

PENINSULA EXTENDS LARGE-FLAKE GRAPHITE SUPPLY AGREEMENT WITH DNI

Peninsula Mines Ltd (ASX:PSM) via 100% owned subsidiary Korea Graphite Co. Ltd (“Korea Graphite” or “KGL”), has amended and extended its binding supply letter agreement (“Supply Agreement”), with Canadian Stock Exchange (“CSE”) listed DNI Metals Inc. (“DNI”), that includes a commitment by DNI to supply up to 24,000 tonnes per year of flake graphite to Korea Graphite, subject to Korea Graphite finalising offtake agreements with Korean end users by 1 July 2019.

Peninsula’s Managing Director and director of Korea Graphite, Jon Dugdale, said, *“This amended flake-graphite supply agreement with DNI will assist the Company to secure offtake agreements with Korean flake-graphite end-users and will compliment the Company’s flake-graphite resource delineation and development plans in Korea.*

“Peninsula has established strong relationships with Korean end-users that are looking to secure flake-graphite supply for lithium-ion battery anode production as well as for cutting-edge new technologies such as expandable graphite, a non-flammable building cladding/insulation product.

“Madagascar has been producing high-purity, large-flake graphite for over 100 years and DNI’s large-flake graphite deposits are saprolite hosted and close to port, thus potentially low operating cost.”

The Supply Agreement includes the following terms:

1. DNI will supply to Korea Graphite minimum flake graphite production as follows:
 - a) 500 tonnes of graphite production a month from 1 July 2019 (the Due Date) for a minimum period of four months, minimum total 2,000 tonnes;
 - b) 1,000 tonnes of graphite production per month (12,000 tonnes a year) from 1 January 2020 for a period of six months, total 6,000 tonnes;
 - c) 2,000 tonnes of graphite production per month (24,000 tonnes a year) from 1 July 2020 for a minimum period of 24 months, total 48,000 tonnes.
2. The obligations of the parties in relation to the Supply Agreement are subject to Korea Graphite entering into, by the Due Date, one or more binding offtake agreements in Korea for the on-sale of Graphite Production to end-users on the best prices reasonably achievable by Korea Graphite and otherwise on usual commercial terms acceptable to Korea Graphite and DNI acting reasonably (“Offtake Agreements”), and,
3. the Graphite Production supplied under the Supply Agreement must comply with the specifications as the End Users may specify in their Offtake Agreements.
4. The purchase prices payable by KGL for the graphite production under the terms of the Supply Agreement will be the same as the DNI approved purchase prices payable by the End Users under the Offtake Agreements less 10% of such amounts (which amount is to be retained by KGL by way of a marketing fee). The marketing fee will be split 50:50 between DNI for flake graphite supplied by DNI but not sourced from DNI’s projects (and excluding Peninsula’s Korean projects and/or projects the subject of other supply agreements with Korea Graphite).

About DNI Metals:

DNI is a CSE listed Company and certain advisors and directors of DNI have significant operational experience at historical hard rock graphite mines in Canada (e.g. Ontario and Quebec) and Australia. Between them, they have built three graphite processing plants and designed two others.

DNI owns two permitted, saprolite-hosted (*saprolite is a soft, thoroughly decomposed and porous rock, often rich in clay, formed by the in-situ chemical weathering of igneous, metamorphic, and/or sedimentary rocks*) graphite deposits in Madagascar; located 50kms from the country's main seaport of Toamasina. The deposits, Vohitsara and Marofody, are located less than two kms from the paved national highway. DNI intends to develop the Vohitsara project, should the economic viability and technical feasibility be established. DNI has not yet established mineral resources or mineral reserves supported by a Preliminary Economic Assessment ("PEA") or mining study (PFS or FS).

About Peninsula Mines/Korea Graphite:

Peninsula is an Australian listed exploration/development company focused on developing opportunities for mineral discovery and production in South Korea. Peninsula is well established in South Korea, having worked in the Country for over five years.

Peninsula's 100% owned subsidiary, Korea Graphite, has tenements and tenement applications in South Korea with fine to large and jumbo flake graphite identified. Peninsula is currently progressing these and other projects to JORC compliant resource definition with the objective of defining resources for scoping and feasibility studies to potentially develop mining and flake graphite concentrate production for spherical graphite – lithium-ion ("Li-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^{D1}, 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, e.g. Madagascar.

Peninsula is also engaged in advanced discussions with other flake-graphite end-users in Korea regarding feed for Li-ion battery anode manufacture and potentially large-flake graphite for refractories in the steel making industry.

As described in this release, Peninsula has secured a Binding Supply Agreement with Canadian listed DNI Metals Inc ("DNI") that has now been amended and extended. 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, for on-sale to Korean end-users^{D2}. 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.

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

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

D1 Flake-Graphite Offtake & Development MOU signed with Korean End-User, ASX: 14/06/17

D2 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 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.