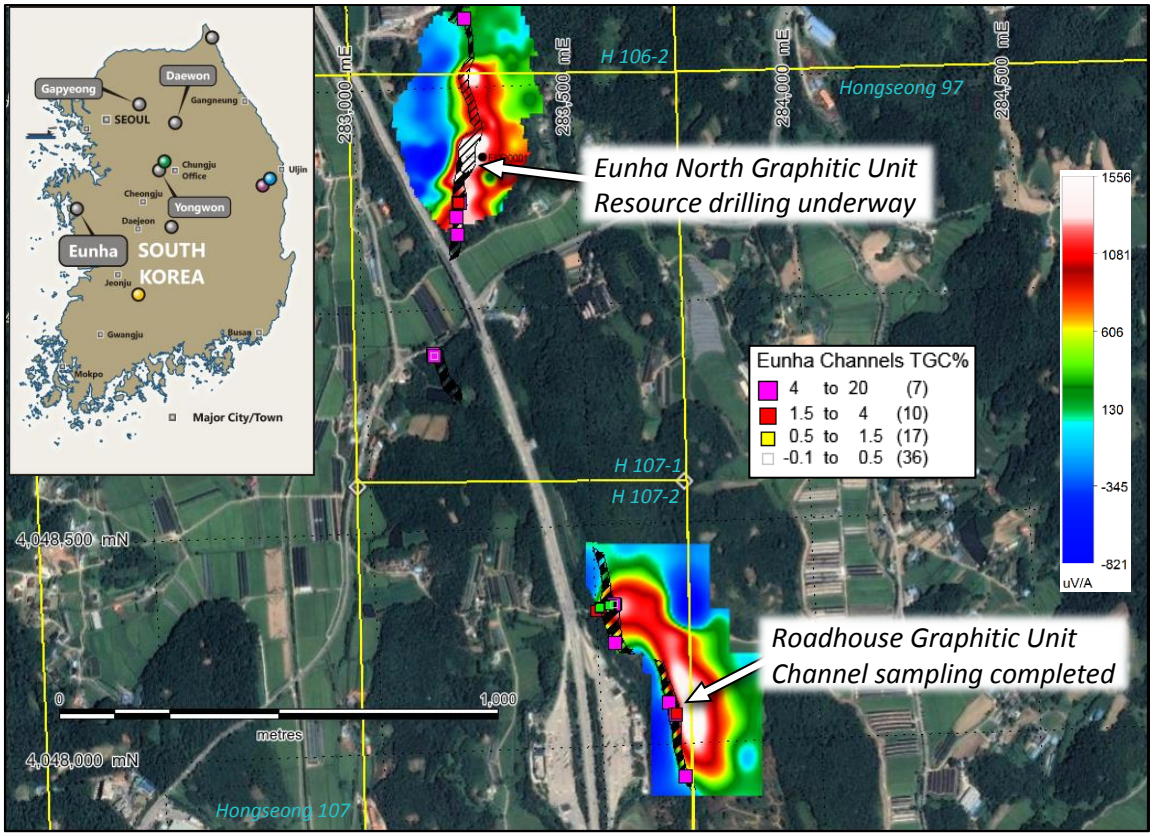

Figure 1: Eunha Project location, EM conductors, mapped graphitic units, drill hole location, channel sampling

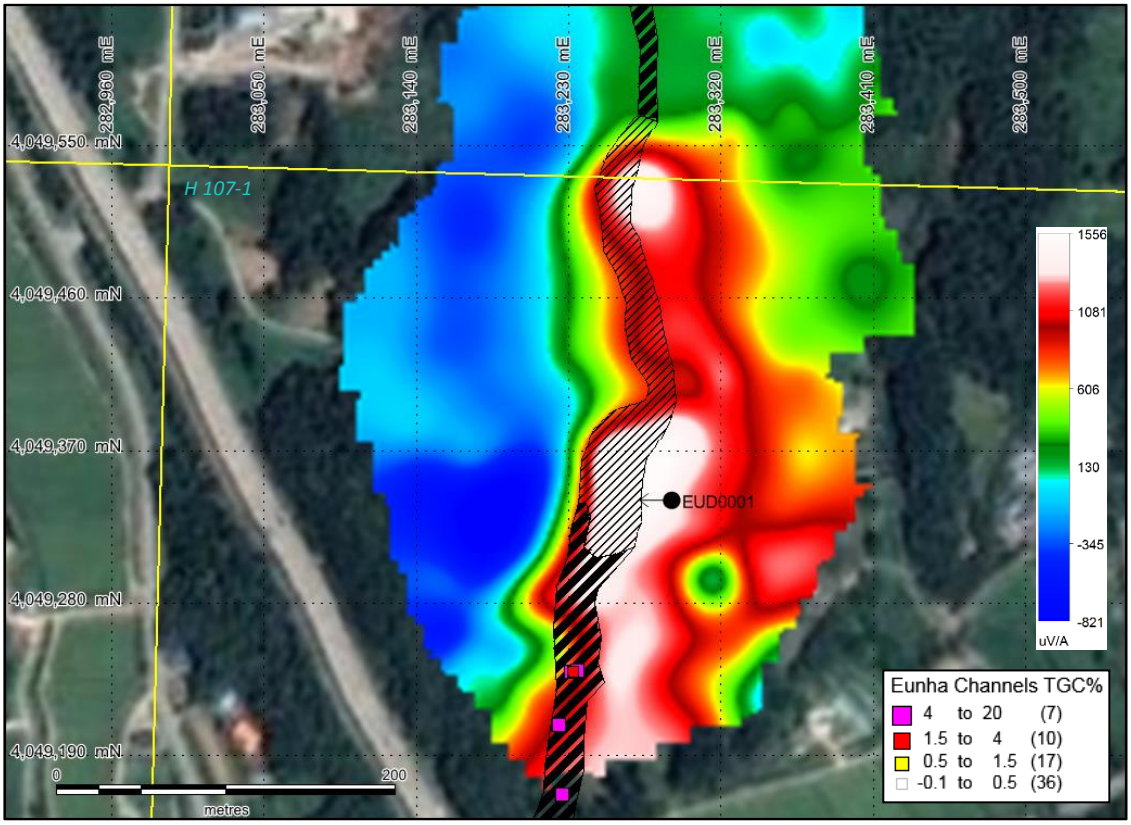

Figure 2: Eunha North graphitic unit, EM conductor, mapped graphitic units, initial drill hole location[D1,D2,D3]

ENDS

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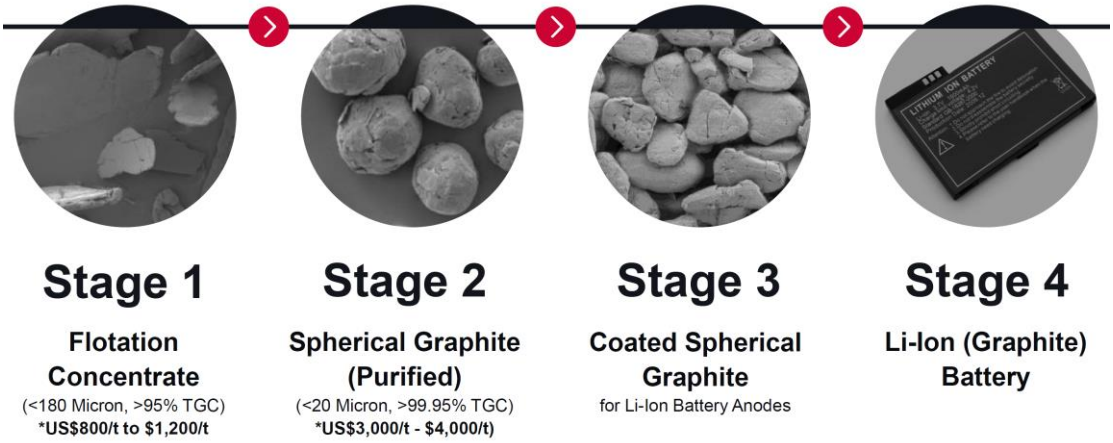
About the Peninsula Mines Limited Graphite Business:

Peninsula Mines Ltd ("Peninsula") is an Australian listed, exploration/development company focused on developing opportunities for mineral discovery and production in South Korea, where the Company is well established with a network of key contacts, having worked in the Country for over five years.

South Korea is one of the world's largest producers of lithium-ion batteries, but obtains downstream graphite products, including spherical graphite for Lithium-Ion battery anodes, predominantly from China (see value-chain below). Peninsula has identified the opportunity to mine and process graphite to produce value-added spherical graphite, in South Korea, to directly supply lithium-ion battery manufacturers and other graphite end-users in-country.



Note: US$ pricing from Benchmark Mineral Intelligence graphite price assessments, March - April 2018[D4].

Peninsula and its subsidiaries have tenements and tenement applications in South Korea with fine to large and jumbo flake graphite identified. Peninsula intends to progress these and other projects to JORC compliant resource definition and, potentially, development of mining and flake graphite concentrate production for spherical graphite – Lithium-ion battery applications and/or expandable graphite and other markets in Korea.

Peninsula signed a Memorandum of Understanding ("MOU") with Korean expandable graphite producer, Graphene Korea, in June 2017[D5], which envisages long-term strategic cooperation with respect to offtake of graphite concentrate and development of graphite mining and processing projects both within and potentially outside Korea.

Peninsula has also secured a Binding Supply Agreement with Canadian listed DNI Metals Inc ("DNI"). Subject to various conditions, DNI will supply up to 24,000 tonnes per year of flake graphite to Peninsula's 100% owned subsidiary, Korea Graphite Company Limited (''KGCL''), for on-sale to Korean end-users[D6]. Peninsula and DNI are discussing options to cooperate with respect to fast-tracking the development of DNI's large-flake graphite projects in Madagascar, which are situated close to port access and are saprolite (weathered rock) hosted - with low cost mining and processing potential.

Summary list of Peninsula ASX releases and other documents referenced in this announcement:

D1 Outstanding EM Conductors Define Graphite Targets at Eunha, ASX: 28/02/18
D2 Very High-Grade Graphite Concentrate Grades for Eunha Graphite Project, ASX: 10/04/18
D3 Peninsula Launches Testing for Value-Added Spherical Graphite Processing in Korea, 24/04/18
D4 Benchmark Mineral Intelligence Graphite Pricing Assessment, April 2018
D5 Flake-Graphite Offtake & Development MOU signed with Korean End-User, ASX: 14/06/17
D6 PSM signs MOU to supply Flake Graphite to Korean End-Users, ASX: 15/08/17
D7 Daewon Graphite Excellent Metallurgy and Four New Projects, ASX: 27/06/17
D8 Super Jumbo and High-Grade Flake Graphite at New Projects, ASX: 20/10/17
For full versions of the Company's releases see Peninsula's website www.peninsulamines.com.au

Forward Looking Statements

This report 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 report. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. Peninsula Mines Ltd does not undertake any obligation to report publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this report except as required by law or by any appropriate regulatory authority.

Competent Persons Statements

The information in this report 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 report of the matters based on this information in the form and context in which it appears.
The information in this release that relates to metallurgical test work is based on information compiled and / or reviewed by Mr Peter Adamini who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Adamini is a full-time employee of Independent Metallurgical Operations Pty Ltd. Mr Adamini consents to the inclusion in the report of the matters based on his 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 Karen Gilgallon, Principal Geophysicist at Southern Geoscience Consultants. Karen Gilgallon is a Member of the Australasian Institute of Geoscientists (AIG) 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'. Karen Gilgallon 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	*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.*	A bulk sample composed of material collected from 3 sites where channel samples were previously reported[D1] was composited to make a bulk sample for metallurgical testing by Independent Metallurgical Operations (IMO). The composite sample included coarse reject material saved from the channel sampling work coupled with 4 bulk grab samples from the site of channel 1, 2 from the site of Channel 2 and 3 and a further 2 bulk grab samples from the site of Channel 4[D1]. These samples were chiselled from graphite bearing outcrops with samples selected with the aim of generating a composite sample mass in excess of 100kg. The samples were initially analysed for a suite of elements by XRF as well as Total Carbon (TC%), Total Graphitic Carbon (TGC%), Total Organic Carbon (TOC%) and Total Inorganic Carbon (TIC%) and sulphur (S %) at NAGROM laboratory in Perth, Australia to establish a bulk composite sample head grade. Post analysis the samples were couriered to IMO's Welshpool laboratory where they were selected for inclusion in the final composite sample for further metallurgical studies. NAGROM operate a LECO analyser: C and S values were determined from sample mass differences, using precision scales, resulting from heating to burn off carbon and sulphur, which were emitted as CO_2 and SO_2. The analytical results are tabled in Appendix 1 below. The locations of the sample points were shown in the 28 February 2018 release[D1]. The results of the assays of the 4 sub-samples that were composited to generate the final met sample are summarised in Appendix 1.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	The results released in this announcement are all from composited bulk samples collected from 3 key channel sampling sites[D1]. Sample quality was excellent, fresh to partially oxidised rock. The bulk of the samples were selective grab samples taken to maximise the volume of graphitic material available for the subsequent metallurgical testing. The original channel sampling was undertaken following strict quality control protocols and

Criteria	*JORC – Code of Explanation*	Commentary
		details of this work were described more fully in the 28 February 2018 release[D1]. Sampled intervals were located by chain and compass survey from Digital GPS surveyed pegs for accurate 3D spatial location.
	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.	The graphite was evenly distributed within the graphitic unit. In the case of the original channel work the entire exposed interval was sampled whereas for the metallurgical composite sample grab samples were chiselled from the surface outcrop with the aim of generating a sample mass large enough to produce a 4 to 5kg concentrate. All samples were dispatched to Steritech in Brisbane where they were irradiated to meet AQIS custom requirements with respect to samples that may pose a biological risk to Australia. The samples were then forwarded to NAGROM Laboratories in Perth, WA for analysis. The graphitic samples, averaging 2kg to 9kg, were irradiated for Customs purposes before being air dried at 40^{o}C. Samples post drying were crushed to a nominal top size of 6.3mm using a jaw crusher. A 500g sub-sample was riffle split and then pulverised to provide a final aliquot for analysis to generate a grade for each sample and to provide a head grade for the subsequent metallurgical concentration. The Nagrom sub-samples was pulverised using a LM5 pulveriser until 80% of the sample passed 75 microns. A >10g subsample of the pulverised material was then randomly selected for analysis with the balance of the coarse reject and pulverised material retained for the metallurgical studies. In the case of the 8, 10kg to 12kg bulk rock chip grab samples the material was air dried and 3 composite sample generated which in turn were jaw crushed and split to produce a sub-sample for pulverisation and assay as described above by Nagrom. NAGROM utilised a LECO analyser and gravimetric analyses, where C and S values were determined from mass differences (using precision scales) during the high temperature heating and subsequent CO_2 and SO_2 generation inside the analyser. This method was considered near total for C and S and was the preferred method for accurate graphite sample analysis. Post analysis the composite samples and the coarse reject material from the earlier February channel work[D1] were forwarded to

Criteria	*JORC – Code of Explanation*	Commentary
		IMO for metallurgical appraisal. This release comments on the initial results of this metallurgical work. From these analyses, the Total Carbon, Total Graphitic Carbon (TGC), Organic Carbon and Inorganic Carbon (as carbonate) and Sulphur were reported[D1].
Drilling techniques	*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).*	No drilling has been undertaken by the company and no commentary is being presented here on past drilling results. Drilling referenced in this release is planned only. Though one sample of cuttings collected from the surface at the collar of a water bore percussion hole were analysed as sample EDH001[D1].
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling has been undertaken by the company. The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1[D1]. Drilling referenced in this release is planned only. In the case of the channel sampled interval, even sized samples were collected. There was no sample loss and samples of consistent width and depth were cut for each interval. There is no loss of fines and each sample was considered fully representative of the interval sampled.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	
	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.	
Logging	*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.*	No drilling has been undertaken by the company. The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1[D1]. Drilling referenced in this release is planned only. All sample intervals were photographed prior to and post-cutting. The geology of each sampled interval was recorded in a field notebook and transferred to an Excel spreadsheet. Logging included rock type, degree of weathering and oxidation, gangue minerals observed, nature of the mineralisation, width and depth of each sample. Structural information, such as bedding dip and direction were collected. Sketch maps of the channel and sampled intervals were also made. The geology for the entire sampled interval was recorded. There were no areas of sample loss within any of the sampled intervals.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	
	The total length and percentage of the relevant intersections logged.	

Criteria	*JORC – Code of Explanation*	Commentary
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No drilling has been undertaken by the company. The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1[D1]. Drilling referenced in this release is planned only.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	All channel samples were taken with two parallel saw cuts with the rock between the cuts removed using a geology hammer and/or a mallet and chisel. In cases were the sample was highly oxidised and weathered the sample was cut with a plaster spatula and with material in between the spatula cuts removed with a chisel. The entire sampled interval was cut and a rubber mat was used to help funnel material into a calico sample bag. Samples were dried in the Company's secure core cutting shed using a gas heater prior to dispatch. Metallurgical samples were all collected dry. The samples were taken using a geology hammer and/or a mallet and chisel. Samples were collected in a calico bag using a piece of rubber matting to funnel rock chips into the open sample bag.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	In all cases, the entire sample was crushed and then split to produce a subsample for analysis. The details of the applicable sample preparation have been discussed more fully in subsequent sections.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	The channel cut sample was collected in intervals ranging from 0.5m to 1.5m ensuring that a representative sample was taken across the length and breadth of each sampled interval. Sample quality was excellent and samples included fresh to partially oxidised rock[D1]. The Company included blanks and Certified Reference Material as part of the channel sample analysis. The results of the QA/QC samples were within statistically acceptable limits.
	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.	As previously stated, the entire channel cut sample was collected in the intervals ranging from 0.5m to 1.5m ensuring a representative sample[D1]. At this point in time, no duplicate samples have been taken at any of the sample sites. No sample splits have been analysed other than those routinely analysed by the laboratory as part of their own internal QA/QC process.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample size was considered more than adequate to assess TGC content of the graphite mineralisation from the sampled sites at the Eunha project.

Criteria	*JORC – Code of Explanation*	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	All metallurgical samples were rock chip samples collected using a hammer, ± chisel, rubber mat and calico bag. All channel samples were taken using a diamond bladed saw or a hammer and plaster spatula in the case of very soft samples and a mallet and chisel. At NAGROM, samples were air dried. Samples post drying were crushed to a nominal top size of 6.3mm using a jaw crusher then riffle split to generate a 500g sub-sample for pulverisation. Each sample was pulverised using a LM5 pulveriser until 80% of the sample passed 75 microns. A >10g subsample of the pulverised material was then randomly selected for analysis with the balance of the pulverised material retained for future use. The NAGROM analyses utilised a LECO analyser and were gravimetric analyses, where C and S values were determined from mass differences (using precision scales) during the high temperature heating and subsequent CO_2 and SO_2 generation inside the analyser. This method was considered near total for C and S and was the globally preferred method for accurate graphite sample analysis. From these analyses, the Total Carbon, Total Graphitic Carbon (TGC), Organic Carbon and Inorganic Carbon (as carbonate) and Sulphur were reported[D1]. The assays were considered total for the key elements of C and S. Additional XRF analyses of gangue minerals were also undertaken as part of the overall analysis suite [D1].
	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.	The Company commissioned Southern Geoscience Consultants (SGC) of Perth to undertake moving loop and selected fixed loop electromagnetic (MLEM) surveys across the Eunha graphitic units. The purpose of the surveys was to determine the EM (conductivity) response of the outcropping graphitic unit and map the extent and geometry of the conductive unit along strike and at depth[D1]. These EM images have been included again with this release. The geophysical programme parameters were as follows: **Planning/Supervision:** Southern Geoscience Consultants Pty Ltd (SGC) **Survey Configuration:** Fixed Loop TEM (FLEM) **TX Loop Size:** 120m x 200m (Eunha North) and 150m x 300m (Roadhouse). Three overlapping TX loops at each site. **Transmitter:** ZT-30 **Transmitter Power:** 72V (6 x 12V car batteries) **Receiver:** SMARTem24

Criteria	*JORC – Code of Explanation*	Commentary
		Sensor: RVR coil – vertical (Z) component **Line Spacing:** 50m spacing with 25m infill **Line Bearing:** 090° **Station Spacing:** 25m and 50m **TX Frequency:** 6 Hz (125 msec time base) **Duty cycle:** 50% **Current:** 10 to 12 Amp **Stacks:** 256 stacks **Readings:** At least 3 repeatable readings per station **Powerline Frequency:** 60 Hz Data was received on 28 channels from early to late time (shallow to deeper). The anomaly detected on Channel 5 is plotted (see Figures 1 and 4) approximating the response from outcrop to ~200m down dip.
	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.	The Company included blank and CRM samples as part of the channel sample analyses. No blank or CRM samples were included as part of the metallurgical analysis. In addition, NAGROM undertakes routine blank, CRM and repeat analyses as part of the labs own internal QA/QC procedures. The results of the Company's and the laboratory's own internal QA/QC do not indicate any issues with the assay results reported herewith. No blind sample repeats were taken during the first phase of channel sampling but were included in the second phase of work at the Road House prospect. The labs routine sample repeats show excellent correlation.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The graphite intersection reported in this release have been composited independently by company personnel and verified, based on review of sampling and analytical techniques.
	The use of twinned holes.	No drilling has been undertaken by the company. The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1[D1]. Drilling referenced in this release is planned only.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Assay results were stored in an Excel database. All results were checked by the responsible geologist on entry to the database. The Company's data was stored in an Excel database and routinely transferred to the Perth Head Office.
	Discuss any adjustment to assay data.	The data from the first phase of channel sampling was presented in the 28 February release[D1]. The accompanying Appendix 1 summarises the latest results from the metallurgical testing. The organic carbon and inorganic carbon content were calculated using the results of the total and graphitic carbon and non-

Criteria	*JORC – Code of Explanation*	Commentary
		inorganic carbon analyses. This is standard practice in the reporting analyses of various carbon species. The IMO carbon analyses were performed by Nagrom but IMO has reported total carbon and loss on ignition (LOI) that both correspond well with TGC in case of the Eunha samples.
Location of data points	*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.*	No drilling has been undertaken by the company. The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1[D1]. Drilling referenced in this release is proposed only. The layout of the EM loop and station reading points were all taken with a hand-held Garmin GPS unit. Control points were also surveyed at each of the trench sites and these surveyed pegs were used to reference the location of each channel sample to an accuracy of +/- 0.5m using a chain, compass and clinometer survey to spatially locate the start and end of each channel sample.
	Specification of the grid system used.	All sample sites were surveyed in the UTM WGS84 zone 52N coordinate system.
	Quality and adequacy of topographic control.	Topographic control on sample sites was as surveyed, to an accuracy of +/- 0.5m. Geophysical measurement locations were determined using a hand-held Garmin GPS60CSx. The accuracy of this unit at most sample sites was +/- 3m to 5m. Other topographic controls were based on The National Geographic Information Institute (NGII), 1:5,000 scale digital contour data available for the entire country.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The initial graphite channel-sampling intersection was based on continuous channel sampling across the reported intersection. Further channel sampling has been completed at the Road House Prospect and results will be reported when available. Drilling is planned and results will be reported when available. The initial 4 to 6 holes are scoping holes to assess the potential and geometry of the Eunha prospects. It is proposed that the follow-up resource drilling will be conducted initially at 80m spaced sections and closed to 40m spaced sections. An agreement has been signed with a local land holder who owns fields that cover a large part of the Eunha North EM anomaly.

Criteria	*JORC – Code of Explanation*	Commentary
	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.	The initial channel sampling was undertaken where graphitic exposures were identified at surface. In most cases at the sites of historic tranches/excavations or along a road cutting in the case of channel 1[D1].
	Whether sample compositing has been applied.	Samples were composited after initial assay with the aim of producing a bulk sample for metallurgical testing. The assay results for each channel sampled interval were reported previously[D1]. The metallurgical samples were composited and details of the initial metallurgical work were reported previously and further details are included here as Appendix 1[D1].
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The channel samples were all sawn as close to horizontal as possible given the limitations of the pre-existing trench or road cutting wall. The channel angle is approximately 60 degrees to the structures dip but is consistent throughout the programme. All channel samples accurately reflected the grade of the sampled interval.
	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.	No drilling has been undertaken by the company. The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1[D1]. Drilling referenced in this release is planned only. The sawn channel was taken as close to normal to the graphitic unit's strike as possible. The sample location was along the wall of the trench or road cut and was governed by the topography of the trench wall, every effort was made to keep the channel attitude as close to horizontal as possible.
Sample security	*The measures taken to ensure sample security.*	All samples were collected into pre-labelled calico sample bags. The specific details of each sample and sample site were recorded into a field notebook and later transferred to an Excel spreadsheet. Samples were packed into cardboard cartons and dispatched via Fed Ex Steritech in Brisbane to undergo irradiation for Customs purposes prior to shipment to NAGROM Laboratories, Australia. All the Company's graphite samples were declared as surface samples and irradiated as required by AQIS to destroy any soil or airborne pathogens prior to release to NAGROM. Metallurgical samples were irradiated at Steritech in Brisbane before shipment to Nagrom. This was considered important by

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		IMO to minimise clay baking onto graphite flakes and to optimise concentrate grade and recovery. Post drying and composite analysis samples were forwarded to IMO for the metallurgical testing programme the preliminary results of which are discussed in this release.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The NAGROM Laboratory, Kelmscott has been visited by Company personnel and met full international standards. NAGROM is internationally recognised, particularly in the field of graphite analysis. Similarly, the IMO metallurgical laboratory in Welshpool, Perth, WA has been visited by Company personnel and meets full international standards. IMO are also 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	*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.*	The Company has filed applications at the Eunha Project over blocks Hongseong 97, 98, 106, 107 & 108. The company was granted tenure over the Hongseong 107-1 and 107-2 tenements on the 15 May 2018. In addition, MDS applications were submitted to the Mines Registration Office (MRO) office on 23 May 2018 and the formal site inspections of the 106-1 and 97-4 title areas is expected to take place at some point over the next 6 months. The main limitation with the Hongseong 106 & 107 titles at Eunha is the fact that motorway 15 and the Hongseong rest stop lie directly over and adjacent to the trend of the Eunha graphite structures and a buffer of at least 50m in all directions must be maintained around all major infrastructure such as roads and railways (see figure 1). Each Korean tenement block covers a 1-minute graticule and has a nominal area of 276 hectares. The Company has 100% sole rights over each of these five tenement applications for graphite. Graphite, like other industrial minerals, is classified as a minor mineral under Korean Mineral Law. In the case of minor minerals such as graphite, each 1-minute graticule block is further subdivided into four 30”x 30” sub-blocks (sub-blocks are only applicable for industrial minerals and road metal and dimension stone quarry permits). The Company must complete and file a Mineral Deposit Survey (MDS) over each sub-block to secure a potential 6-year exploration right for each sub-block. The MDS field inspection has been completed for four sub-blocks at Eunha. To date two applications have been approved and an additional two are pending with the Ministry. Additional MDS reports will be filed once additional trenching work is completed and surface exposures have been identified on surrounding sub-blocks. There are no native title interests in Korea. It is a generally accepted requirement that mineral title holders gain the consent of local land owners and residents before undertaking any major exploration activity, such as drilling. The Eunha graphite structures lie on privately held farm and forest land and on land compulsorily acquired for the construction and subsequent use as motorway 15.

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	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.	It may take longer for the more recent 106-1 and 97-4 submissions to be reviewed. Once an MDS application is approved the Company has one year in which to file a prospecting plan and at that point the title holder is granted an initial 3-year exploration period which can be extended to 6 years upon 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. A recent change to the Korean Mineral Law now requires that a mineral right holder must include details of the defined Mineral Resource with any application for extension to an Exploration Right or for the grant of a full Mining Right. There are minimum Resources requirements that must now be met at each stage of the application process. The prospecting plans for the Hongseong 107-1 and 107-2 titles were filed earlier this week with the MRO. Upon approval of a Mining Right the Company 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. In the case of graphite, it is 50 tonnes concentrate containing 75% TGC. The Company refiled applications over the Hongseong 106 and 107 titles and has filed fresh applications over adjacent blocks Honseong 97, 98 & 108 at Eunha in February. These applications are valid for up to 6 months. At some future date the Company could again re-apply for a 6 months extension to the application period but there is no certainty that further extensions will be successful. Where possible the Company aims to locate surface mineralisation that will meet the requirements of the Korean Mineral Law for a successful

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		tenement grant and then complete an MDS over each applied tenement within the current application period.
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	In the mid-1970s, Korea Mineral Promotion Corporation (KMPC) completed a programme of surface mapping and sampling at Eunha and identified two main north-south trending structures identified from 9 outcrops sampled along close to 1300m of strike. The graphite beds reported widths ranged from 2-20m and they collected 181 rock chip samples from trench sampling programmes which averaged 6.5% TGC. 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. These surveys cover the Eunha project area. KIGAM has also completed 1:50,000 scale mapping across the project area. The Company is currently not aware of any exploration work by other non-Government agencies/parties.
Geology	*Deposit type, geological setting and style of mineralisation.*	The FLEM survey has defined a highly conductive graphitic schist horizon that strongly contrasts with surrounding non-conductive country rock, composed predominately of highly folded biotite feldspar gneiss. A major NW-SE trending fault structure has been interpreted to cut the Eunha project area offsetting the southern road house mineralised zone from the Eunha North zone. Similar trending basement structures have been mapped regionally by KIGAM. The area between channels 3 and 4 was not surveyed due to the motorway and the presence of major steel greenhouse structures[D1]. There was a very poor EM response at the site of channels 2 & 3 which is interpreted to be due to the north-easterly dipping NW-SE trending fault limiting the depth extent of the graphitic units in this area. The FLEM survey coupled with surface mapping of the sub-cropping and outcropping graphitic schist at both FLEM anomalies has defined graphitic structures that have been modelled as dipping moderately to the east. All surface exposures at Eunha suggest that the sequence is tightly folded and that the gneissic beds and graphitic schist horizons dip steeply to the west. It is postulated that the EM anomalies at both prospects represent the conductive response of graphite mineralisation in blind steep westerly dipping eastern limbs of northerly plunging upright isoclinal folds.

Criteria	JORC – Code of Explanation	Commentary
Drill hole information	*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:* *• easting and northing of the drill hole collar* *• elevation or RL (Reduce Level) – elevation above sea level in metres) of the drill hole collar* *• dip and azimuth of the hole* *• down hole length and interception depth* *• hole length*	The sizing and assay results from the analysis work on the Eunha metallurgical sample are included here as Appendix 1. No drilling has been completed by the company at Eunha. The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1. The only drill related assay result is EDH001 a surface grab sample of percussion chips taken at the collar of this hole[D1].
	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.	No material information has been excluded from this release. The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1. The only drill related assay result is EDH001 a surface grab sample of percussion chips taken at the collar of this hole[D1].
Data aggregation methods	*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.*	No data has been cut or truncated.
	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.	All assay values discussed here are raw assays of composited samples and none of the data values have been cut or truncated.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values have been reported.

Criteria	JORC – Code of Explanation	Commentary
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	The samples referred to in this release are site specific grab samples or samples generated by bulking sample rejects from the Eunha channel programme the results of which were discussed in the February release[D1]. The channel sampled intersection approximates 115~130% of true width. No tonnage or Mineral Resource potential has been commented on in this release.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1[D1]. The only drill related assay result is EDH001 a surface grab sample of percussion chips taken at the collar of this hole. Drilling referenced in this release is planned only.
	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').	The only drilling the company is aware of is a water bore percussion hole drilled adjacent to channel 1[D1]. The only drill related assay result is EDH001 a surface grab sample of percussion chips taken at the collar of this hole. Drilling referenced in this release is planned only.
Diagrams	*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.*	Figure 1 shows the location of the two key EM anomalies recently identified. It also highlights the location of the recent Road House prospect channel sampling the results of this work will be reported when available. Samples are en route to Perth from South Korea with FedEx. Figure 2 shows the location of the first hole to be drilled at the Eunha North prospect targeting the core of the Eunha North EM anomaly.
Balanced reporting	*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.*	All individual channel sample results as well as initial assays of the individual metallurgical grab samples were reported previously[D1,D2]. The data in Appendix 1 relates to assays of various size fractions generate during the metallurgical testing. Along with the head assay grade from the bulk composite sample analysis. Previous results were included in earlier announcements and can be reviewed by the reader for comparative purposes [D1,D2 & D5-D8].

Criteria	JORC – Code of Explanation	Commentary
Other substantive exploration data	*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.*	All data considered relevant and material have been included and commented upon in this announcement or included in earlier announcements[D1,D2 & D5-D8].
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	The petrography completed to date at Eunha indicates that there is a proportion of Jumbo (>500 microns) and Large flake (>180 micron) graphite at Eunha[D7]. This coupled with the results of the recent EM survey prompted the initiation of detailed metallurgical tests on an approximately 100 kg composite sample the results of this testwork are commented upon in this release. The suitability of the high-grade concentrate produced from the Eunha graphitic material will now be assessed for further down-stream processing including micronisation then spheronization to produce a spherical graphite concentrate for final purification and coating prior to lithium-ion battery anode production. As well as its suitability for use in emerging expandable graphite industry. Surface channel sampling has been completed at the Road House prospect and the results of this work will be reported when assays are available. An initial 2 to 4 hole diamond drilling programme has been planned and the first hole will be collared 31 May 2018. This programme aims to scope out the orientation of key graphite structures and assess the stratigraphic thickness of units at the two key prospects.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	The included Figure 1 shows the previously mapped location of the graphite seams at Eunha and the EM geophysical conductors projected to surface on the Google earth satellite image. It also shows the surrounding infrastructure. The second figure shows the Eunha North prospect and the location of the first hole targeting the core of the EM anomaly.

Appendix 1a: Eunha bulk-composite head-grade assay

Sample ID	Assay - %		% Difference
	TGC	TC	
Confirmatory Bulk Composite Assay[1]	6.7	6.8	1.47%
Calculated from Individual Samples[2]	6.59	6.45	-2.17%

1. Sample taken from bulk composite once crushed to 3.35 mm and blended.
2. Calculated from Cemetery, Headless, Roadhouse, Nagrom Returns, EU0003-0009

Appendix 1b: Eunha bulk-composite, updated metallurgical concentrate test-work results and sizing's

			Grade	
Screen	Mass	Mass	TC	LOI1000
µm	g	%	%	%
500	0.07	0.1%	98.23	97.49
300	0.20	0.2%	98.23	97.49
180	2.42	2.5%	98.23	97.49
150	4.74	4.8%	98.72	98.29
106	11.00	11.2%	98.30	97.54
75	15.11	15.4%	97.34	97.57
-75	64.56	65.8%	96.12	96.29
Calc Head	98.10	100.0%	**96.74**	**96.76**