

ASX ANNOUNCEMENT

12 June 2018

KEY TENEMENT GRANTED OVER GAPYEONG GRAPHITE PROJECT

- The key tenement has been granted over the high-grade (>16% graphite) Gapyeong graphitic unit
- Drilling now planned to test for continuity and thickness of the high-grade graphitic unit, already indicated by very-strong electromagnetic results^{D2}

Peninsula Mines Ltd (ASX:PSM) announces the grant of the key exploration and mining tenement - Gapyeong 125-3, that covers the bulk of the known strike length of the high-grade graphitic unit at the Gapyeong Graphite Project, located 50km east of Seoul in South Korea (see Figure 1, and Figure 2 for tenement location).

The Company is now planning channel sampling and initial drilling to test for continuity of the high-grade graphite surface results, averaging more than 16% total graphitic carbon (“TGC”)^{D1}, that is already indicated by highly conductive electromagnetic (“EM”) survey results over a 1km strike length^{D2} (see Figure 2). Subject to final access agreements with local landholders, the drilling will commence following the initial drilling programme at the Eunha Graphite Project^{D3}, which is in progress.

Previous metallurgical concentrate results of 95.4% TGC^{D4} have confirmed that a saleable flake-graphite concentrate (>95% TGC, <150µ, current pricing USD 800/t^{D6}) can be produced from the Gapyeong graphitic unit. A >5kg composite sample is now being generated for down-stream spherical graphite testing in Germany^{D5}, with the objective of generating a >99.95% purity, value-added, spherical graphite product (current pricing USD 3,300/t^{D6}) for Lithium-Ion battery anode manufacturers in South Korea.

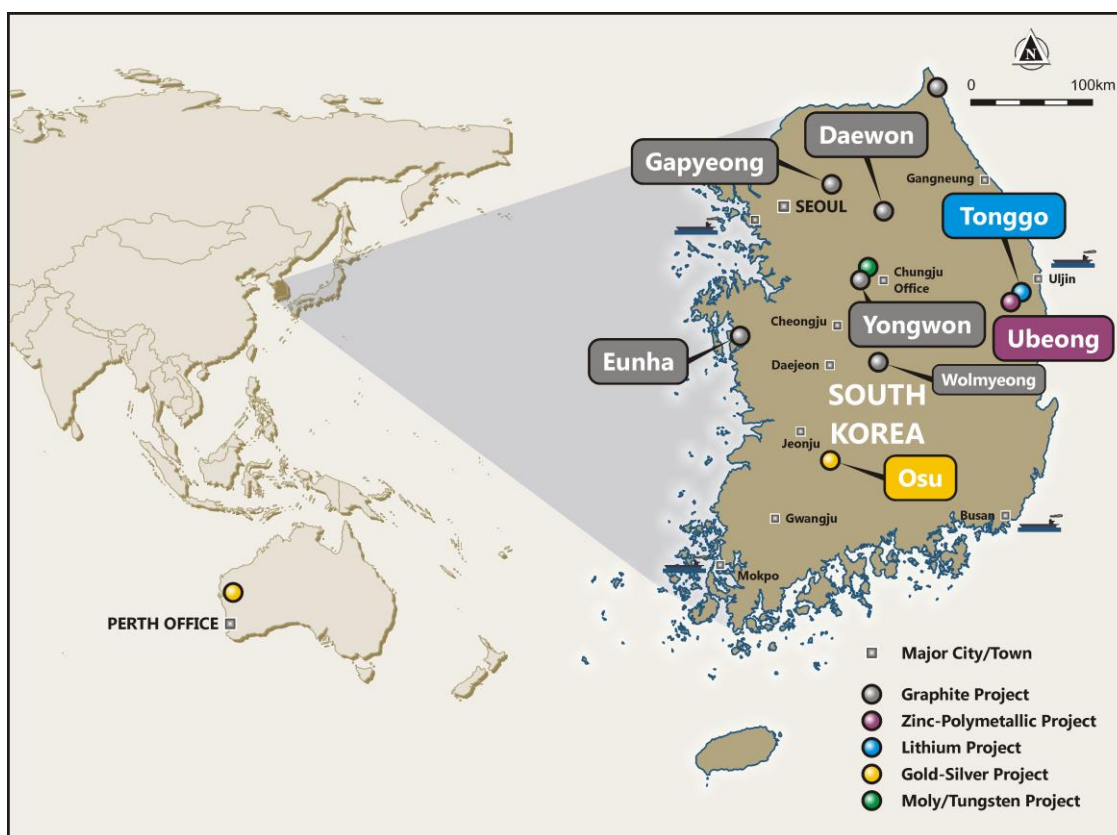


Figure 1: Gapyeong Graphite Project and other Peninsula Mines project locations in South Korea

Peninsula Managing Director, Jon Dugdale, commented, “Now that the key tenement at Gapyeong is granted we are planning an initial drilling programme to confirm the continuity and thickness of this very high-grade graphitic unit, before continuing drilling to define a high-grade graphite resource for potential development.”

Following the grant of Gapyeong 125-3, and submission of a prospecting plan, an initial 3-year exploration period is granted, which can be extended to 6 years upon submission of a supplementary application to the Ministry of Trade Industry and Energy (“MOTIE”). Definition of a Mineral Resource will allow extension of the Exploration Right or grant of a full Mining Right which, in conjunction with an approved Mine Planning Application (MPA), grants the Mining Right holder a 20-year production period that can be extended further upon application.

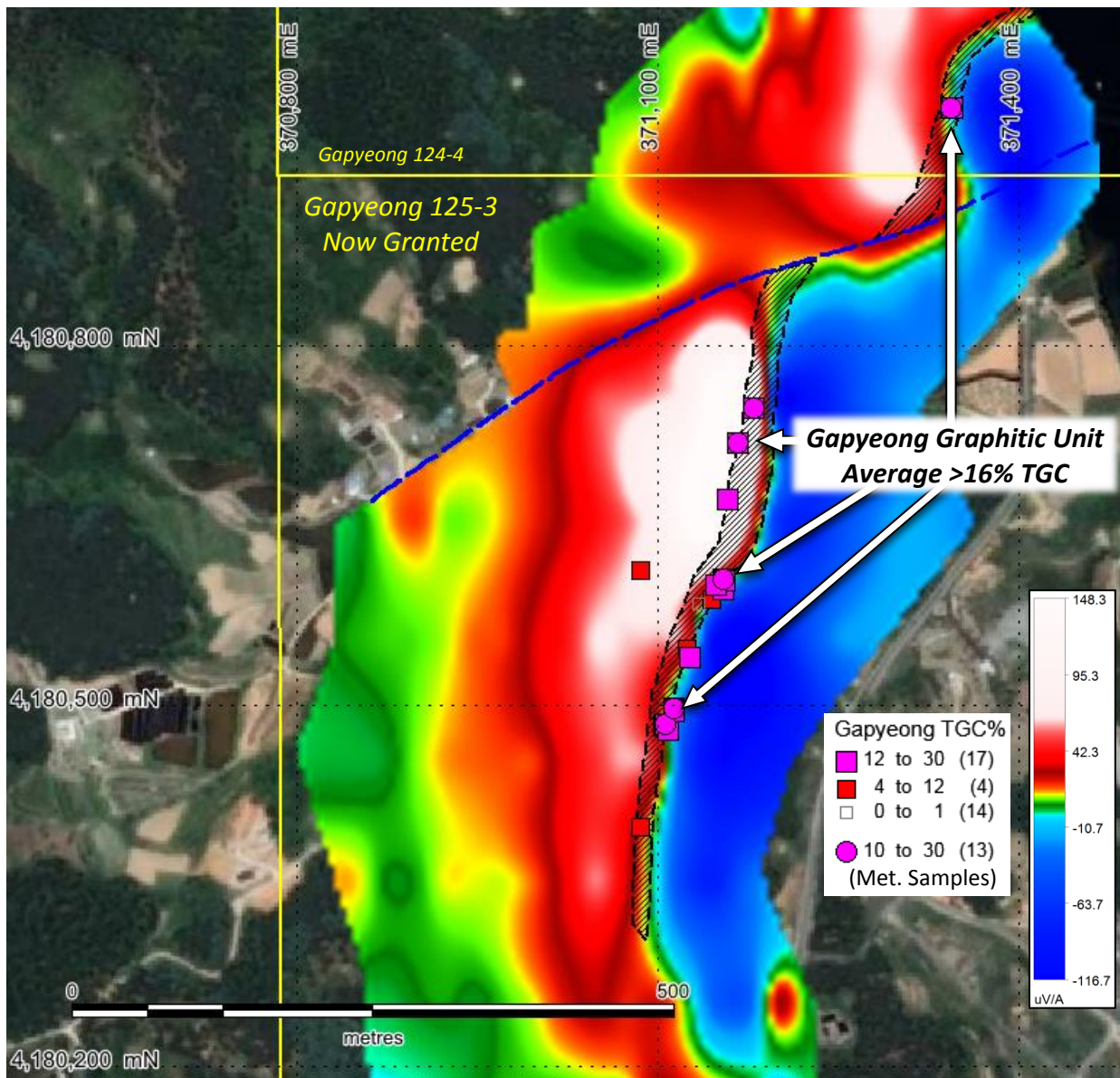


Figure 2: Gapyeong Graphite Project, tenements, sample locations, mapped graphitic unit and EM anomalies^{D1,D2,D4}

All rockchip sampling and metallurgical results, and geophysical results (EM), have previously been reported, including JORC Tables, as referenced below.

ENDS

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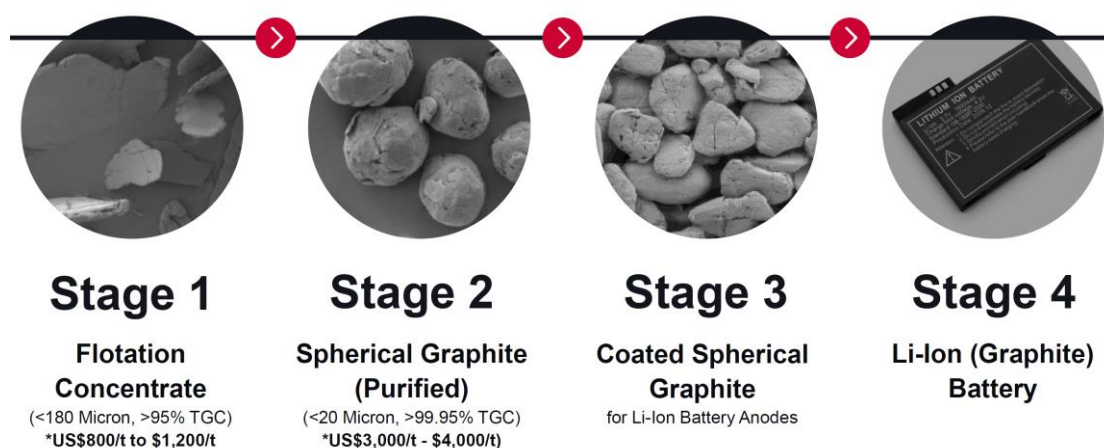
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About the Peninsula Mines Limited Graphite Business:

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, high-purity, 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, April - May 2018^{D6}.

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^{D7}, 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^{D8}. 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 New High-Grade Graphite Results Confirm Resource Drilling Target at Gapyeong, 19/03/18
- D2 Exceptional EM Conductors Define Drilling Targets at Gapyeong Graphite Project, 14/03/18
- D3 Resource Drilling Commences at Eunha Graphite Project, 31/05/18
- D4 High-Purity Graphite Concentrate for Gapyeong Graphite Project, 23/05/18
- D5 Peninsula Launches Testing for Value-Added Spherical Graphite Processing in Korea, 24/04/18
- D6 Benchmark Mineral Intelligence Graphite Pricing Assessment, May 2018
- D7 Flake-Graphite Offtake & Development MOU signed with Korean End-User, ASX: 14/06/17
- D8 PSM signs MOU to supply Flake Graphite to Korean End-Users, ASX: 15/08/17

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.