PENINSULA MINES
LIMITED
ASX: PSM

ASX ANNOUNCEMENT 04 December 2018

HIGH-GRADE GOLD RESULTS FROM OSU PROJECT DRILLING

- **Two diamond drill holes for 321.47m tested the Palgong West structure at the Osu Gold Project**
- **High-grade intersections include: 0.31m @ 22.2 g/t Au, 182 g/t Ag and 1.06m @ 4.84 g/t Au**

Peninsula Mines Ltd ("Peninsula" or "the Company") completed two diamond drill holes testing the Palgong West epithermal lodes at the Osu Gold Project in South Korea (see Figure 1, inset, for location)[D1] and produced the following high-grade gold (Au) and silver (Ag) results:

OSD0002: 0.31m @ 22.2 g/t Au and 182 g/t Ag from 157.79m (see Photo below)

OSD0001: 0.27m @ 4.44 g/t Au from 91.3m and 1.06m @ 4.84 g/t Au, 42 g/t Ag from 140.8m

The initial two diamond drill holes for 321.47m tested the Palgong West structure (see Figure 1), following up previous limited drilling undertaken in 1975 by the Korean Mineral Promotion Corporation (KMPC), now the Korea Resources Corporation (KORES) that intersected high-grade gold and silver in diamond drill hole **PD75-2: 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**[D1,D2].

Historical underground sampling of the Palgong West veins by KORES produced results including **0.1m @ 120.2 g/t Au & 1,113 g/t Ag; 0.1m @ 114.7 g/t Au & 830 g/t Ag and 0.2m @ 32.1 g/t Au & 326 g/t Ag** averaging 0.15m @ 33 g/t Au & 364 g/t Ag over an approximately 150m strike length (see Figures 1 and 2) .

The Managing Director of Peninsula, Jon Dugdale, said, *"These high-grade gold drilling results from Osu confirm the very high gold grades historically obtained from underground sampling and the potential to define a high-grade gold shoot at Osu, for possible development."*

"Peninsula has identified multiple opportunities in Korea to advance under-explored mineral projects through drilling and potentially development, and while the primary focus of the Company is flake-graphite and other battery minerals projects, our ability to define and access multiple targets has presented the Company with multiple opportunities for discovery."

Photo 1: OSD0002 high-grade vein in drill-core 157.79m to 158.1m, 0.31m @ 22.2 g/t Au, 182 g/t Ag

The sub-epithermal veining that was intersected at Osu is hosted by granitic gneisses and granodiorites and includes steep, predominately east, dipping sheeted quartz-sulphide vein sets (see Photo 1 above). The associated sulphide mineralisation includes pyrite, arsenopyrite and lesser pyrrhotite, galena (Pb) and sphalerite (Zn). The Palgong host intrusive has a high magnetite content. The relatively high base metal content indicates proximity to a possible intrusive source.

Figures 1 and 2 show a plan projection of recent drilling and previous drilling and underground channel sampling completed by KORES at the historic Palgong and Palgong West mines (Appendix 1, 2 & 3 include hole location details, summary log and a full list of assay results received to date and historical KORES channel data).

The exact location of historic KORES drill hole PD75-2 is uncertain, with various KORES reports indicating different locations for the drill hole collar (Figure 2).

Figures 3 and 4 are cross sections through the recent drilling with documented underground workings.

Further drilling has been planned to test the Palgong and Palgong West structures, and to also target the Palgong East structure (see Figure 1) where previous rock-saw channel sampling by Peninsula was completed obliquely across a zone of sulphidic sub-epithermal vein structures in and around the historical underground workings. Several high-grade, polymetallic results were produced across the veined zones[D3], including:

- **5.7m @ 3.14 g/t Au, incl. 1.25m @ 7.73 g/t Au (PG038 - 042);**
- **0.15m @ 11.3 g/t Au, 327 g/t Ag, 0.56% Cu (PGO57B); and**
- **0.20m @ 18.3 g/t Au, 224 g/t Ag, 2.63% Pb (PGO47)**

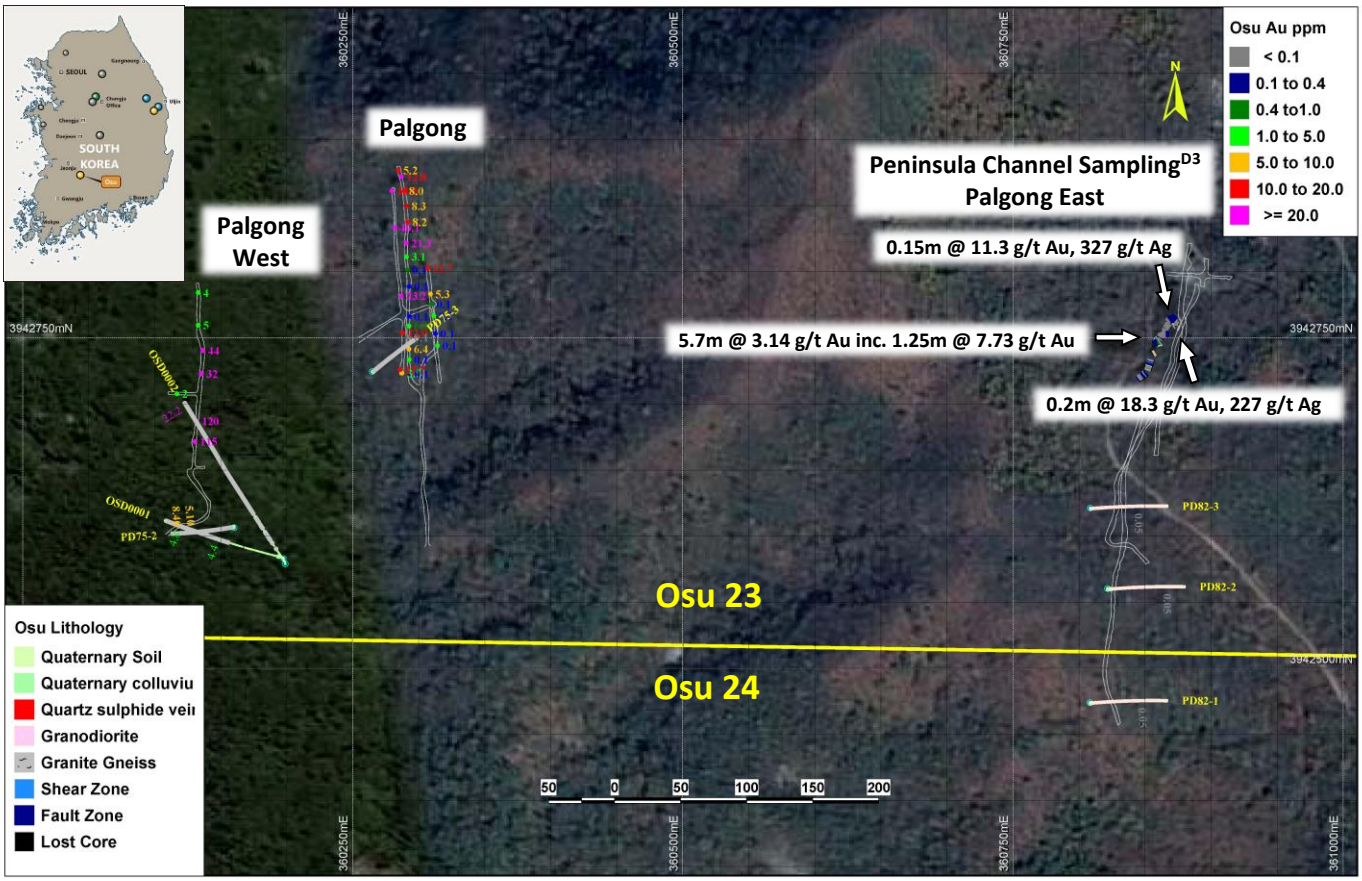

Figure 1: Various Palgong lodes, recent drilling and previous channel sampling results and historic KMPC Data (Appendix 3)

The Company will consider further drilling of the Palgong West structure, as well as the Palgong and Palgong East structures, during the 2019 field season, subject to funding and priorities.

The Company is also considering establishing a joint venture partnership to advance the Osu Gold Project. Expressions of interest have been received in a potential joint venture and data is being reviewed by two parties.

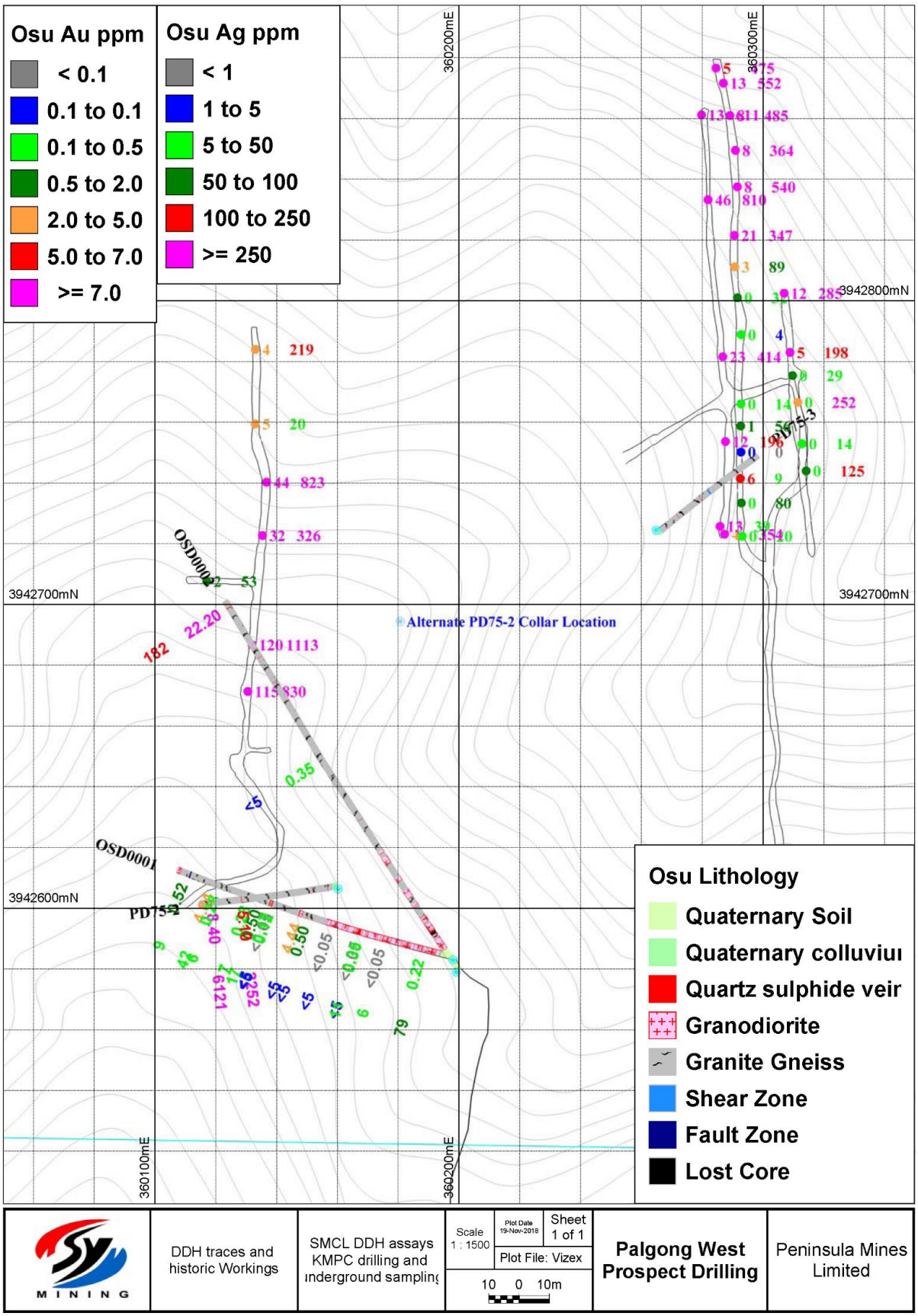

Figure 2: Plan showing the Palgong West and Palgong Workings with DDHs and KMPC channel samples.

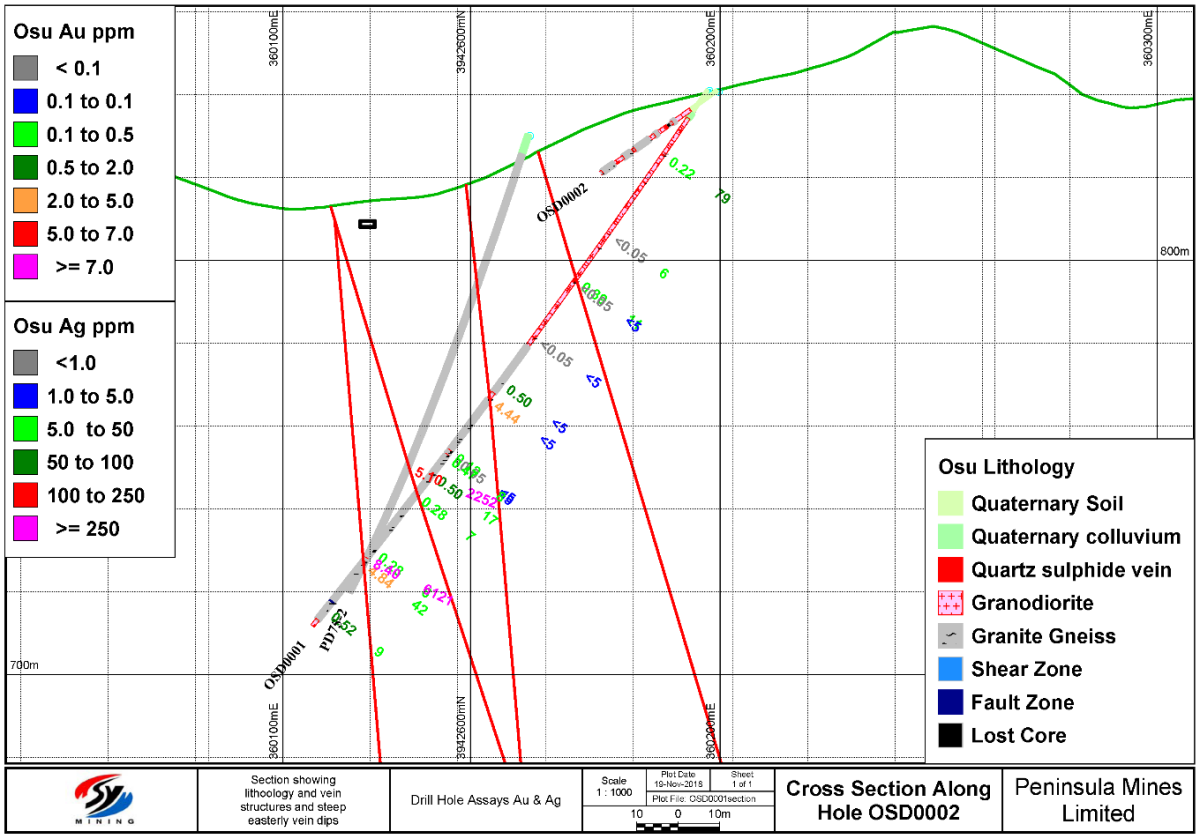

Figure 3: Cross Section through hole OSD0001

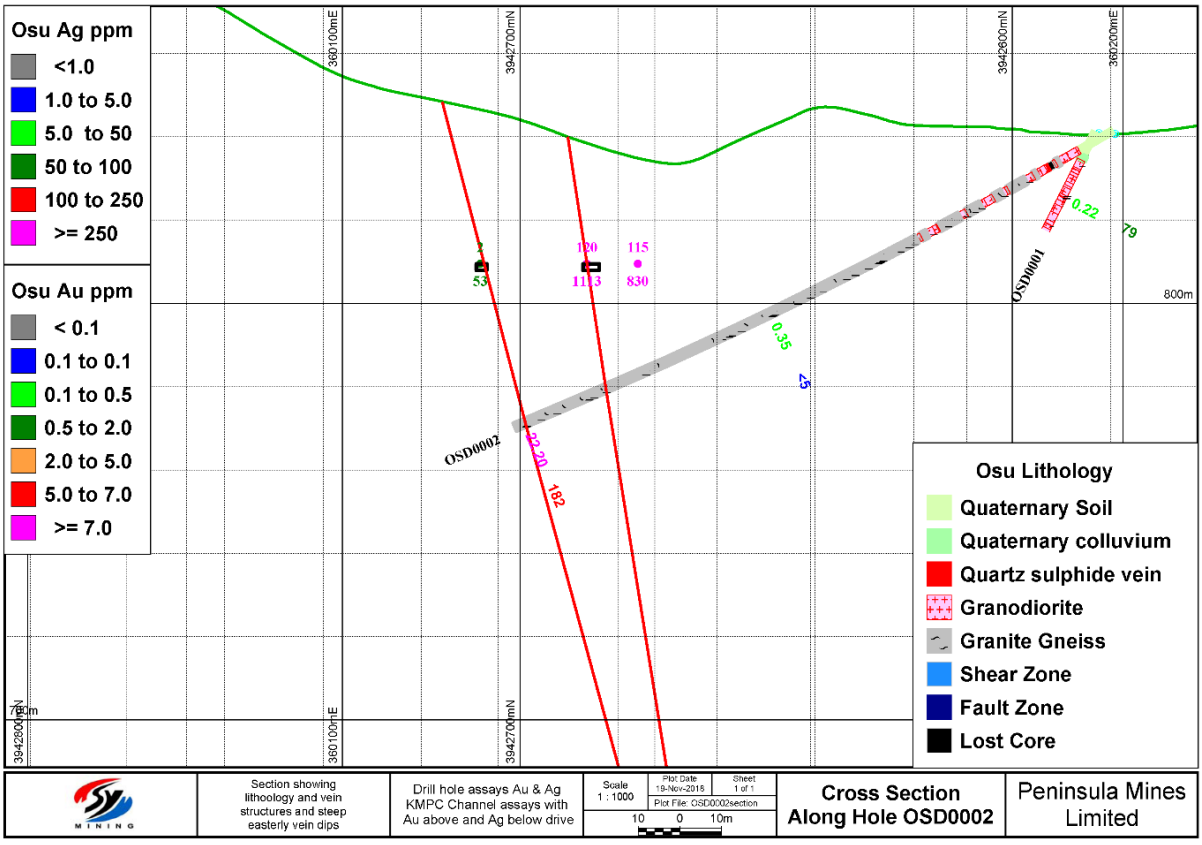

Figure 4: Cross Section through hole OSD0002 (additional results to come)

Background to the Osu Gold Project:

The Osu project consists of one granted tenement, Osu 23 and applications for the adjoining southern tenement Osu 24. The Osu 23 tenement contains the historical Baegun and Palgong Mines[D3,D4,D5]. The Baegun mine lies on the northern flank of Mount Palgong while the Palgong West, Palgong and Palgong East mines were developed on north-south trending vein structures on the southern flank of the mountain.

The Osu Project has high-grade, polymetallic veins that were discovered in the 1930s and exploited intermittently until the early 1970s. The bulk of the mineralisation is hosted within granodiorites and more foliated and biotite rich granitic gneissic towards the west which host the Palgong and Palgong West mine workings (see Figure 1).

The historically mined vein structures at Osu occurring over a strike length in excess of 1,500m possibly represent near surface, sub-epithermal, polymetallic veins potentially emanating from a deeper seated, porphyry intrusive source.

The Company completed surface channel sampling of outcropping vein structures on the Palgong East structure in late 2016[D3], producing high-grade channel sampling intersections that included:

- **5.7m @ 3.14 g/t Au, incl. 1.25m @ 7.73 g/t Au (PG038 - 042);**
- **0.15m @ 11.3 g/t Au, 327 g/t Ag, 0.56% Cu (PGO57B); and**
- **0.20m @ 18.3 g/t Au, 224 g/t Ag, 2.63% Pb (PGO47)**

Previous drilling by KMPC (now KORES) tested all three identified vein structures at shallow levels producing some very high-grade results over narrow intervals, including diamond drill hole **PD75-2: 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** on the Palgong West structure (see Figures 1 & 2). Further, KORES completed a campaign of underground channel sampling at each prospect in the early 1970s. This underground sampling work returned extremely high Au and Ag values all be it over narrow width from both the Palgong and Palgong West mines (Figures 1, 2 & Appendix 3).

Historical mining was confined to hand held mining methods predominately hammer and tap mining resulting in very limited tonnage being recovered. The channel sampling and recently completed drilling (this release) shows evidence of steeply plunging shoot controls on the mineralisation.

About Peninsula Mines Ltd

Perth-based, ASX listed, Peninsula Mines Ltd (ASX:PSM) has a unique business model in South Korea and a strategy to develop production of in-country mineral commodities that have a positive price outlook and potential for off-take and strategic partnerships with high-tech Korean manufacturers, in particular, the Battery sector.

Peninsula is primarily focused on advancing a series of flake-graphite projects to supply high-grade flake graphite concentrate and down-stream spherical graphite to Korea's high-technology Lithium-Ion battery manufacturing market.

Peninsula is also targeting a series of highly prospective zinc-lead-copper targets at its Ubeong project in eastern South Korea and has recently drilled the Osu high-grade gold project.

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

D1 Drilling Commenced, Testing Key Korean Projects, ASX: 20/09/18
D2 Drilling Access Granted to the Osu Gold-Silver Project, ASX 26/07/18
D3 High-Grade gold Channel-Sampling Results from Osu gold Project, South Korea, ASX: 12/12/16
D4 Osu Drilling Campaign: High-Grade Gold Target, 1 August 2016
D5 Exciting Rock Chip Sample Results – Osu Gold Project, 11 August 2014
D6 Revised Announcement – Osu Tenement Applications, 24 March 2014

For full versions of the Company's releases see Peninsula's website www.peninsulamines.com.au

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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.

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.*	Selected quartz sulphide vein intervals were selected for assay. The various drill core vein intervals were cut in half using the company's diamond bladed saw with the orientation line half of the core maintained as a permanent drill core record. All half core samples were dispatched via FedEx to ALS laboratories either in Perth or Townsville.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	The core sampling was standard sampling using a diamond saw to half core the sample with the half with the bottom of hole reference line kept as a permanent drill core record.
	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.	Only selected mineralised intervals were assayed with a portion of the surrounding country rock 1 to 2cm included to ensure the entire vein including any mineralisation hosted within the altered quartz sulphide vein selvedge (Appendix 2). The analysis methodology is discussed more fully is n subsequent points.
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).*	All drilling was completed using a diamond drill rig. Generally, no core was recovered from the HW diameter pre-collar through the soil profile that is the first 8 to 10m of the holes. Once bedrock was intersected normal drill coring was undertaken using a Q3 triple tube drill string to produce (50mm) diameter drill core. The core was orientated each drill run with a few exceptions when the orientation tool failed. The core orientations were completed using a DevicoreBBT electronic core orientation which takes orientation readings prior to the core break at the end of the drill run nominally every 3m down hole.

Criteria	*JORC – Code of Explanation*	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	All drill core was docked together in a V-rail post drilling for bottom of hole orientation line mark-up during this process metre marks were placed on the drill core. During the geotechnical logging drill interval and recovery were measured. Except for core loss during the pre-collar only 3cm of core loss was noted in hole OSD0001 and 26cm in hole OSD0002 around 14.62m down hole. Core quality was excellent and core could be joined together for virtually the entire length of both drill holes. The quality of the core orientation data was also excellent with surveys matching up over close to the full length of the both drill holes. There has been no sample bias due to core recovery issues.
	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.*	Both holes were logged in detail with lithology, alteration and spatially orientated structural features recorded. All lithological intervals were geotechnically logged in detail to level that would allow a Q system analysis to be made at some future date. The SG data compilation for each of the holes is scheduled to be completed over the winter field break. The logging is both qualitative and quantitative in nature. The core from the entire length of each hole was logged in detail.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	
	The total length and percentage of the relevant intersections logged.	
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	The core from sampled drill intervals was half cored using a diamond saw with the core half with the bottom of hole orientation line maintained as part of the permanent geological record.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	All samples were half core drill core samples.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples post cutting were packed in clean pre-labelled calico bags and once dry packed in cartons for shipment via FedEX to ALS laboratories in Perth and Townsville. On arrival at the ALS lab samples were oven dried and then jaw crushed until 90% of the sample was <2mm. Then each sample was riffle split to generate a 1kg sub-sample for pulverisation. Samples were pulverised using a LM-5 pulveriser until 95% passed <106 microns (method prep-33D). This pulverised sample was then split further to generate a 50g sub-sample for analysis. The sub-sample was then shipped by ALS Perth to Townsville for analysis using method (Au, Ag) ME-GRA22. A pulverised sub-sample was also analysed by hand-held XRF to generate qualitative estimate

Criteria	*JORC – Code of Explanation*	Commentary
		for 10 elements including Cu, Pb, Zn and As amongst others (see Appendix 2). This methodology is considered appropriate for precious metal analyses (total for Au and Ag) but only indicative for the other elements reported.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	The core cutting aimed to preserve the bottom of hole orientation line with core cut along a marked cut line placed nominally 1.5com from the base of hole line with the same core half sampled from each interval relative to the bottom of hole. Further the cut line was placed as close as possible to the apex of the vein structure ellipse to minimise sampling bias. The prep method aimed to generate a large sample for pulverisation and given that most samples were less than 1kg generally the entire sample was pulverised. The riffle splitting enabled a representative 50g sub-sample to be generated for analysis.
	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.	No second half sampling has been undertaken at this stage. Though the pulps from the 3 highest grade samples generated have been sent for analysis for independent assaying by a Korean laboratory as this is a requirement of Korean Mineral Law for the generation of a prospecting report. The lab routinely analyses sample splits as part of their own internal QA/QC processes.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Yes, sample sizes are considered adequate and certainly superior to the past AX drilling undertaken by the Korean Mineral Promotion corporation (KMPC) at the Osu project.
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.*	Rock chip samples were dried at 105°C upon receipt by the lab. The samples were then prepped and pulverised as discussed above. A 50gm charge was prepared for fire assay for all the Au and Ag analyses with a gravimetric finish. The hand-held XRF analyses were undertaken on a pulverised sample placed in a mylar cup prior to reading in a controlled test bed setting. Regular QA/QC checks were made during this process using designated blank and CRM samples. The Precious metal analyses are considered total while the XRF analyses are considered partial and the reader should see these as indicative only.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations	The non-precious metal analyses were performed by ALS using a hand-held Olympus Delta Premium 6000 with a Rhodium anode using Geochem Mode calibration on a pulverised sample prepared by ALS during the generation of the prime sample for Au and Ag analysis. These XRF analyses should only be considered indicative and not total by the reader.

Criteria	*JORC – Code of Explanation*	Commentary
	factors applied and their derivations, etc.	KIGAM has flown airborne magnetics and radiometrics across the entire country. The Imsil 1:100,000 Total Magnetic Airborne Magnetic Image covers the project area and the image was reprocessed by the company with the data reduced to the pole. The Company purchased this image along with other images produced by the Korea Institute of Geoscience and Mineral Resources (KIGAM) as part of the country wide aeromagnetic atlas (Published Dec 2008). The Company has received permission from KIGAM management permitting the use of the KIGAM magnetic images in its ASX announcements, shareholder communications and corporate presentations. The magnetic survey was undertaken by KIGAM using a Geometrics G-813 Proton Magnetometer. The flight lines were flown East-West at a 1 km line spacing with North-South tie lines flown at a 5 km spacing. The flight altitude for the survey was 100-200m above ground level. The data processing involved setting the data level at 300m above mean sea level by upward/downward continuation. The International Geomagnetic Reference Field (IGRF) was used to assist with the removal of total magnetic anomaly. The KIGAM colour total magnetic contour maps are printed at 1:100,000 scale and referenced using the Bessel ellipsoid and the Tokyo datum with latitude and longitude coordinate marked.
	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 a blank and CRM sample with every sample analysis batch. In addition, ALS routinely included blank repeat and CRM samples as part of their own internal QA/QC protocols. The QA/QC results from the company's and the laboratories checks indicate that there are no issues with the sample preparation procedure or the quality of the Au and Ag analyses.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	All reported intervals have been checked by at least one other company staff member. At this stage no, independent external data checks have been undertaken. This is not considered material at this early reconnaissance evaluation stage in the project's evaluation.
	The use of twinned holes.	The company has aimed to twin the previous high-grade intercept reported by KMPC from hole PD75-2. Due to inconsistencies in the location of the historic drill holes between various KMPC reports and the difficulties faced in trying to locate the historic drill pads after 43 years of forest regrowth it is difficult to say with any certainty whether the hole twinning exercise was successful (Figure 2).

Criteria	*JORC – Code of Explanation*	Commentary
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Assay results are stored in an Excel database. All results are checked by the responsible geologist on entry to the database. The Company's data is stored in an excel database and routinely transferred to the Perth Head Office.
	Discuss any adjustment to assay data.	The data presented in the Appendices is raw laboratory data. No adjustments have been made to the data.
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.*	The drill collars have been spatially located using a hand-held Garmin 64sc GPS unit. The collar locations are considered accurate to +/- 10m. It is the company's intention to survey the collars using a DGPS unit at some future date. Holes were down hole surveyed using the company's own Reflex Ezyshot survey tool (the tool was recalibrated and serviced by Imdex prior to the Osu drill programme). The high level of magnetite mineralisation in much of the Osu drill core posing some quality control issues with respect to the down hole surveying of both 2018 drill holes. All highly spurious readings were ignored and removed from the database. The results of the downhole survey are considered satisfactory but the true location of the holes spatially cannot be guaranteed with absolute certainty due to possibility of some degree of magnetic interference with the azimuth data. The dip data is considered accurate and further supported by the dip data collected by the Devicore BBT orientation tool during each drill run.
	Specification of the grid system used.	All sample sites were surveyed in the UTM WGS84 zone 52N coordinate system or WGS 84 Latitudes and Longitudes.
	Quality and adequacy of topographic control.	The National Geographic Information Institute (NGII) has 1:5,000 scale digital contour data for the entire country.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The hole location was in part aimed at the two points considered most likely to be the site of the high-grade intercept reported by KMPC from hole PD75-2. Further hole OSD0002 targeted the area below the historic workings where KMPC had reported grades of 100 to 120 g/t Au (Figures 1,2 & 4 and Appendix 3). The data spacing is not considered material at this early evaluation stage.
	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 drilling, data collection and sampling has been undertaken at the highest possible standard and one which would allow any of the data collected to be utilised as part of any future Mineral Resource estimation for the Osu Project. At this stage it is too early in the evaluation phase to say whether a Mineral Resource will ever be generated for the Osu project.
	Whether sample compositing has been applied.	None of the assay results have been composited at this stage.

Criteria	*JORC – Code of Explanation*	Commentary
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.*	Hole OSD0001 was drilled close to normal to the predominate easterly dipping quartz sulphide vein set. Hole OSD0002 due to location of the available drill pad is drilled more oblique to the predominating vein structures. This is not considered material given the high quality of the vein orientation data collected.
	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.	The sampling is not considered biased due to the location and orientation of the drill holes completed thus far.
Sample security	*The measures taken to ensure sample security.*	The rock chip samples were organised and packed at the Company's secure core yard facility at Sotae-myeon. The samples were then packed in cardboard cartons and shipped to ALS Laboratory, Malaga, Perth using FedEx. The samples routinely took 4 to 7 days in transit from Korea until clearing customs in Perth and delivery to the laboratory. FedEx online tracking allows for the parcels to be tracked throughout their transit.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The ALS Laboratory, Malaga has not been visited by Company personnel at this stage. The laboratory is internationally accredited and meets full international standards.

(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.*	SMCL, a wholly owned subsidiary of Peninsula was granted the Osu23 exploration title on 14 December 2014. The Prospecting plan was lodged with the Mines Registry Office (MRO) on 5th December 2015. The company was granted exploration rights to Osu 23 title for a period of 3 years. The company is in the process of finalising its prospecting report for filing with the MRO on or prior to the 13th December 2018 due date. The company is seeking a further 3-year extension to its exploration licence for the purpose of completing additional drilling with the aim of defining a maiden Mineral Resource for the Osu project. Subject to receiving approval from the MRO of the exploration permit the Company will then approach the Muju Forest Office managers of the state-owned land covering the bulk Palgong West, Palgong and Palgong East Prospects for an extension to its drill permission application. The company holds an application over the neighbouring southern tenement Osu 24. The current application expired on 29th November 2018 and a fresh application was lodged with the MRO for a fresh 6-month extension to the application period. Surface mapping efforts undertaken over the last 4 years have been unsuccessful in locating mineralised surface outcrops of sufficient grade and dimension to meet the MDS requirements. The company will continue its efforts to locate outcropping mineralisation with the required grade and dimension to permit a successful Mineral Deposit Survey (MDS) to be completed but there are no guarantees that these efforts will be successful at any time over the next 6 months. Exploration rights are granted by commodity for tenement blocks defined by the GRS080 grid system over 1x1 minute graticule blocks. The Ministry of Trade, Industry and Energy (MOTIE) reviews the MDS and if satisfied, will issue an exploration right.
	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.	The Company is in the process of applying for a 3-year extension to exploration right over the Osu23 title. The company has met all the mandatory requirements that should allow an extension to be approved by the MRO. That is more than 50% of the mandated exploration works as specified under the company's prospecting plan. There is no certainty that the extension will be granted despite all the requirements having been met. There is an appeals and process available should the Ministry reject the application for an extension. At this stage it is difficult to say with any certainty as to when the 3-year extension may be granted.

Criteria	JORC – Code of Explanation	Commentary
		In the case of the Osu 24 licence application the company has been granted tenure for 6-months and is required to submit an MDS prior to the end of the 6-month application period. If the company fails to do so it can re-apply for the title but there is no certainty that a fresh application will be successful. If the MDS report is accepted by the Ministry, the Company will be granted Mining rights over the applied tenement for a further 3 years. Following the successful filing of the MDS, the applicant is required to file a Prospecting Application (PA). The PA report details the planned exploration activities to be completed over the tenement during the 3-year prospecting period. This includes the completion of a minimum quantum of geophysical surveys, geochemical surveys or drilling as defined under the Mines Act. Provided that at least 50% of the statutory requirement is completed within the initial 3-year prospecting period, the tenement holder is entitled to apply for an additional 3-year extension to facilitate the completion of the specified exploration programme. A Prospecting Report must then be submitted to the Ministry at the completion of the exploration programme this report must include a "Mineral Resource" it need not be JORC compliant and only needs to meet very minimal Korean Mining Act standards which fall well short of internationally recognised standards such as JORC or 43-101 or even standards set under the United Nations Framework Classification for Resources. The tenement holder must then submit a Mine Planning Application (MPA) to the local Government Authority who will, if the MPA is approved, grant tenure for mining for a period of 20 years subject to statutory requirements as set out under the terms of the MPA approval. The applicant holding a Mining Right can apply for extensions provided all statutory requirements have been met over the life of the mine.
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	The Company has procured a number of internal reports produced by KMPC (now KORES) outlining the results of past exploration activities by KMPC at both the Palgong and Baegun prospects. The Baegun and Palgong prospects were discovered during the Japanese occupation of Korea. In 1945 the various mines closed and remained closed until 1956. In 1961-62 KMPC provided funding to support 490m of fresh underground development at Baegun. In 1968, KMPC funded a further 250m of underground development at Baegun. In the late 1960s and early 1970s KMPC completed several phases of underground channel and grab sampling at the Palgong, Palgong West, Palgong East and Baegun mines. The historic KMPC channel data from the underground sampling at Palgong and Palgong West prospects is included here as Appendix 3.

Criteria	JORC – Code of Explanation	Commentary
		In 1975, KMPC completed a 3-hole AX diamond drill programme at Palgong. In 1982, KMPC completed 7 AX diamond drill holes at both Palgong (3) and Baegun (4) mines and in 1984, KMPC completed a further 3 AX drill holes at Baegun. The results for this work are incomplete and the Company is still trying to locate further details. Only limited production figures have been located but several schematic figures have been found showing the extent of adit development and stoping extents at the Baegun and Palgong mines. No further exploration has been undertaken by other parties since the work completed by KMPC in the 1980s. 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. KIGAM completed 1:50,000 scale geological mapping over the Osu Geology sheet in 1983.
Geology	*Deposit type, geological setting and style of mineralisation.*	The mineralisation observed at the Baegun and Palgong East is characterised by steeply dipping quartz sulphide vein structures hosted within biotitic granodiorite. At the Palgong Mine and Palgong West mines steep easterly dipping quartz sulphide vein structures are predominately hosted with foliated granitic gneiss and lesser biotitic granodiorite. The age of the mineralisation and host intrusive is unknown but is almost certainly Mesozoic and has previously been mapped as Jurassic in age. The reprocessed KIGAM airborne magnetic image indicates the presence of a significant magnetic high centred midway between the Baegun and Palgong East Mines[D5]. The Palgong granite is a magnetite bearing granite cut by steep 65 to 80 degree westerly dipping sheeted quartz sulphide vein structures. Initial indication from the drilling at Palgong West is that the Au and Ag mineralisation is associated with base metal bearing quartz veins rather than the quartz pyrite arsenopyrite veins.
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 collar location detail for the historic KMPC holes is not known with any certainty and only approximate locations can be determined from the series of location plans in various KMPC summary drilling reports. In many cases the drafted hole location varies from one report to another. The company has recorded the collar location for each of the 2018 drill holes using a hand-held Garmin 64sc GPS unit. Each hole has been down hole surveyed. These details are included in Appendix 1. A summary of the hole lithology is also included along with a tabulation of the various assayed intervals (Appendix 2). Interpreted location details for the two KMPC holes at Palgong and Palgong West are included in Appendix 1.

Criteria	JORC – Code of Explanation	Commentary
	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.	All location geology and assay information for the two, 2018 diamond drill holes has been included in the appendices of this report (Appendix 1 & 2).
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.*	All assay values reported are raw assays and none of the data values have been cut, truncated and no weightings have been applied. A full list of raw assay results is included as part of Appendix 2.
	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.	The data has not been aggregated.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent vales have been reported.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	The assay results being commented upon are all down hole intercept widths.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	The bulk of the veins intersected are steep easterly dipping veins with the exception that a handful of steep westerly dipping veins were intersected. The majority of veins dip steeply at 65 to 80 degrees to the east. All he vein data has been spatially orientated using the excellent results achieved by the DevicoreBBT. The vein data has been processed and assessed using stereographic projections.

Criteria	JORC – Code of Explanation	Commentary
	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 assay results being commented upon are all down hole intercept widths at this stage true width details have not been calculated. Indications from the structural data and drill hole attitude are that the true width will be at least 75% of the down hole intercept width in hole OSD0001 and around 50% the down hole intercept width in hole OSD0002.
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 is a plan view showing the location of the 3 Palgong prospects on the Google Earth image along with the historic KMPC drill holes and KMPC channel sampling data. The plan shows the trace of two recently completed diamond drill holes with the significant Au assays displayed in figure 2. These two figures also show the known extent of the historic underground Palgong workings. Figures 3 & 4 are cross-sections plotted along each of the two recently completed drill holes showing the interpreted narrow vein structures and a section through the historic underground Palgong West workings. Photo 1 is a picture taken of the key high-grade vein from hole OSD0002.
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.*	The full list of all the precious metal assays and the results of the hand held XRF analyses of the sample pulps is included as Appendices 2. The key drill intercepts are shown on the plans and sectional figures 1 to 4. All available assay results have been reported. Some additional assays are still pending from hole OSD0002.
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.*	The company has completed a programme of detailed surface diamond sawn channel sampling and the results of this work were included in the 12 December 2016 release[D3]. Surface rock chip and hammer and chisel channel sampling results were reported in earlier releases[D5,D6]. All material information relating to the 2018 Osu drill programme have been included in this release. A further 10 samples from hole OSD0002 are currently being prepped for analysis by ALS.

Criteria	JORC – Code of Explanation	Commentary
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 company plans to submit the prospecting report and complete the filing of an application for a 3-year extension to the Osu 23 exploration licence. Subject to the extension of the exploration period the company will consider undertaking further reconnaissance drilling at the other Palgong and Baegun Prospects. Future exploration work may also include tenement scale geological mapping and soil sampling aimed at identifying other high-grade vein structures at the Osu Project. That can then be targeted with diamond drilling.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	This report includes plans showing the location of the historic Palgong and Palgong West workings along with the location of the KMPC underground channel sampling data and the historic and recently completed Osu diamond drill holes. In addition, cross sections have been drafted along each of the 2018 drill holes (Figures 1 to 4).

APPENDIX 1: Drill hole collar details for holes OSD0001, OSD0002 and historic KMPC holes PD75-2 &75-3

HoleID	Prospect	Tenement	Easting*	Northing*	mRL	Hole_Type	Hole_Size	Drill Start Date	Drill End Date	Dip	Grid Azimuth	Max_Depth
OSD0001	Palgong West	Osu 23	360,198	3,942,583	841	DDH	Q3	11/09/2018	15/09/2018	-55.5	284.16	160.84
OSD0002	Palgong West	Osu 23	360,199	3,942,579	841	DDH	Q3	16/09/2018	19/09/2018	-30	326.66	160.63
PD75-2	Palgong West	Osu 23	360,160	3,942,606	830	DDH	AX	01/05/1975	09/05/1975	-70	260	120
PD75-3	Palgong	Osu 23	360,265	3,942,724	890	DDH	AX	16/05/1975	24/05/1975	-70	50	110
PD82-1	Palgong	Osu 24	360,808	3,942,474	900	DDH	AX	10/5/1982	20/5/1982	-70	95	150
PD82-2	Palgong	Osu 23	360,821	3,942,560	935	DDH	AX	29/5/1982	10/6/1982	-70	85	150
PD82-3	Palgong	Osu 23	360,808	3,942,621	970	DDH	AX	8/04/1982	1/05/1982	-70	85	150

*Coordinate system UTM - WGS84 R52N

APPENDIX 2: Summary geology and half core sampling details for holes OSD0001 and OSD0002:

HoleID	From	To	Interval	Lithology	ME-GRA22 Au ppm	ME-GRA22 Ag ppm	HXRF30 As ppm	HXRF30 Ca%	HXRF30 Cr ppm	HXRF30 Cu ppm	HXRF30 Fe%	HXRF30 Mn ppm	HXRF30 Ni ppm	HXRF30 Pb ppm	HXRF30 S%	HXRF30 Zn ppm
OSD0001	0	8.3	8.3	Soil												
OSD0001	8.3	16.46	8.16	Granodiorite												
OSD0001	16.46	16.48	0.02	Lost core												
OSD0001	16.48	18.98	2.5	Granodiorite												
OSD0001	18.98	19.25	0.27	Quartz Vein	0.22	79	190	3	<100	<50	1.7	400	<50	300	0.2	290
OSD0001	19.25	27.05	7.8	Granodiorite												
OSD0001	27.05	27.2	0.15	Quartz Vein												
OSD0001	27.2	39.33	12.13	Granodiorite												
OSD0001	39.33	39.46	0.13	Quartz Vein												
OSD0001	41.74	42.28	0.54	Granodiorite												
OSD0001	42.28	42.4	0.12	Quartz Vein	<0.05	6	230	2	<100	<50	2.8	900	<50	60	<0.1	90
OSD0001	42.4	46.32	3.92	Granodiorite												
OSD0001	46.32	46.41	0.09	Quartz Vein												
OSD0001	46.41	55.45	9.04	Granodiorite												

HoleID	From	To	Interval	Lithology	ME-GRA22 Au ppm	ME-GRA22 Ag ppm	HXRF30 As ppm	HXRF30 Ca%	HXRF30 Cr ppm	HXRF30 Cu ppm	HXRF30 Fe%	HXRF30 Mn ppm	HXRF30 Ni ppm	HXRF30 Pb ppm	HXRF30 S%	HXRF30 Zn ppm
OSD0001	46.41	55.45	9.04	Granodiorite												
OSD0001	55.45	56.4	0.95	Quartz Vein	0.39	11	1710	2.1	<100	<50	1.9	400	<50	<50	0.4	390
OSD0001	56.4	56.74	0.34	Quartz Vein	<0.05	<5	200	2.3	<100	<50	1.8	500	<50	<50	<0.1	160
OSD0001	56.74	73	16.26	Granodiorite												
OSD0001	73	73.12	0.12	Quartz Vein	<0.05	<5	60	1.3	<100	<50	2.4	500	<50	<50	<0.1	60
OSD0001	73.12	75.87	2.75	Granodiorite												
OSD0001	75.87	86.55	10.68	Granitic Gneiss												
OSD0001	86.55	86.65	0.1	Quartz Vein	0.5	<5	4620	2.8	<100	<50	3	700	<50	80	0.3	800
OSD0001	86.65	89.57	2.92	Granitic Gneiss												
OSD0001	89.57	91.3	1.73	Granodiorite												
OSD0001	91.3	91.57	0.27	Quartz Vein	4.44	<5	7060	2.5	<100	80	3.1	1500	<50	500	0.4	2680
OSD0001	91.57	91.87	0.3	Granodiorite												
OSD0001	91.87	106.97	15.1	Granitic Gneiss												
OSD0001	106.97	107.63	0.66	Quartz Vein	0.12	<5	1810	2.3	<100	<50	3.2	1200	<50	<50	<0.1	110
OSD0001	107.63	108.2	0.57	Granitic Gneiss	<0.05	<5	130	2.6	100	<50	3.7	900	<50	70	<0.1	260
OSD0001	108.2	108.82	0.62	Quartz Vein	0.47	8	5270	2.4	<100	<50	3.4	1500	<50	70	0.1	280
OSD0001	108.82	114.06	5.24	Granitic Gneiss												
OSD0001	114.06	114.36	0.3	Quartz Vein	0.5	17	1850	3.1	<100	<50	2.5	700	<50	230	0.2	220
OSD0001	114.36	120.35	5.99	Granitic Gneiss												
OSD0001	120.35	120.47	0.12	Quartz Vein	0.28	7	1870	4.2	<100	<50	2.6	1000	<50	170	0.1	300
OSD0001	120.47	137.35	16.88	Granitic Gneiss												
OSD0001	137.35	137.68	0.33	Granitic Gneiss	0.28	6	4510	3.2	100	<50	4.3	1700	<50	150	0.4	310
OSD0001	137.68	140.8	3.12	Granitic Gneiss												
OSD0001	140.8	141.86	1.06	Granitic Gneiss & Quartz Veins	4.84	42	2190	4	<100	90	4.1	1300	<50	1060	0.4	1820
OSD0001	141.86	153.47	11.61	Granitic Gneiss												
OSD0001	153.47	154.12	0.65	Fault Zone												
OSD0001	154.12	155.53	1.41	Granitic Gneiss												
OSD0001	155.53	155.91	0.38	Sheared Granitic Gneiss	0.52	9	800	3.4	<100	<50	4.9	2300	<50	590	0.7	730
OSD0001	155.91	158.89	2.98	Granitic Gneiss												
OSD0001	158.89	160.84	1.95	Granodiorite												

HoleID	From	To	Interval	Lithology	ME-GRA22 Au ppm	ME-GRA22 Ag ppm	HXRF30 As ppm	HXRF30 Ca%	HXRF30 Cr ppm	HXRF30 Cu ppm	HXRF30 Fe%	HXRF30 Mn ppm	HXRF30 Ni ppm	HXRF30 Pb ppm	HXRF30 S%	HXRF30 Zn ppm
OSD0002	0	9.47	9.47	Soil												
OSD0002	9.47	14.93	5.46	Granodiorite												
OSD0002	14.93	15.76	0.83	Granitic Gneiss												
OSD0002	15.76	16.5	0.74	Granodiorite												
OSD0002	16.5	17.63	1.13	Lost core												
OSD0002	17.63	18.03	0.4	Quartz Vein												
OSD0002	18.03	21.11	3.08	Granodiorite												
OSD0002	21.11	22	0.89	Granitic Gneiss												
OSD0002	22	24.2	2.2	Granodiorite												
OSD0002	24.2	24.55	0.35	Granitic Gneiss												
OSD0002	24.55	24.65	0.1	Quartz Vein												
OSD0002	24.65	28.94	4.29	Granitic Gneiss												
OSD0002	28.94	30.59	1.65	Granodiorite												
OSD0002	30.59	32.99	2.4	Granitic Gneiss												
OSD0002	32.99	36.5	3.51	Granodiorite												
OSD0002	36.5	40.4	3.9	Granitic Gneiss												
OSD0002	40.4	42.26	1.86	Granodiorite												
OSD0002	42.26	48.04	5.78	Granitic Gneiss												
OSD0002	48.04	51.14	3.1	Granodiorite												
OSD0002	51.14	52.74	1.6	Granitic Gneiss												
OSD0002	52.74	53.91	1.17	Granodiorite												
OSD0002	53.91	67.47	13.56	Granitic Gneiss												
OSD0002	67.47	67.59	0.12	Quartz Vein												
OSD0002	67.59	92.3	24.71	Granitic Gneiss												
OSD0002	92.3	92.89	0.59	Granitic Gneiss	0.43	<5	6340	2.9	<100	<50	3.2	1700	<50	70	0.4	400
OSD0002	92.89	93.89	1	Granitic Gneiss	0.35	<5	3520	2.5	<100	<50	2.5	1600	<50	100	0.3	420
OSD0002	93.89	118.68	24.79	Granitic Gneiss												
OSD0002	118.68	118.77	0.09	Quartz Vein												
OSD0002	118.77	126.73	7.96	Granitic Gneiss												
OSD0002	126.73	126.88	0.15	Quartz Vein												

HoleID	From	To	Interval	Lithology	ME-GRA22 Au ppm	ME-GRA22 Ag ppm	HXRF30 As ppm	HXRF30 Ca%	HXRF30 Cr ppm	HXRF30 Cu ppm	HXRF30 Fe%	HXRF30 Mn ppm	HXRF30 Ni ppm	HXRF30 Pb ppm	HXRF30 S%	HXRF30 Zn ppm
OSD0002	126.88	137.16	10.28	Granitic Gneiss												
OSD0002	137.16	137.26	0.1	Quartz Vein												
OSD0002	137.26	140.3	3.04	Granitic Gneiss												
OSD0002	140.3	140.37	0.07	Quartz Vein												
OSD0002	140.37	157.79	17.42	Granitic Gneiss												
OSD0002	157.79	158.1	0.31	Quartz Vein	22.2	182	3.16	2.8	<100	390	4.9	1300	<50	11950	3.7	6740
OSD0002	158.1	160.63	2.53	Granitic Gneiss												

*Note XRF analyses should only be considered indicative of the grade of the elements measured these results are semi-quantitative and the accuracy is likely to be +/-20% of the actual value that would be achieved under full analysis

Appendix 3: Historic KMPC underground sampling data from the Palgong and Palgong West Prospects

Prospect	SampleID	Width (m)	Au ppm	Ag ppm	Sample Type
Palgong West	S1	0.2	3.5	219	Channel
Palgong West	S2	0.2	4.7	20	Channel
Palgong West	S3	0.1	44.4	823	Channel
Palgong West	S4	0.2	32.1	326	Channel
Palgong West	S5	0.2	1.8	53	Channel
Palgong West	S6	0.1	120.2	1113	Channel
Palgong West	S7	0.1	114.7	830	Channel
Palgong	PG1	0.2	23.2	414	Channel
Palgong	PG2	0.3	5.3	198	Channel
Palgong	PG3	0.3	12	196	Channel
Palgong	PG4	0.2	11.7	285	Channel
Palgong	PG5	0.2	3.5	354	Channel
Palgong	PK1	0.1	12.7	39	Channel
Palgong	PK2	0.2	13	611	Channel

Prospect	SampleID	Width (m)	Au ppm	Ag ppm	Sample Type
Palgong	PK3	0.3	46.1	610	Channel
Palgong	PK4		11.4	3022	Grab
Palgong	PK5		18.6	5573	Grab
Palgong	SPK-1	0.6	<0.1	125	Channel
Palgong	SPK-2	0.1	<0.1	80	Channel
Palgong	SPK-3	0.3	<0.1	14	Channel
Palgong	SPK-4	0.4	<0.1	252	Channel
Palgong	SPK-5	0.5	<0.1	29	Channel
Palgong	SPK-6	0.1	<0.1	20	Channel
Palgong	SPK-7	0.2	6.4	9	Channel
Palgong	SPK-8	0.3	<0.1	<1	Channel
Palgong	SPK-9	0.1	0.6	56	Channel
Palgong	SPK-10	0.2	<0.1	14	Channel
Palgong	SPK-11	0.3	<0.1	4	Channel
Palgong	SPK-12	0.3	<0.1	32	Channel
Palgong	SPK-13	0.2	3.1	89	Channel
Palgong	SPK-14	0.3	21.3	347	Channel
Palgong	SPK-15	0.3	8.2	540	Channel
Palgong	SPK-16	0.2	8.3	364	Channel
Palgong	SPK-17	0.15	8	485	Channel
Palgong	SPK-18	0.15	12.8	552	Channel
Palgong	SPK-19	0.2	5.2	475	Channel
Palgong	SPK-20		2.2	57	Grab