

DRILLING COMMENCED TESTING KEY KOREAN PROJECTS

- Drilling targets the flagship Gapyeong Flake-Graphite Project and Osu high-grade gold-silver targets.
- An initial 1,200m of drilling at Gapyeong will test a 400m strike length of the Exploration Target^{D1} with the objective of defining a maiden high-grade flake-graphite Mineral Resource.

Peninsula Mines Ltd (ASX:PSM) has commenced drilling of key South Korean projects, including two diamond drillholes testing the high-grade Osu gold - silver targets, to be immediately followed by initial resource definition drilling with the objective of defining a maiden Mineral Resource at the high-grade Gapyeong Flake-Graphite Project, located 50km east of Seoul in South Korea (see Figure 1, inset, for location).

Initial drilling at Gapyeong will include 10 to 12 diamond drill-holes for up to 1,200m, testing a 400m strike length of the Exploration Target announced on 15 August 2018^{D1}. The drilling is focussed on the most intense electromagnetic (EM) conductivity anomaly immediately to the north of recently announced channel sampling intersections (see Figures 1 and 2) that included; **GC0002: 13.1m @ 12.3% Total Graphitic Carbon (TGC) including 6.66m @ 17.2% TGC** and **GC0001: 12.5m @ 10.6% TGC including 2.6m @ 14.5% TGC**^{D2}.

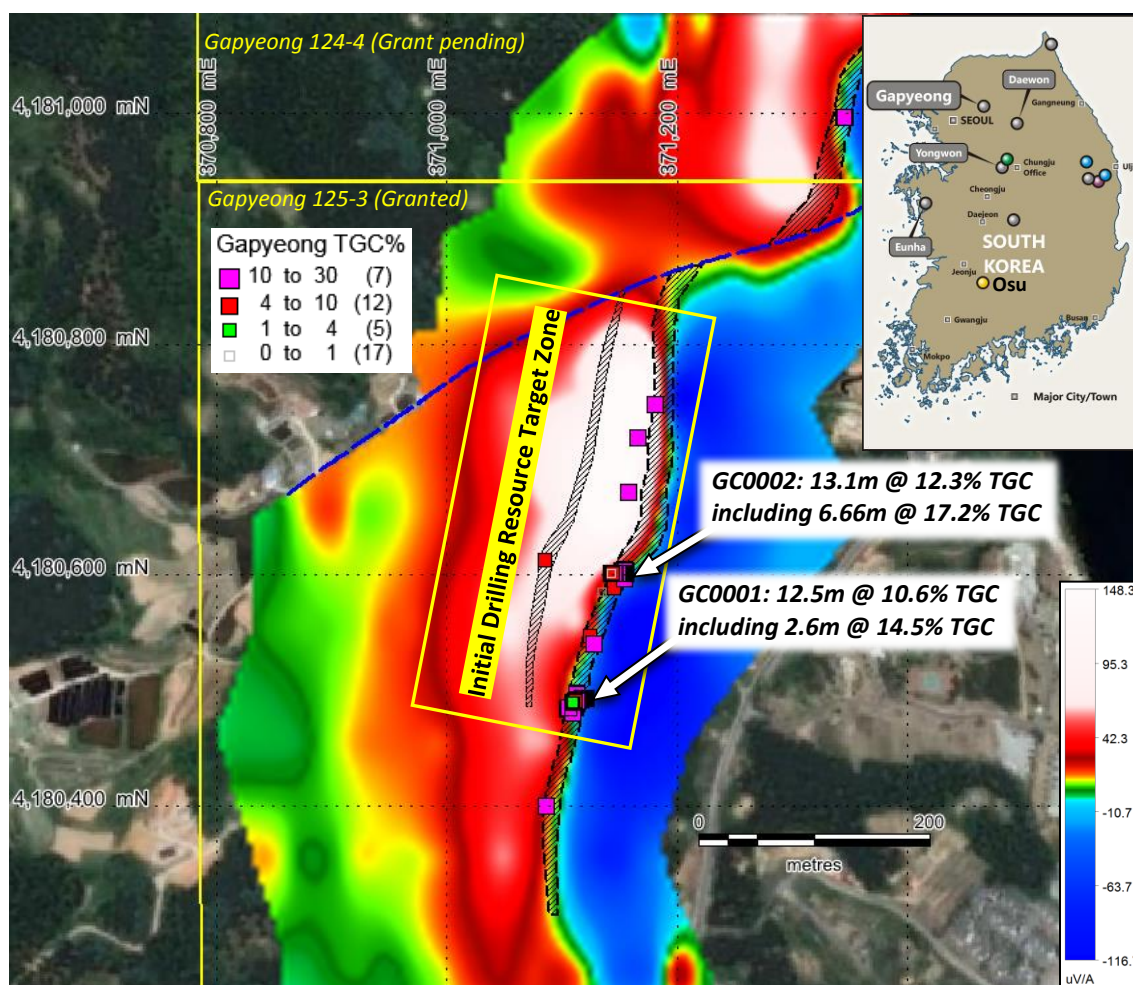


Figure 1: Gapyeong Project channel and rock chip sample locations, graphitic units and EM anomalies^{D2}

Subscribe to PSM NEWS ALERTS – the fastest way to receive breaking news about @PeninsulaMines



Peninsula's Managing Director, Jon Dugdale, said: "This is the culmination of a six month programme at Gapyeong of rock-chip and channel sampling, electromagnetics, target definition and land-holder access negotiations, where we can now aim to drill our maiden high-grade graphite resource in South Korea."

"This will be a key milestone, alongside planned spherical graphite metallurgical testing, towards our objective of establishing a flake-graphite production and downstream processing business to supply end-users of high-technology graphite products in South Korea."

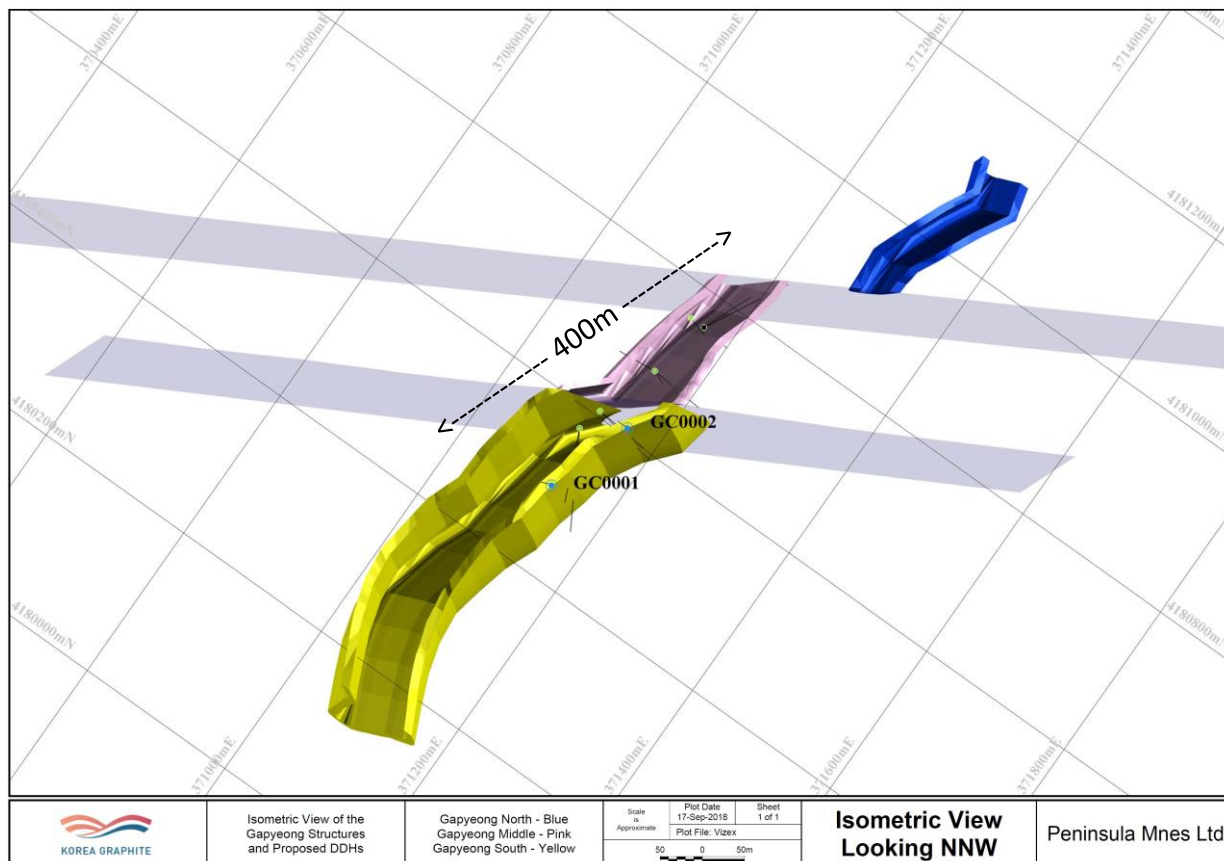


Figure 2: Gapyeong Graphite Project, Isometric view of the modelled graphitic units with proposed drilling

Osu Gold-Silver Project Drilling

The initial stage of the current drilling programme in South Korea is a two diamond drillhole programme testing the Palgong West lode structure at the Osu Gold Project (see Figure 1, inset, for location).

Previous limited drilling in 1975 by the Korean Mineral Promotion Corporation, now the Korea Resource Corporation (KORES), intersected very high-grade silver (Ag) with gold (Au) mineralisation in diamond drill hole **75-2: 0.3m @ 5.1 g/t Au, 2,252 g/t Ag from 86.3m and 0.4m @ 8.4 g/t Au, 6,121 g/t Ag from 110.8m^{D10}**.

The two drillholes at Osu for approximately 320m will satisfy the minimum work programme requirement for extension of the Osu project tenement for a further three year exploration period.

ENDS

For further information contact:

Jon Dugdale

Managing Director, Peninsula Mines Ltd (ASX:PSM)

S2, L2, 20 Kings Park Rd. West Perth, WA, 6005

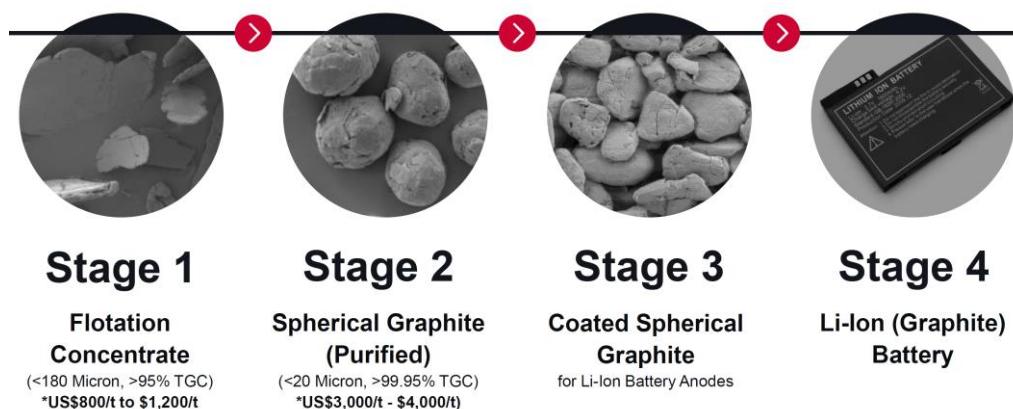
E: jdugdale@peninsulamines.com.au

Ph: +61 8 6143 1840 M: +61 402 298 026

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, May – July 2018^{D7}.

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^{D8}, 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^{D9}. 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 Exploration Target for Key Korean Flake-Graphite Projects, ASX: 15/08/18
- D2 Gapyeong High-Grade Graphite Channel-Sampling Intersections, ASX: 01/08/18
- D3 Key Tenement Granted over Gapyeong Graphite Project, ASX: 12/06/18
- D4 High-Purity Concentrate Result for Gapyeong Graphite Project, ASX: 23/05/18
- D5 New High-Grade Graphite Results Confirm Resource Drilling Target at Gapyeong, ASX: 19/03/18
- D6 Exceptional EM Conductors Define Drilling Targets at Gapyeong Graphite Project, ASX: 14/03/18
- D7 Benchmark Mineral Intelligence Graphite Pricing Assessment, July 2018
- D8 Flake-Graphite Offtake & Development MOU signed with Korean End-User, ASX: 14/06/17
- D9 PSM signs MOU to supply Flake Graphite to Korean End-Users, ASX: 15/08/17
- D10 Drilling Access Granted to Osu gold Project, ASX: 26 July 2017

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 and Exploration Targets 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.