

ASX ANNOUNCEMENT

12 July 2019

## **PENINSULA SUBSIDIARY, KOREA GRAPHITE ENTERS INTO MERGER AGREEMENT WITH BATTERY MINERAL RESOURCES KOREA**

- **Merger will create a new company holding the only graphite resource in South Korea and 100% of the most prospective graphite prospects in South Korea.**
- **A\$1.5m to be invested to fully develop resources**

Peninsula Mines Ltd ("**Peninsula**" or "**the Company**") is pleased to announce that it has entered into an agreement with Battery Minerals Resources Limited (BMRL) to merge all their tenements in South Korea into one company – Korea Graphite Company Limited (KGCL).

BMRL operates its South Korean graphite operations under a wholly owned subsidiary, Battery Mineral Resources Korea (BRMK), and PSM operates its South Korean graphite operations under a wholly owned subsidiary, Korea Graphite Company Limited (KGCL). Both corporations are duly incorporated under the laws of South Korea.

The proposed merged assets comprise all of the graphite assets of KGCL including Gapyeong, Yongwon, Daewon, Euhna, Wolmyeong and Goseong, and all the graphite assets of BMRK including Geumam, Taehwa and new areas under application.

Upon completion, BMR will own 55% of the merged entity and PSM will own 45%.

Phase I will see BMR invest A\$275,000 towards finalising the upgraded NI 43-101 resource at Geumam - currently rated **7.2Mt @ 5.4% TGC for 407,000t contained graphite** and PSM will invest A\$225,000 to finalise its work at Gapyeong and initialise its maiden drilling programme at Yongwon.

Phase II will see a further A\$1,000,000 invested by BMR or its nominees to advance all the projects. For this investment BMR will increase its participating interest to 65% and PSM will reduce its participating interest to 35%.

In Phase III, third investment, A\$1,500,000 will be raised to further advance the projects; third parties will be invited to contribute on a pari passu basis.

Richard Henning, Managing Director of PSM commented "this merger at project level represents an opportunity to develop an existing resource while continuing to explore new and exciting opportunities. Between BMR and PSM we now have a foothold on the majority of the known graphite prospects in South Korea"

Speaking for BMR, Gary Lewis, Managing Director, said "the merging of our respective South Korean graphite assets will allow both companies to maximise the strategic advantage of being situated in one of the world's pre-eminent battery markets. The advanced stage of the BMR assets, coupled with

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the quality and diversity of the PSM assets and the operational expertise of the PSM management team, will deliver benefits to both companies”.

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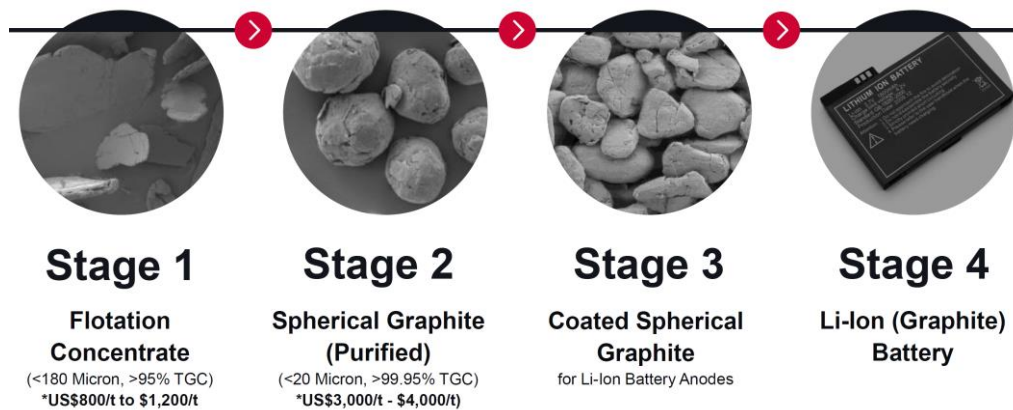
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#### About Peninsula Mines Limited:

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<sup>D1</sup>.*

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](http://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 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.*