

PENINSULA RECEIVES FINAL PAYMENT FOR SALE OF DAEHWA PROJECT and Completes Placement with Final Tranche of Directors Subscriptions

Peninsula Mines Ltd (ASX:PSM) has received the final tranche of the KRW 600 million (~AUD 735,000) payment for the sale of the Daehwa Molybdenum-Tungsten Project in South Korea^{D1}. The Company previously received KRW 200 million and the final payment of KRW 400 million (~AUD 490,000) completes the consideration and discharges the mortgage over the property held by Korean subsidiary Suyeon Mining Co. Ltd.

In addition, a further \$65,000 has been received from directors' subscriptions for Peninsula Mines Ltd ("PSM") shares which, in addition to the Placement funds previously received, proceeds from the Share Purchase Plan ("SPP") and placement of shortfall, takes the total raised under the Placement and the SPP to \$939,276. With the addition of the final payment for the Daehwa project, this takes the **total funds received by the Company to approximately \$1.42 million**, pre-costs.

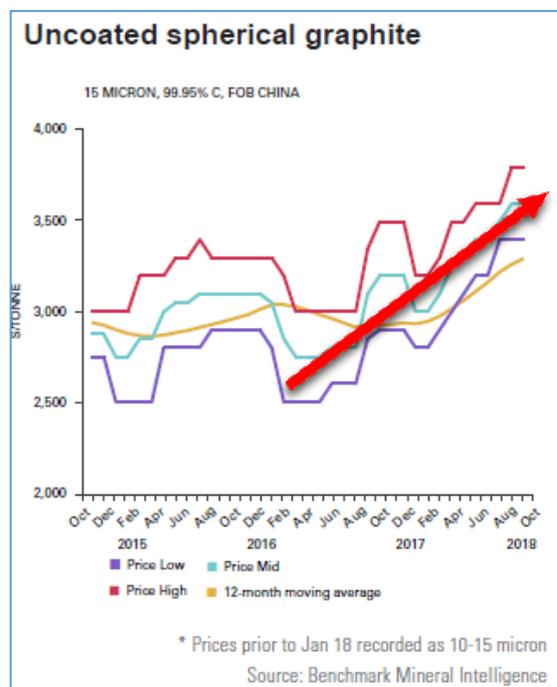
Peninsula's Managing Director, Jon Dugdale, said: *"This is a great outcome for Peninsula as we have been able to bring in over \$1.4 million in a tough market, which will now enable the Company to deliver its immediate objectives that include drilling the Gapyeong high-grade flake graphite target and completing additional metallurgical test-work to generate a high-purity product that meets Korean end-user requirements."*

"These objectives are the key pre-cursors that potential flake-graphite offtake and/or development partners in Korea are looking for and we are confident, based on our discussions with these potential partners, that delivery of these outcomes will allow the Company to negotiate long term agreements with one or more Korean end-users."

Peninsula's flake-graphite development and downstream processing strategy, being pursued by 100% owned subsidiary Korea Graphite Co. Ltd ("Korea Graphite"), has a number of key advantages, including:

- i) flake-graphite projects that are located within 100km of the key lithium-ion battery manufacturers in the World's largest lithium-ion battery manufacturing market in South Korea (see Figure 1), and,
- ii) a focus on downstream processing that exposes the Company to the spherical graphite market, the key component of the lithium-ion battery anode.

Uncoated spherical graphite has appreciated in price over 40% in the last 18 months^{D2} (see chart to right), due to restrictions on the monopoly Chinese supply of this product coupled with the increased demand for the product inside China.



Peninsula has completed the first stage of its initial drilling and channel sampling programme at the Gapyeong high-grade flake-graphite project in South Korea, that is testing a 400m strike length of the mapped graphitic unit^{D3,D4}. Results will be reported in due course.

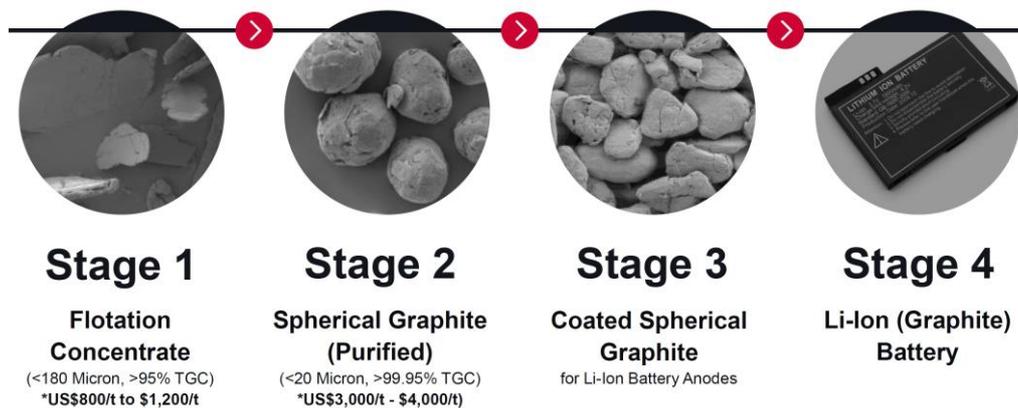
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About the Peninsula Mines Graphite Business:

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 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 ("Li-ion") battery applications and/or expandable graphite and other markets in Korea.



Note: US\$ pricing from Benchmark Mineral Intelligence graphite price assessments, July – October 2018^{D2}.

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, 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.

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.

ENDS

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

- D1 Peninsula Signs Agreement to Sell Daehwa Molybdenum-Tungsten Project in South Korea, ASX:29/08/17
 - D2 Benchmark Mineral Intelligence Graphite Pricing Assessment, October 2018
 - D3 Gapyeong Drilling Intersections Confirm Exploration Target, ASX:23/10/18
 - D4 Gapyeong High-Grade Graphite Drilling Underway, ASX: 09/10/18
 - D5 Flake-Graphite Offtake & Development MOU signed with Korean End-User, ASX: 14/06/17
 - D6 Peninsula Amends and Extends Flake Graphite Supply Agreement, ASX: 22/11/18
- 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.