

ASX ANNOUNCEMENT

06 May 2019

PENINSULA TO RAISE UP TO \$800,000 IN PLACEMENT AT A 25% PREMIUM

- **Peninsula receives commitments to raise up to \$800,000 in Placement**
- **Funds raised to drill the Gapyeong flake-graphite resource target in South Korea in partnership with KORES and complete due diligence on a number of prospective opportunities on the Korean peninsula.**

Peninsula Mines Limited (ASX:PSM) (the "Company" or "Peninsula") is pleased to announce that it has closed a capital raising and received commitments for up to \$800,000 through a placement of shares at an issue price of 0.5 cents per share to sophisticated investors ("**Placement**") with two Directors intending to participate up to the amount of \$100,000. The Directors' participation will be subject to shareholder approval. A meeting to seek approval for the issue of the shares to the Directors will be held in mid June.

The funds raised from the Placement will be used:

- i) to fund proposed drilling at the Company's Gapyeong Flake-Graphite Project;
- ii) to fund metallurgical testing aimed at producing high-purity spherical graphite to supply the lithium-ion battery market in South Korea in association with Korean partner Tera Technos;
- iii) to fund due diligence at a number of highly prospective opportunities on the Korean peninsula; and
- iv) for working capital purposes.

Commenting on the capital raising, Peninsula's Managing Director, Mr Richard Henning said:

"We are very pleased to have received commitments to this \$0.8 million placement that will now allow us to resume our activity after a full review of operations. The issue price of 0.5 cents represents a premium of 25% to the 30 day VWAP and a significant portion of funds raised were from Korean investors, indicating strong in-country support for the future of the Company."

"The key objectives of the Company are to establish a flake-graphite resource and, in parallel, develop new opportunities and new relationships on the Korean peninsula."

Placement

The Company has firm commitments for a placement of 160m fully-paid ordinary shares at 0.5 cents per share ("Placement Shares") to raise up to \$800,000 (before costs).

The Placement Shares will be issued under the Company's Listing Rule 7.1 and Listing Rule 7.1A placement capacities. A total of 119,300,091 shares will be issued under LR 7.1, with the remaining 40,699,909 shares to be issued under LR 7.1A.

The Placement Shares will rank equally with the existing shares on issue.

Following completion of the Placement, the Company will have a total of 1,022,872,087 fully paid ordinary shares on issue.

ENDS

For further information contact:

Richard Henning

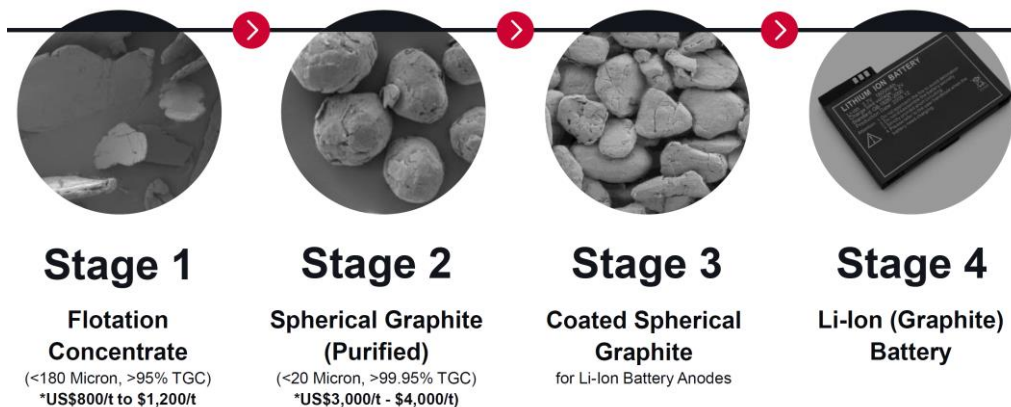
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About Peninsula Mines Limited:

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.

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

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^{D1}.

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 then high-purity spherical graphite for Lithium-ion battery applications and/or other flake-graphite markets in Korea.

Peninsula signed a Memorandum of Understanding ("MOU") with Korean R&D company Tera Technos in December 2018 which envisages long-term strategic co-operation with respect to offtake of graphite concentrate and development of technology and market development in lithium rechargeable batteries.

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. 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.

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.