ANNUAL **REPORT** 2019

High-purity graphite and other metals for South Korea's battery industry

PENINSULA MINES LIMITED

ABN 56 123 102 974

CORPORATE DIRECTORY

DIRECTORS

Mr Phillip Jackson	Non-Executive Chairman
Mr Richard Henning	Managing Director
Mr Young Yu	Non-Executive Director
Mr Daniel Noonan	Non-Executive Director

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PSM

Contents

Dear Fellow Shareholders

Peninsula Mines Ltd "(Peninsula" or the "Company") has had a year of strategic review and consolidation of its key projects in South Korea. As reported last year, business development activities remain a core part of our strategy, as the Company looks for opportunities on the Korean peninsula that fit within the strategic framework of advancing or acquiring projects close to development.

The Company remains focussed on the development of high-grade flake graphite deposits and maintains good working relationships with key end-users of high purity, high quality graphite.

To this end, the Company holds a number of exploration targets in the country as outlined in the Operations Report; further work on these projects will be prioritised in terms of economic value and shareholder return.

There can be no doubt that It has been a difficult year for junior exploration companies with regard to capital raising and as such, your Directors have had to balance expenditure against existing and future sources of income.

We were delighted with the response to our two capital raisings during the year; the first of which in the second quarter raised $886,000 and, in the fourth quarter we achieved a raising of $800,000 of which $600,000 was directly from Korean investors.

This year also saw the addition to the Board of Richard Henning as Managing Director and Young Yu as non-executive Director. My thanks to outgoing Directors Martin Pyle and Jon Dugdale.

I would like to highlight the effort of our Korean staff, who have remained focussed and flexible during the year often with a high level of responsibility. During a change of leadership, their understanding of the strategic direction of the Company is commendable and I urge you to view www.koreagraphite.com .

저희는 한 해 동안 깊은 책임감과 더불어 고도의 집중력과 일의 유연성을 유지해준 우리 한국 직원들의 노력에 감사를 전하고 싶습니다. 경영권의 변화 동안, 회사의 전략적 방향에 대한 그들의 이해는 칭찬받을 만 하며, 추후 더 자세한 정보를 위해 www.koreagrapite.com 을 참조하시는 것을 부탁드립니다.

Phillip Jackson
Chairman

Review of Operations

During the 2018/19 financial year ("FY 18/19"), Peninsula Mines Limited ("Peninsula" or "the Company") has focussed exploration efforts predominately on its portfolio of graphite projects and on efforts to forge partnerships with Korean end users.

- **Resource drilling at Gapyeong Graphite Project**

  During the year, the Company completed two separate drill campaigns at the Gapyeong Graphite Project along with a surface trenching programme. Highlights from the drill programme included down hole intercepts of GPD0001: 4.15m @ 5.1% TGC from 16.99m & 6.55m @ 7.9% TGC from 39.6m, GPD0002: 10.56m @ 7.1% TGC from 70.91m, GPD0004 : 6.45m @ 4.6% TGC from 15.22m and 2.64m @ 7.7% TGC from 38.13m, GPD0005: 10.63m @ 11.6% TGC from 61.9m[D4,D6]. A second three-hole drill campaign was completed in June with the support of KORES. All three holes passed below the keel of the main Gapyeong synform with the first two holes intersecting narrow deeper graphite horizons with results reported post year end[D1]. In addition, four surface trenches were hand excavated and channel sampled across two separate trenching campaigns[D4,D10]. Highlights from the channel sampling included GC0001: 12.5m @ 10.6% TGC, GC0002: 13.1m @ 12.3% TGC, GC0003: 3.97m @ 9.8% TGC and GC0004: 9.69m @ 9.7% TGC.

- **Resource drilling at Eunha Graphite Project**

  A five-hole Diamond drilling programme was completed at the Eunha North Prospect targeting the EM anomaly defined in March 2018[D16]. Drilling commenced at the end of May 2018 and assay results ranging from 2 to 4% TGC (total graphitic carbon) over 4 to 8m true width were reported in July 2018[D11,D13].

- **Peninsula signed an MOU with Korean Li-Ion Battery Anode Supplier**

  During the year, a significant milestone was achieved with the signing of a **Memorandum of Understanding** ("MOU") with Tera Technos Co. Ltd ("Tera Technos", or "TTCL") [D5]. The MOU sets in place the groundwork for establishing an offtake agreement prioritising graphite supply from PSM's wholly owned subsidiary, Korea Graphite Co. Ltd ("KGCL" or "Korea Graphite") to TTCL [D5].

- **Ground magnetic survey has highlighted extensions to the Ilweol Base Metal Prospect**

  In July 2018, the company reported the results of the ground magnetic survey at the Ilweol Prospect located to the southwest of the Chilbo Prospect in the east of the country. The magnetic survey has highlighted a number of magnetic bullseye anomalies over more than 1km strike length attributed to the presence of pyrrhotite associated with chalcopyrite, sphalerite and galena[D12]. The Korea Mineral Promotion Corporation (KMPC now KORES) completed a six-hole drilling campaign in 1976 and 1977[D14]. The high-grade intercepts reported by KMPC appear to be coincident with the magnetic highs. The most significant intercept included hole ILW 77-1: 7.0m (3.5m true width, TW) @ 14.58% Zn, 1.37% Pb, 2.12% Cu from 191.9m [D14]. Ilweol was a historic centre of base metal mining and processing up until 1976. Peninsula is seeking a JV partner to advance the Ubeong Project [D2]. During the year, Peninsula rationalised its tenement holding in the area to focus exploration efforts on key areas considered prospective for hosting mineralised skarnified limestone.

- **Chilbo Base Metal Prospect**

  There was no further work during the year at the Chilbo Prospect which includes 6 granted tenements of the Ubeong Project.

- **Osu Gold Project**

  Two diamond drill holes for 321m were drilled to test the Palgong West gold-silver mineralised structure at the Osu Project and confirmed the continuation of mineralisation below historical underground workings. High grade intersections included 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 in hole OSD0001 and 0.31m at 22.2g/t Au and 182g/t Ag from 157.79m in hole OSD0002 [D7].

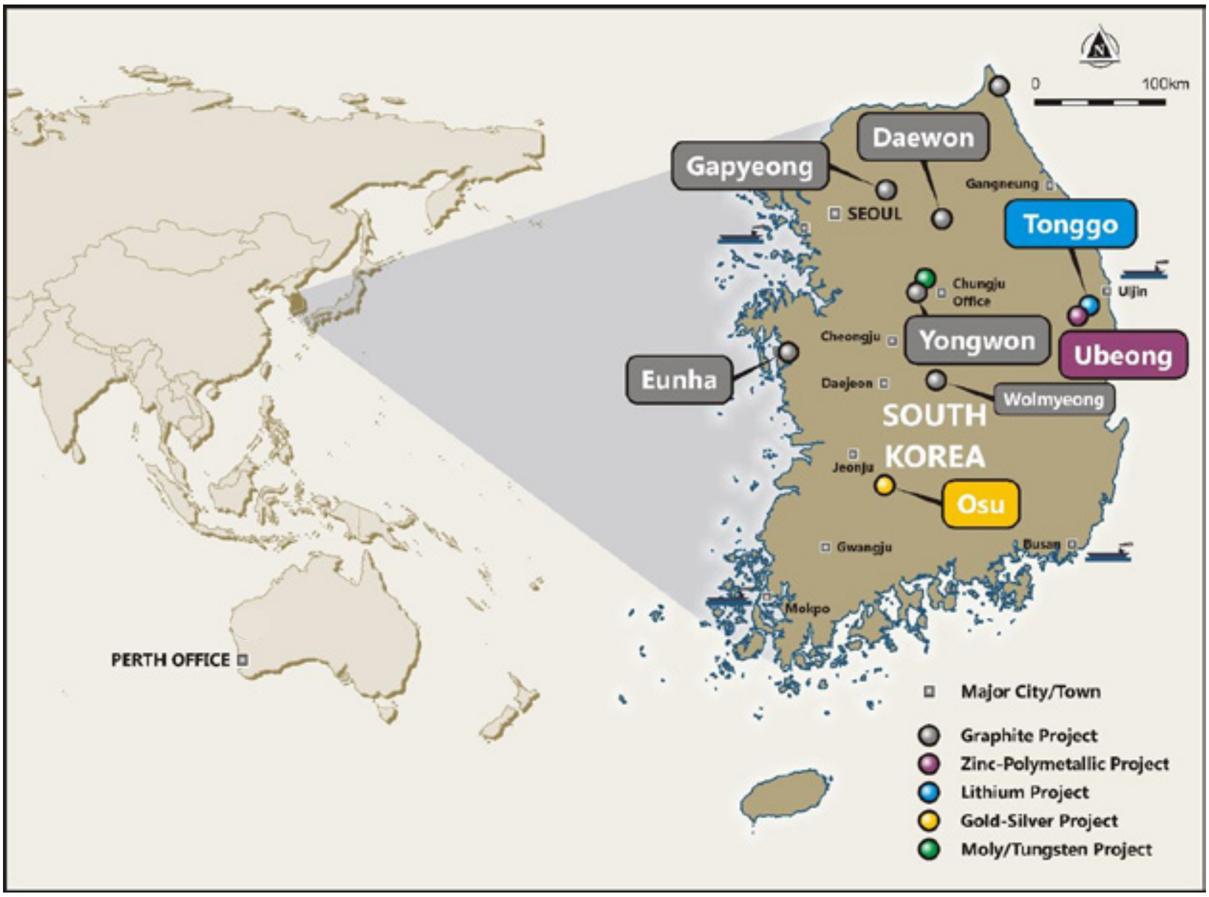
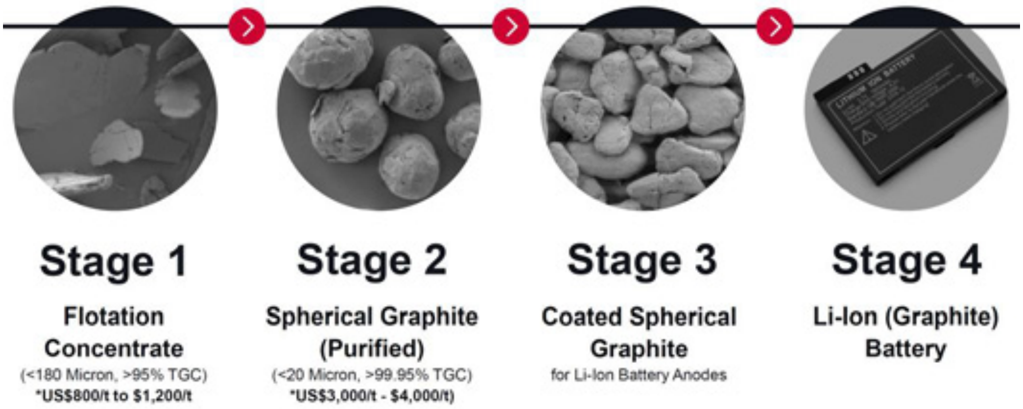


Figure 1: Peninsula Mines' South Korean Project Locations

Peninsula Mines' Graphite Business

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 – June 2018.

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 for spherical graphite – lithium-ion battery applications and/or expandable graphite and other markets in Korea.

Graphite Projects:

General

Peninsula holds exploration rights over five graphite projects in Korea through its wholly owned subsidiary Korea Graphite Company Ltd (KGCL) (Figure 1).

Gapyeong Flake-Graphite Project

The Gapyeong Project is located 50km north east of Seoul in South Korea (Figure 1). The company's exploration efforts over the course of the year focussed on the Gapyeong Project. This work included two drill campaigns and nine drill holes were completed[D4,D6]. In addition, four surfaces trenches were hand excavated and channel sampled[D4,D10]. This work coupled with surface mapping has confirmed the presence of graphite mineralisation over close to 1km strike length. The drilling has identified a shallowly northerly plunging synformal fold structure with graphite mineralisation hosted within skarnified limestones over widths of 2 to 7.5m. The second 2019 drill campaign identified two additional deeper narrower (2m wide) graphite horizons (see Figures 2 & 3). The eastern fold limbs of the lower graphite horizons are interpreted to have been displaced by faulting.

Significant intercepts from the drilling programmes included[D4,D6]:

> **GPD0001: 4.15m (3.8m TW) @ 5.1% TGC from 16.99m, 6.55m (5.1m True width (TW)) @ 7.9% TGC from 39.6m incl. 2.47m (2.1m TW) @ 11.9% TGC**
>
> **GPD0002: 10.56mm (6.7m TW) @ 7.1% TGC from 70.91m including 5.44m (3.0m TW) @ 10.0% TGC, and, 1.81m (1.14m TW) @ 10.7% TGC from 86.95m**
>
> **GPD0004: 6.45m (5.1m TW) @ 4.6% TGC from 15.22m and 2.64m (2.5m TW) @ 7.7% TGC from 38.13m**
>
> **GPD0005: 10.63mm (7.4m TW) @ 11.6% TGC from 61.9m including 8.63m (6.0m TW) @ 12.1% TGC**

Significant intercepts from the channel sampling programmes included[D4,D10]:

> **GC0001: 12.5m @ 10.6% TGC including 2.6m @ 14.5% TGC (4180500mN)**
>
> **GC0002: 13.1m @ 12.3% TGC including 6.66m @ 17.2% TGC (4180600mN)**
>
> **GC0004: 9.69m @ 9.7% TGC, including 7.21m @ 10.6% TGC (4180400mN)**
>
> **GC0003: 3.97m @ 9.8% TGC and 5.62 @ 6.0% TGC (4180680mN)**

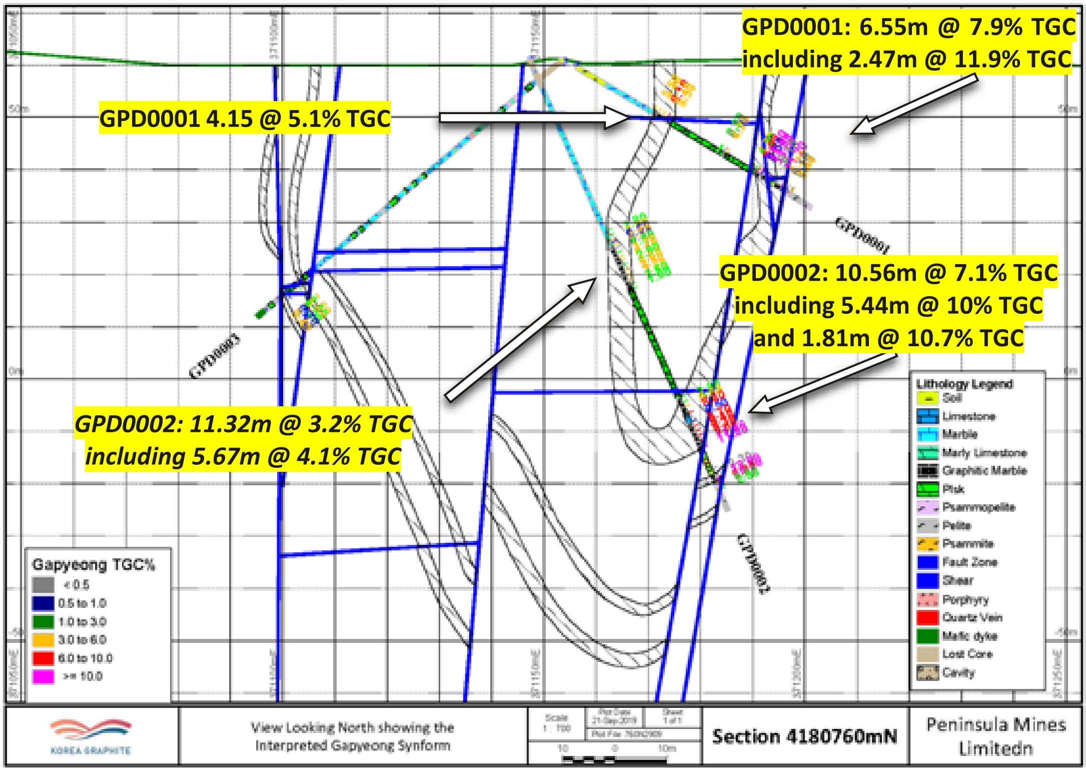


Figure 2: Cross section 4,180,760mN showing drilling intersections & interpreted synformal graphitic units

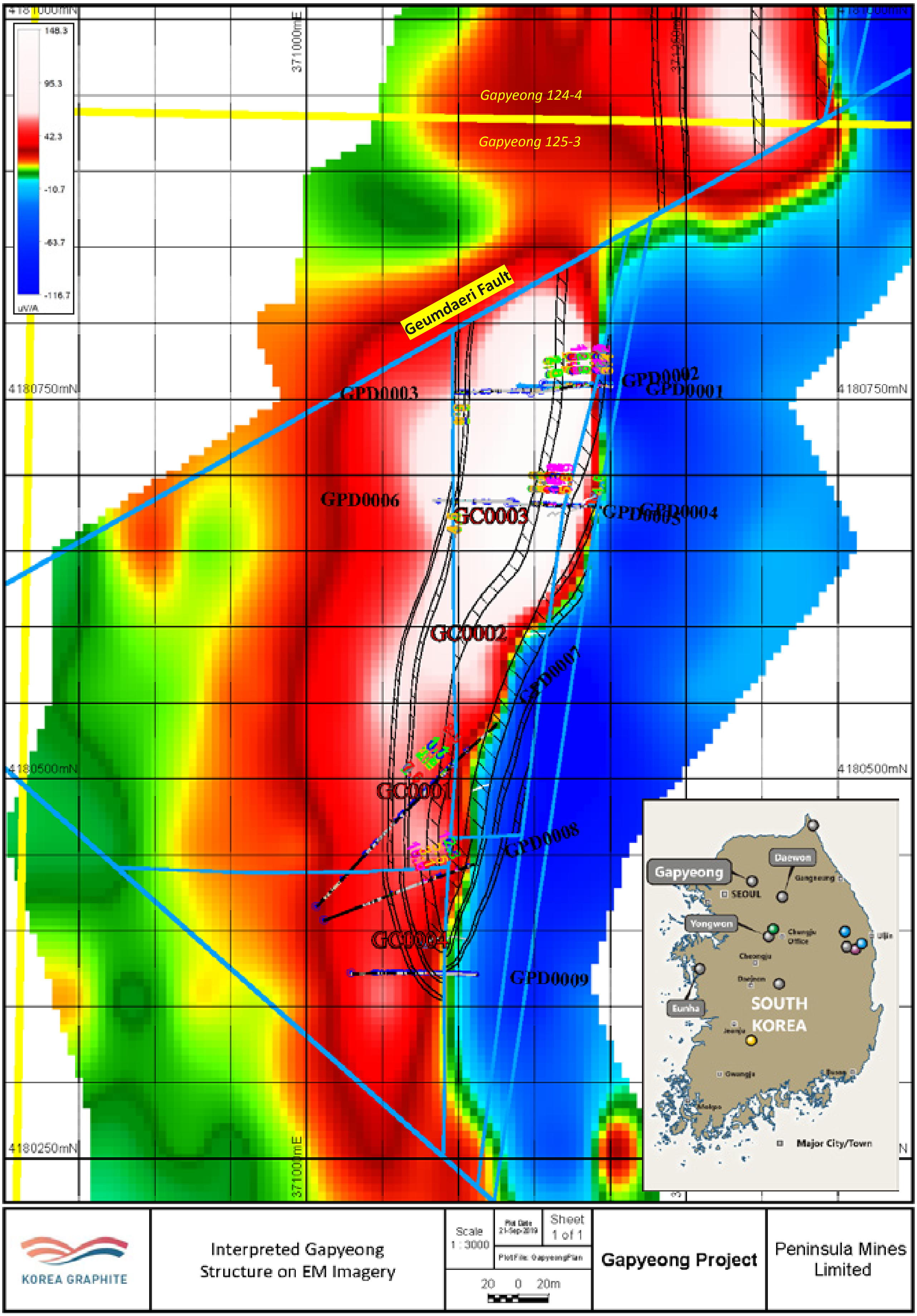


Figure 3: Gapyeong drill hole locations and results, trench locations and intersections on EM imagery

Yongwon Graphite Project

There was no field work at the Yongwon Project during the year. Efforts have been focussed on trying to secure access permission from the Chungju City Forest Office. A 23-hole (1500m) resource definition drilling programme has been planned for the project.

At the Yongwon Project, a moderately northeast dipping flake graphite unit has been modelled utilising the data from the EM survey and channel sampling programmes (Figure 4)[D19,D20].

Metallurgical testing produced a high-grade metallurgical concentrate result of 96.8% TGC in January 2017 from initial batch grinding and flotation testing[D20].

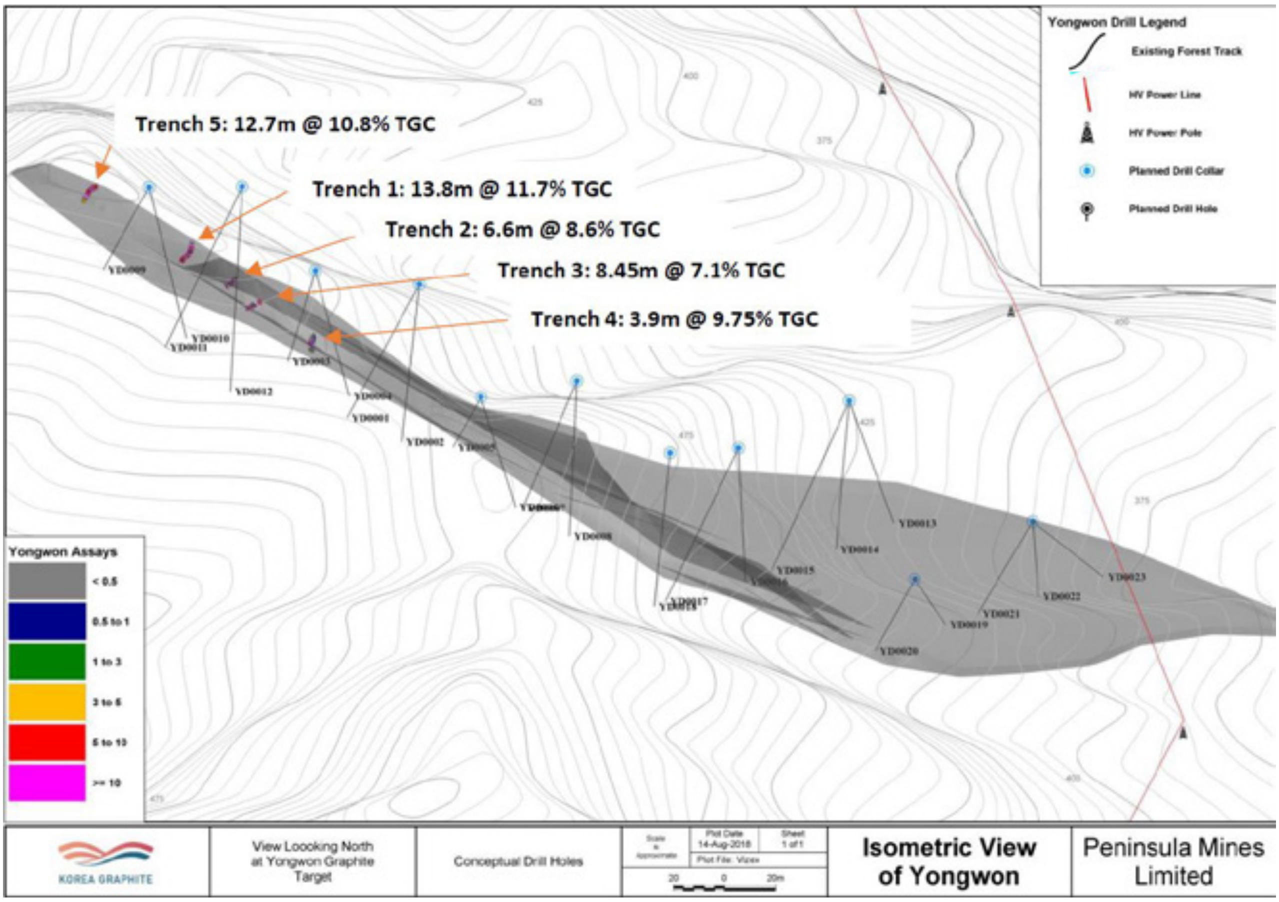


Figure 4: Isometric view of the modelled Yongwon graphitic unit based on EM inversion modelling, surface mapping and channel sampling. 23 drill holes have been planned on five 80m spaced lines as shown.

Eunha Graphite Project

Five holes were drilled at the Eunha North Prospect late in the last financial year. Four of these intersected the Eunha North structure. The fifth hole targeted the possibility of a second structure from the EM modelling but failed to intersect any significant mineralisation[D5]. In addition, several trenches were hand excavated at the Roadhouse Prospect and these were channel sampled. Results of the drilling and channel sampling work were reported in July[D3]. Initial metallurgical testing of the Eunha Graphite Project bulk sample has produced the highest-purity concentrate grade for a Korean project to date of 97.5% total graphitic carbon ("TGC")[D21].

Significant intercepts from the drilling programme included[D3]:

EHD0001: **7.82m (4.2m TW) @ 2.1% Total Graphitic Carbon (TGC) from 91.94m incl. 3.48m @ 3.6% TGC**

EHD0003: **10.87m (8.3m TW) @ 2.5% TGC from 56.1m incl. 5.19m @ 4.0% TGC incl. 2.35m @ 6.3% TGC**

EHD0004: **6.07m (3.9m TW) @ 2.2% TGC from 35.13m incl. 2.43m @ 3.3% TGC**

EHD0005: **6.68m (4.3m TW) @ 2.8% TGC from 66.99m incl. 4.53m @ 3.73% TGC incl. 1.33m @ 10.9% TGC**

Significant intercepts from the channel sampling programme included[D3]:

EC0007: **6.32m @ 2.2% TGC from 0.68m including 1.72m @ 4.4% TGC and,**

6.89m @ 3.1% TGC from 11.57m including 3.11m @ 4.5% TGC

EC0010: **6.4m @ 2.1% %TGC from 0.0m including 1.01m @ 4.3% TGC**

EC0005: **8.9m @ 2.8% TGC from 0.62m including 4.0m @ 3.2% TGC**

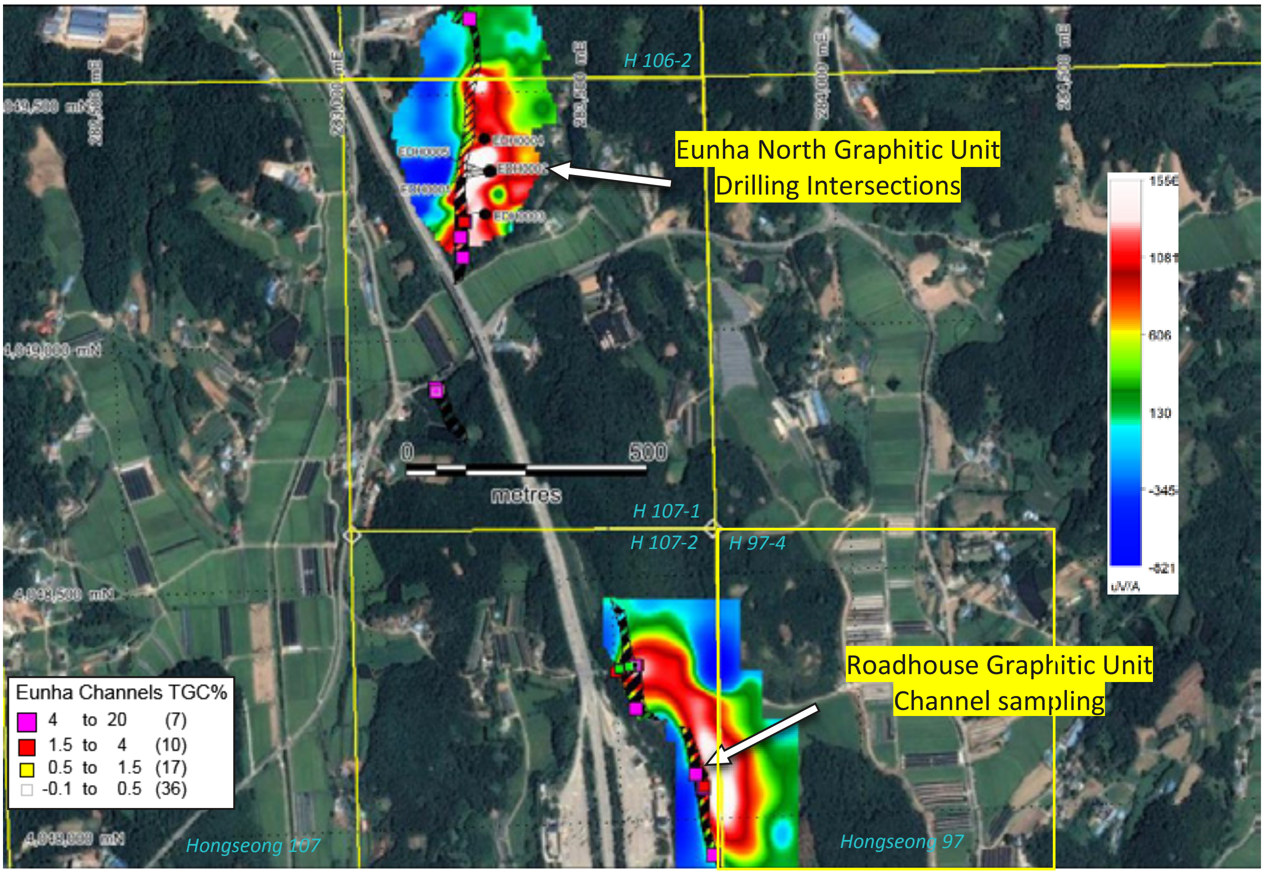


Figure 5: Eunha Project EM conductors, mapped graphitic units, drill holes & channel sampling [D3]

Daewon Graphite Project

An MDS was filed over the adjoining tenement where the March 2018 fixed loop EM survey had identified the presence of conductive units[D15]. At this point in time, the company is awaiting final notification of the date for the Mine Registry Office (MRO) site inspection.

A shallow north-westerly dipping, contact metamorphosed, graphitic unit outcrops in the western highwall of limestone quarry and was found to extend over a strike length of 600m at Daewon. Rock chip sampling confirmed high grade results, including 1.03m @ 24.8% TGC, with coarse flake size and excellent metallurgical properties[D16].

Wolmyeong Graphite Project

No work was undertaken on the Wolmyeong Project where the company holds 5 granted tenements over a series of graphite seams that were mined from a number of adits up until the 1980s. The Wolmyeong mines were formerly the largest graphite mines in Korea and historically supplied graphite to Japanese and German steel industry. Potential partners are being sought to develop the project to supply the Korean steel industry.

Base and Precious Metals Projects, South Korea

Ubeong Zinc-Lead-Copper Project

There was no further work at the Chilbo Prospect during the last financial year. Further magnetic survey work was undertaken at the Ilweol Prospect and a soil sampling programme was initiated[D12]. Post July, field efforts were focussed on the various graphite projects and no further field work was undertaken at Ilweol. An MDS was submitted for the northern tenement and the company is still awaiting notification from the MRO as to the likely date for the field inspection. The grant of this additional tenement block will secure the Company's rights over the full strike length of the prospective Ilweol skarn horizon where a number of additional targets have been identified along strike to the northwest (Figure 6).

The company has been able to build a strong relationship with local village residents regarding access for potential future drill programmes.

The company is actively seeking a joint venture partner to further advance the Ilweol Prospect [D2,D3].

The former large tenement package that encompassed the Ubeong Project has been rationalised and at year end, the company had 8 granted tenements with the grant of a ninth tenement pending. The company continued to hold applications over three blocks surrounding the Ilweol prospect (Figure 6).

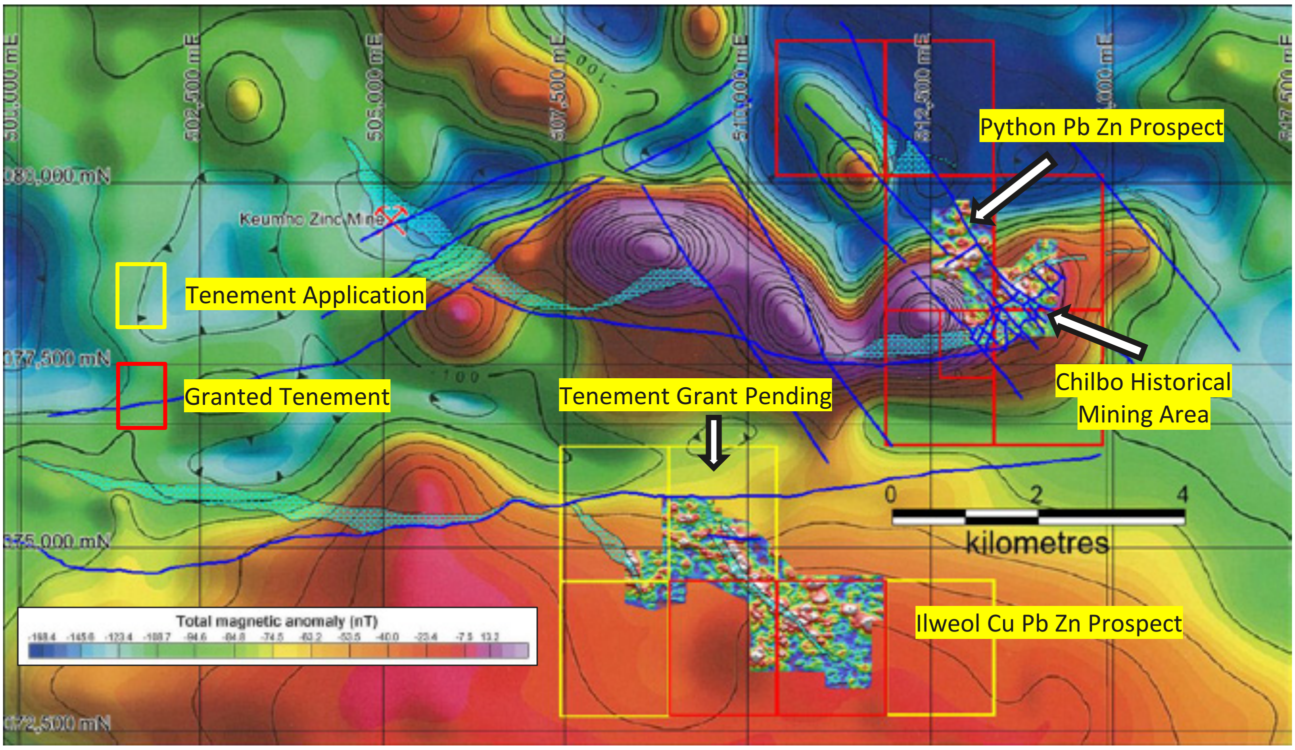


Figure 6: Ubeong Project, mapped skarn-limestone unit with tenements on aero & ground magnetics image

The Ilweol Prospect (see Figure 6) is located approximately 6km to the southwest of Chilbo Prospect in Eastern Korea (Figure 1). Ilweol was initially mined by the Japanese following its discovery in 1936 and post-World War II, it was intermittently operated by Korean interests through to the mines closure in 1976.

Magnetic surveys undertaken during mid 2018 have successfully identified a number of bullseye anomalies[D12]. KMPC completed two drill programmes at Ilweol in 1976 and a second in 1977. These 3-hole programmes intersected significant base metal grades over widths of 2 to 4m. These elevated grades coincide with the magnetic highs identified during the 2018 ground magnetic survey. Follow-up field inspections suggest that the magnetic highs are related to pyrrhotite associated with chalcopyrite, galena and sphalerite mineralisation.

The ground magnetics programme has increased the known strike length of the prospective zinc-lead-copper skarn horizon target to close to 2 km (Figure 6)[D12].

Significant historic drill intercepts reported by KMPC include[D14]:

- ILW 77-1: **7.0m (4.0m True Width – "TW") @ 14.58% Zn, 1.37% Pb, 2.12% Cu** from 191.9m
- ILW 77-3: **2.1m (1.5m TW) @ 18.66% Zn, 11.08% Pb, 3.21% Cu** from 253.6m
  and **5.5m (4.0m TW) @ 10.16% Zn, 1.61% Pb, 1.45% Cu** from 263.6m
- ILW 76-3: **3.6m (2.5m TW) @ 15.5% Zn, 1.48% Pb** from 181.3m

In addition, KORES sponsored an IP and mapping programme at Ilweol during 2016. Unfortunately, none of the raw digital IP data was kept so there is only limited information available from this work.

Osu Gold-Silver Project

The Osu project includes a single tenement that covers the historic Palgong and Baegun Mines that straddle the southern and northern flanks of Mount Palgong. The Project is located in the Province Jeollabuk-do in southwest of the country (Figure 7). There are a series of north-south trending polymetallic vein structures that were historically mined over a strike length of 1500m at the Baegun, Palgong, Palgong West, Palgong East Mines. The polymetallic veins are thought to represent near surface, sub-epithermal mineralisation originating from a deep-seated, porphyry intrusive source. The company completed an initial channel sampling programme at Palgong East in 2016[D21]. In July 2018, the company secured forest permission to drill the Palgong West structure. During September and October 2018, two drill holes were drilled for 321.47m targeting an area where previous KMPC 1975 drilling and earlier KMPC underground sampling had identified high grade gold and silver values. These historic KMPC assay results included 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**[D7] In addition, underground sampling results of **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** (Figure 8)[D7].The company is seeking a joint venture partner to further advance the Osu Project[D2,D3].

Significant intercepts from the 2018 drilling programme included[D7]:

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**

OSD0002: **0.31m @ 22.2 g/t Au and 182 g/t Ag from 157.79m**

Figure 7: Osu Gold Project Location Map

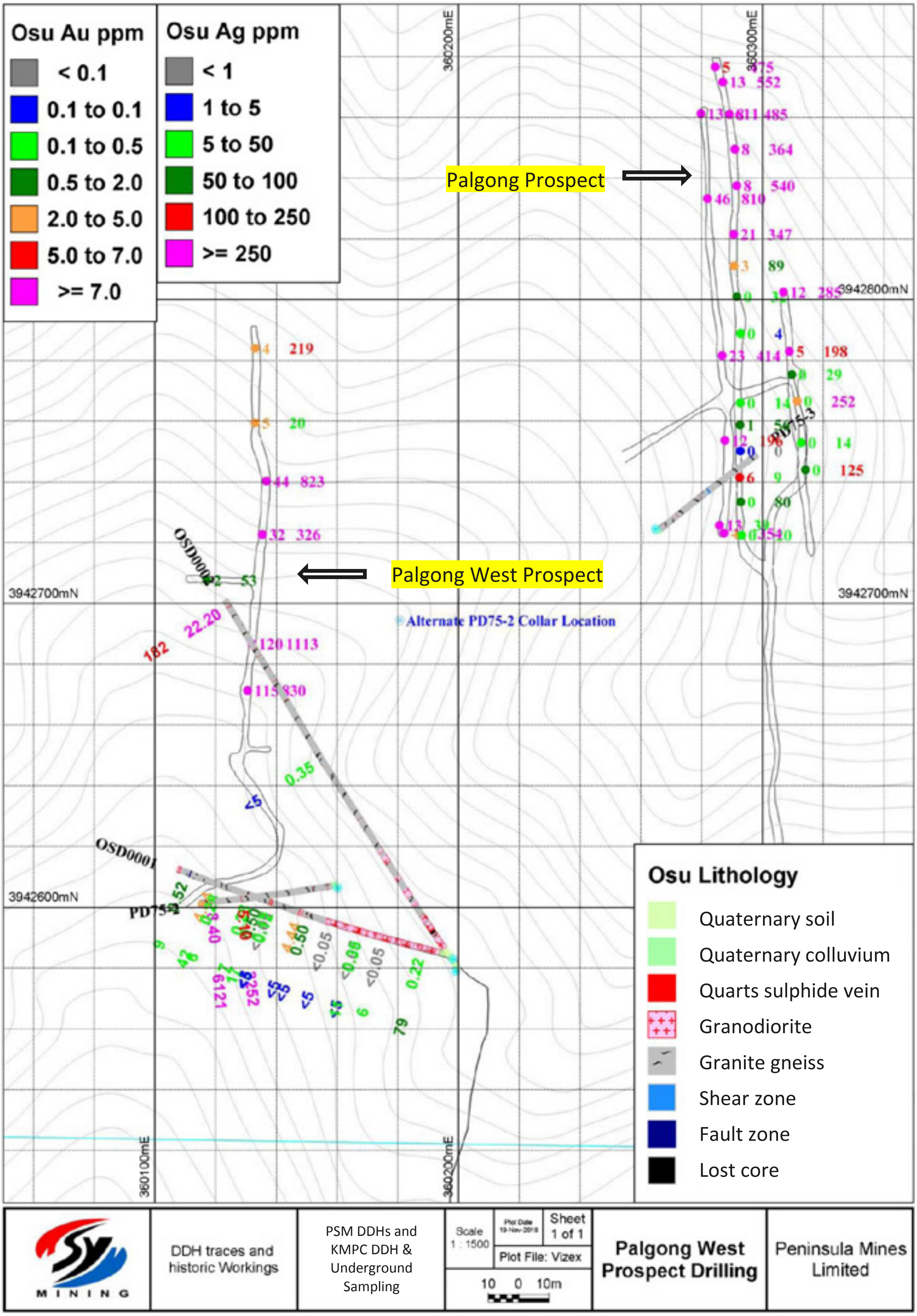


Figure8: Plan showing the Palgong West and Palgong Workings with DDHs and KMPC channel samples.

Note: The exact collar location of the historic KMPC drill holes is unknown

Other Projects

Tonggo Lithium Project

The Tonggo Project applications were allowed to lapse and were not renewed[D2].

Daehwa Molybdenum-Tungsten Project Sale

The completion of the sale of the Daehwa Molybdenum-Tungsten Project was reported on 23 November 2018 following receipt of the final payment of KRW 400 million (~A$500k) projects[D8].

Camel Hills Joint Venture (CHJV), WA (Aurora Minerals Ltd 51.29% / Peninsula 48.71%)

The Camel Hills Joint Venture Project, formerly operated by Aurora Minerals Limited, was surrendered on 9 August 2018[D9].

Previous Peninsula ASX announcements and reports referenced in this report:

D1 Graphite Intersections from Gapyeong Drilling, 30 August 2019
D2 Quarterly Activities and Cashflow Report to 31 March 2018, 30 April 2019
D3 Shareholder update, 25 March 2019
D4 Gapyeong Graphite Channel Intersections Extend Target, 21 January 2019
D5 Peninsula MOU with Korean Li-ion Battery Anode Supplier, 9 January 2019
D6 High Grade Graphite Intersections from Gapyeong Drilling, 11 December 2018
D7 High grade gold results from Osu Project drilling, 4 December 2018
D8 Peninsula receives final payment for Daehwa Project sale, 23 November 2018
D9 Quarterly Activities and Cashflow Report to 30 September 2018, 31 October 2018
D10 Gapyeong high-grade graphite channel intersections, 1 August 2018
D11 Eunha significant graphite intersections, 27 July 2018
D12 New magnetics highlights high-grade zinc targets at Ilweol, 3 July 2018
D13 Resource Drilling Commences at Eunha Graphite Project, 31 May 2018
D14 High grade zinc intersections at Ilweol Prospect, 15 May 2018
D15 Excellent Initial Metallurgy Results from the Eunha Project, 10 April 2018
D16 Exceptional EM conductors at Gapyeong and Daewon Graphite Projects, 14 March 2018
D17 Outstanding EM results at Eunha Graphite Project, 28 February 2018
D18 Daewon graphite high grade concentrate and other new projects, 27 June 2017
D19 South Korean Graphite Projects Update, ASX: 17 May 2017
D20 Excellent Metallurgy and High-Grade Trenching Results, Yongwon, 12 January 2017
D21 High Grade Gold Channel Sampling Results from the Osu Project, 12 December 2016

Other than the information included in this report, there has been no material change to the information contained in the above releases. Full versions of all the company's releases are available for download from the company'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, Mineral Resources or Ore Reserves 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.

Peninsula Mines Limited (**"the Company" or "Peninsula"**) is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The registered office of the Company is located at Suite 2, Level 2, 20 Kings Park Road, West Perth, Western Australia.

The Directors of the Company present their report on the group, which comprises Peninsula Mines Limited and its controlled entities, for the year ended 30 June 2019.

DIRECTORS AND EXECUTIVES

The names and details of the Directors of Peninsula Mines Limited during the financial year and up to the date of this report are:

Chairman
Mr Phillip Sidney Redmond Jackson BJuris, LLB, MBA, FAICD

Phillip Jackson, the Chairman and a Director of the Company, is a barrister and solicitor with over 25 years legal and international corporate experience, especially in the areas of commercial and contract law, mining law and corporate structuring. He has worked extensively in the Middle East, Asia and the United States of America. In Australia he was formerly a managing legal counsel for a major international mining company, and in private practice specialised in small to medium resource companies. Phillip was managing region legal counsel: Asia Pacific for a leading oil services company for 13 years. He was General Counsel for a major international oil and gas company. Phillip has been Chairman of Aurora Minerals Limited since it listed in June 2004 and Chairman of Predictive Discovery Limited since December 2014. Phillip is also a non-executive director of listed company Scotgold Resources Limited.

Managing Director
Mr Richard Henry Henning BSC (appointed 14 January 2019)
Graduating from Queens University, Belfast, Richard worked as a geologist in Australia, the UK and Canada before moving into the industry of technology transfer and commercialisation. After a period in venture capital, he joined Extract Resources, a company with uranium assets in Namibia and then Stonehenge Metals as Managing Director and Chairman.

Richard has extensive experience of working in Korea and other parts of Asia, particularly Myanmar where he is Chairman of Burma Mining Corporation.

Non-Executive Director
Mr Daniel James Noonan BSc (Hons) MAusIMM

Danny is a geologist and has extensive experience in the fields of mining and exploration across several jurisdiction including Australia, Korea, Mexico and India. He has performed in operational roles in a range of base metal and gold mines. In addition, Danny has managed drill-outs of large gold and base metal deposits. Danny is currently Peninsula's In Country Manager of the Company's projects in South Korea. Danny has been with the Company since the purchase of the South Korean assets in May 2013.

Non-Executive Director
Mr Young Chan Yu, B.Acc, MBA, CPA (appointed 14 January 2019)

Young is a professional business adviser with private and public sector experience in finance, consulting, trade, mining, energy resources and international business in both Australia and Korea. Young specialises in international business development, cross cultural communication and stakeholder engagement advice between Australian and Korean organisations.

Young represented both West Australian and Australian governments in Korea as a Regional Director and Trade Commissioner during 2004 and 2012. Young was a National Leader of Korean Services Group at Deloitte Australia for four years from 2015-2019. Young is currently a Chairman of Australia Korea Business Council in WA; Managing Director of MGM O'Connor Corporate Advisory and a Non-Executive Director of Protean Energy Ltd.

Managing Director (resigned 14 January 2019)
Mr Lawrence Jonathon ("Jon") Dugdale, BSc (Hons), FAusIMM, MAICD

Jon graduated as a geologist with first class honours from the University of Melbourne in 1986 and has 32 years of mining industry experience. This includes a 20-year track record of exploration discovery with WMC Ltd and MPI Mines Ltd, and 12 years of corporate experience in Australia and the Asian region as an analyst/investment manager with Lion Selection Ltd then as Director and CEO (MD) with Mindoro Resources Ltd and Red Mountain Mining Ltd.

Jon's 32-year discovery and corporate track record and proven ability to operate in international environments, in particular in Asia, was utilised by Peninsula as the company looked to advance its projects through discovery and into development.

In the three years immediately prior to the end of the financial year, Jon also served as a director of the following listed company:

Red Mountain Mining Ltd	01/04/2014 to 30/06/2016

Non-Executive Director (resigned 14 January 2019)
Mr Martin James Pyle BSc, MBA

Martin has a broad range of experience gained over more than 30 years in the resources industry in Australia. His roles have included positions as Corporate Finance Executive with prominent east and west coast broking firms. During this time he was responsible for the generation and execution of resources related equity raisings, mergers & acquisitions, corporate advisory and research. Most recently he has provided corporate advisory services to a number of junior resource companies. Martin has a Bachelor of Science degree with First Class Honours in Geology and a Masters of Business Administration.

In the three years immediately prior to the end of the financial year, Martin also served as a director of the following listed companies:

Gold Road Resources Ltd	22/06/2010 to 30/06/2017
Aurora Minerals Ltd	06/05/2010 to 31/03/2018
Nusantara Resources Ltd	03/02/2017 to 30/05/2018

Company Secretary

Mr Eric Gordon Moore
Eric (Ric) Moore has been Peninsula Mines Limited's General Manager since its foundation and was appointed as Company Secretary in July 2012. He has held senior managerial positions in a number of resource companies during the past 30 years and prior to joining Peninsula was Company Secretary of a public listed company between 1996 and 2005. Ric is also Company Secretary of Aurora Minerals Limited and Predictive Discovery Limited.

Mr Bruce David Waddell
Bruce Waddell was appointed as additional Company Secretary on 21 August 2017. A member of CPA Australia, he has over 25 years accounting and administration experience in the resources industry. Bruce is also Company Secretary of Aurora Minerals Limited and Predictive Discovery Limited.

PRINCIPAL ACTIVITIES

The principal activity of the group is exploration in South Korea and assessing, and if appropriate, acquiring exploration and mine development projects worldwide.

OPERATING RESULTS

The consolidated loss of the group for the financial year after providing for income tax amounted to $1,766,202 (2018: $2,633,311).

FINANCIAL POSITION

The net assets of the group at 30 June 2019 were $379,063 (2018: $481,129). At year end, the group had $0.65 million net cash (2018: $0.58 million).

DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen after the end of the financial year which significantly affected or could significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

REVIEW OF OPERATIONS

Refer to the Operations Report commencing on Page 4 of this Report.

Corporate

On 27 August 2018, Peninsula announced it had received commitments to raise $600,000 in a placement, to be followed by a Share Purchase Plan to raise a further $0.6 to $1million. The placement resulted in the issue of 111,495,989 and the Share Purchase Plan a further 45,049,998 shares at 0.6c/share.

On 6 May 2019, Peninsula announced it had received commitments to raise $800,000 in a placement, of which $600,000 was directly from Korean Investors. 150,000,000 shares were issued subsequent to the announcement at 0.5c/share, to raise $750,000 before costs.

Net proceeds of the funding raisings are being used primarily to fund South Korean exploration activities, pursue further operations on the Korean peninsula, and for general working capital.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the financial year ended 30 June 2019 and the number of meetings attended by each Director:

Director	Full Board Meetings		Meetings by Circular Resolution	
	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend
Phillip Jackson	6	6	12	12
Richard Henning	3	3	3	3
Danny Noonan	6	6	11	11
Young Yu	3	3	3	3
Jon Dugdale	3	3	9	9
Martin Pyle	2	3	9	9

REMUNERATION REPORT (Audited)

Board policy

The objective of the Company's remuneration policy for key management personnel is to ensure reward for performance is appropriate for the results delivered. The policy is designed to ensure that the following key criteria for good governance practices are followed:

- Acceptability to shareholders
- Transparency
- Capital management

Company performance, shareholder wealth and key management personnel remuneration
The remuneration policy has been tailored to increase goal congruence between shareholders and key management personnel by the issue of options to the key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in a general meeting. The Company has entered into separate Consulting Agreements with each of the Directors and pays Directors' fees as additional remuneration to the non-executive Directors.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

REMUNERATION REPORT (audited) *(continued)*

Terms and Conditions of Engagement (as at the date of this report):

Name	Role	Associated Company	Date of Agreement	Date last Modified	Current Annual Consulting Fee	Notice Period Required from Company	Notice Period Required from Consultant	Termination Fees Payable
Directors								
Richard Henning	Managing Director	Expertec Pty Ltd	11 Jan 2019	11 Jan 2019	$236,520	3 months	3 months	$59,130
Phillip Jackson	Chairman	Holihox Pty Ltd	13 April 2010	16 Feb 2018	$30,000	6 months	6 months	$15,000
Daniel Noonan(i)	Non-Executive Director	-	17 July 2013	08 Jun 2019	$30,000	-	-	-
Young Yu(ii)	Non-executive Director	JLC Corporation Pty Ltd	11 Jan 2019	11 Jan 2019	$30,000	-	-	-
						-	-	-
Specified Executives								
Eric Moore(iii)	Company Secretary	-	11 June 2007	01 April 2018	$19,200	-	-	-
Bruce Waddell	Group Accountant/ Company Secretary	Adelphi Resources Pty Ltd	28 Mar 2010	01 Dec 2018	$60,000	3 months	3 months	$15,000

(i) D Noonan changed from executive director to non-executive director effective 08 June 2019. He is remunerated $1,000 per day for additional services.

(ii) The Company entered into a contract with Y Yu on 20 February 2019, for a term of 12 months from 01 March 2019 to 28 February 2020 for additional consulting services. The contract is for $5,000 per month for an estimated 4 days additional consulting per calendar month.

(iii) E Moore commenced on a contract jointly Peninsula Mines Limited and former associated company with Aurora Minerals Ltd on 01 April 2018 that provides for services amounting to 2 days per calendar month to the companies for an annual fee of $19,200. Additional days are paid at $750 per day. His fees are allocated to the individual companies in proportion to the time spent assisting each of them. The contract is for 12 months, with a 12 month option, which has been exercised.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

REMUNERATION REPORT (audited) *(continued)*

(a) Principles used to determine the nature and amount of remuneration

The nature and amount of remuneration paid to key management personnel has been determined by reference to the services provided, prevailing market rates and with the objective of retaining their services.

Key management personnel are not directly remunerated by way of salary. The Company entered into agreements with entities related to key management personnel for the provision of their services to the group. Details of these agreements are set out within the remuneration report which is contained in the directors' report.

(b) Details of remuneration

The remuneration of the key management personnel, being the Directors, and other specified executives is summarised below.

No salaries, fees, commissions, bonuses, superannuation or other form of remuneration were paid or payable to key management personnel during the year other than fees, shares and options paid to companies associated with the directors, in terms of consulting agreements, as follows:

2019	Short-term Benefits		Long Term Benefits		Other Benefits	Total	Represented by Equity
	Fees Paid to Associated Entity	Salary	Equity (i)	Super			
	$	$	$	$	$	$	%
Directors							
R Henning(ii)	109,359	-	12,270	-	-	121,629	10.1
P Jackson	30,000	-	-	-	-	30,000	-
D Noonan	186,443	-	15,035	-	-	201,478	7.5
Y Yu(ii)	13,951	-	33,920	-	-	47,871	70.9
J Dugdale(iii)	194,022	-	15,035	-	-	209,057	7.2
M Pyle(iii)	2,500	14,509	-	1,378	-	18,387	-
Specified Executives*							
E Moore(iv)	23,768	-	-	2,258	-	26,026	-
B Waddell	50,000	-	5,011	-	-	55,011	9.1
	610,043	**14,509**	**81,271**	**3,636**	**-**	**709,459**	

(i) Long Term Benefits – Equity includes options granted and vested during the year and includes $20,000 consulting fees to Y Yu, which are to be compensated with shares, unissued at the date of this report

(ii) Appointed 14 January 2019

(iii) Resigned 14 January 2019

(iv) E Moore is paid under a contract jointly with Aurora Minerals Limited and Peninsula Mines Limited

* Specified executives are not key management personnel as defined by Accounting Standard AASB 124

REMUNERATION REPORT (audited) *(continued)*

2018	Short-term Benefits		Long Term Benefits		Other Benefits	Total	Represented by Equity
	Fees Paid to Associated Entity	Salary	Equity (i)	Super			
	$	$	$	$	$	$	%
Directors							
J Dugdale	216,000	-	-	-	-	216,000	-
P Jackson	30,000	-	-	-	-	30,000	-
M Pyle	30,000	-	-	-	-	30,000	-
D Noonan	189,000	-	-	-	-	189,000	-
Specified Executives*							
E Moore(ii)	34,283	-	-	-	-	34,283	-
B Waddell(iii)	30,968	-	-	-	-	30,968	-
	530,251	**-**	**-**	**-**	**-**	**530,251**	

(i) Long Term Benefits – Equity includes options granted and vested during the year.
(ii) Terminated executive contract on 31 March 2018. Remunerated through a contract with associate Aurora Minerals Ltd.
(ii) Appointed additional company secretary on 21 August 2017.
* Specified executives are not key management personnel as defined by Accounting Standard AASB 124.

The Company has not entered into any agreements to remunerate consultants on the basis of performance.

(c) Shares issued as remuneration

No shares were issued as remuneration during the period to the key management personnel or specified executives. As noted above, director Young Yu has accrued $20,000 in consulting services for which he will be remunerated with shares, to be issued by 30 September 2019.

(d) Compensation options

Options granted as compensation

	Number Granted	Grant Date	Exercise Price	Expiry Date	Vesting Date
2019					
Directors					
R Henning	3,000,000	13 May 2019	$0.0070	13 June 2021	13 May 2019
	3,000,000	13 May 2019	$0.0100	13 June 2022	13 May 2019
	3,000,000	13 May 2019	$0.0150	13 June 2023	13 May 2019
J Dugdale	3,000,000	09 Nov 2018	$0.0100	30 Apr 2020	09 Nov 2018
	3,000,000	09 Nov 2018	$0.0150	09 Nov 2020	09 Nov 2018
	3,000,000	09 Nov 2018	$0.0240	09 Nov 2021	09 Nov 2018
D Noonan	3,000,000	09 Nov 2018	$0.0100	30 Apr 2020	09 Nov 2018
	3,000,000	09 Nov 2018	$0.0150	09 Nov 2020	09 Nov 2018
	3,000,000	09 Nov 2018	$0.0240	09 Nov 2021	09 Nov 2018
Y Yu	3,000,000	13 May 2019	$0.00545	13 June 2021	13 May 2019
	3,000,000	13 May 2019	$0.00778	13 June 2022	13 May 2019
	3,000,000	13 May 2019	$0.01167	13 June 2023	13 May 2019
Specified Executives					
B Waddell	1,000,000	09 Nov 2018	$0.0100	30 Apr 2020	09 Nov 2018
	1,000,000	09 Nov 2018	$0.0150	09 Nov 2020	09 Nov 2018
	1,000,000	09 Nov 2018	$0.0240	09 Nov 2021	09 Nov 2018
	39,000,000				

REMUNERATION REPORT (audited) *(continued)*

There were no options granted to Directors and Specified Executives in the year ended 30 June 2018.

(e) Additional disclosures relating to key management personnel

(i) Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel, including their personally related parties, is set out below:

	Opening Balance	Purchased	Sold	Converted from Options	Net Change Other (i)	Closing Balance
2019						
Directors						
R Henning	-	10,000,000	-	-	-	10,000,000
P Jackson	11,485,344	3,333,333	-	-	-	14,818,677
D Noonan	16,100,000	2,400,000	-	-	-	18,500,000
Y Yu(ii)	-	20,000,000	-	-	-	20,000,000
J Dugdale	2,000,000	3,300,000	-	-	(5,300,000)	-
M Pyle	14,783,837	2,500,000	-	-	(17,283,837)	-
Specified Executives						
E Moore	3,163,378	-	-	-	-	3,163,378
B Waddell	2,900,000	300,000	-	-	-	3,200,000

(i) Net Change Other – J Dugdale and M Pyle resigned 14 January 2019

(ii) Includes 10,000,000 shares purchased by Korea Investment and Development Corporation Pte Ltd, of which Y Yu is a director and deemed to have an indirect interest.

(ii) Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel, including their personally related parties, is set out below:

	Opening Balance	Received as Remuneration	Purchased	Options Expired	Net Change Other (i)	Closing Balance
2019						
Directors						
R Henning	-	9,000,000	-	-	-	9,000,000
P Jackson	2,250,000	-	1,666,666	(750,000)	-	3,166,666
D Noonan	9,000,000	9,000,000	1,200,000	(3,000,000)	-	16,200,000
Y Yu	-	9,000,000	-	-	-	9,000,000
J Dugdale	9,000,000	9,000,000	1,500,000	(3,000,000)	(16,500,000	-
M Pyle	2,250,000	-	1,250,000	(750,000)	(2,750,000)	-
Specified Executives						
E Moore	1,800,000	-	-	(600,000)	-	1,200,000
B Waddell	1,800,000	3,000,000	-	(600,000)	-	4,200,000

(i) Net Change Other – J Dugdale and M Pyle resigned 14 January 2019.

REMUNERATION REPORT (audited) *(continued)*

(iii) Other transactions with key management personnel and their related parties

Aurora Minerals Limited, a company of which P Jackson is a director, and of which M Pyle was a director until 31 March 2018, provided office facilities and overheads to Peninsula to the value of $34,833 (2018: $34,312) by means of a Facilities agreement. At 30 June 2019, Trade creditors of $20,347 includes both facilities charges and services provided by Mr Moore.

Mr E Moore Provides company secretarial and administrative services to Peninsula under a contract that is jointly with Peninsula and former associate Aurora Minerals Limited. Mr Moore was paid a total of $42,756 by Aurora, of which $26,026 was allocated and Charged to Peninsula.

M2A Partners Pte Ltd, a company of which Y Yu is a director, was paid US$50,000 (AU$75,563) subsequent to year end for introduction to potential projects, in accordance with an agreement dated 25 February 2019. This amount is included in Trade Creditors at 30 June 2019.

Additional information

The table below shows the performance of the Company as measured by earnings and share price:

	2019 $	2018 $	2017 $	2016 $	2015 $
Total comprehensive loss for the year	(1,766,202)	(2,633,311)	(2,477,080)	(1,044,794)	(1,019,645)
Basic and diluted loss per share	(0.0021)	(0.0042)	(0.0050)	(0.0036)	(0.0051)
Share price at 30 June	0.002	0.008	0.023	0.027	0.006

**END OF REMUNERATION REPORT (AUDITED) **

PARTICULARS OF DIRECTORS' INTERESTS IN SHARES IN THE COMPANY

The relevant interest of each Director in the share capital of the Company at the date of this report is as follows:

	Ordinary Shares Fully Paid		Unlisted Options	
	Direct	Indirect	Direct	Indirect
R Henning	10,000,000	-	9,000,000	-
P Jackson	14,818,677	-	3,166,666	-
Y Yu	10,000,000	10,000,000	9,000,000	-
D Noonan	18,500,000	-	16,200,000	-

SHARE OPTIONS

Options to take up ordinary fully paid shares in the Company at the date of this report are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
6,300,000	Unlisted	29 Nov 16	$0.0379	29 Nov 19
6,300,000	Unlisted	29 Nov 16	$0.0568	29 Nov 20
3,000,000	Unlisted	29 Nov 16	$0.0556	29 Nov 19
3,000,000	Unlisted	29 Nov 16	$0.0834	29 Nov 20
25,000,000	Unlisted	04 May 17	$0.03	04 May 20
95,272,994	Listed	09 Nov 18	$0.01	30 Apr 20
16,000,000	Unlisted	09 Nov 18	$0.015	09 Nov 20
17,000,000	Unlisted	09 Nov 18	$0.024	09 Nov 21
3,000,000	Unlisted	13 June 19	$0.007	13 June 21
3,000,000	Unlisted	13 June 19	$0.01	13 June 22
3,000,000	Unlisted	13 June 19	$0.015	13 June 23
3,000,000	Unlisted	13 June 19	$0.00545	13 June 21
3,000,000	Unlisted	13 June 19	$0.00778	13 June 22
3,000,000	Unlisted	13 June 19	$0.01167	13 June 23

- 15,000,000 options issued on 28 April 2016 for corporate advisory services expired on 29 October 2018
- 78,272,994 listed options expiring 30 April 2020 were granted on 09 November 2018 as part of share placement
- 17,000,000 listed options expiring 30 April 2020 were granted on 09 November 2018 to directors, employees and brokers
- 16,000,000 options expiring 09 November 2020 were granted on 09 November 2018 to directors, employees and brokers
- 17,000,000 options expiring 09 November 2021 were granted on 09 November 2018 to directors, employees and brokers
- 6,300,000 options granted on 29 November 2016 to directors and consultants expired on 29 November 2018
- 700,000 options granted on 30 November 2015 to a director expired on 30 November 2018
- 3,000,000 options granted on 29 November 2016 to a director expired on 29 November 2018
- 18,000,000 options were granted on 13 June 2019 to directors in three tranches of 6,000,000, with expiries of 13 June 2021, 13 June 2022 and 13 June 2023.
- 80,975,002 options issued on 24 November 2017 as part of a placement expired on 19 June 2019.
- 3,125,000 options issued on 24 January 2018 as part of a placement expired on 24 July 2019.

The names of all persons who currently hold options are entered in the register kept by the Company pursuant to section 170 of the Corporations Act (2001). Inspection of the register and of the documents kept pursuant to subsection 170 (3) may be made free of charge.

Options do not entitle their holders to participate in entitlement offers of new shares in the Company unless the holders first exercise their options. No person entitled to exercise any option above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. Matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The consolidated entity intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

ENVIRONMENTAL REGULATIONS

In Western Australia the mining leases, exploration licences and prospecting licences granted to the group pursuant to the Mining Act (1978) (WA) are granted subject to various conditions which include standard environmental requirements. The group's policy is to adhere to these conditions and the Directors are not aware of any contraventions of these requirements.

In South Korea the Mining Rights granted to the Company's wholly owned subsidiaries Suyeon Mining Co. Ltd. And Korea Graphite Co. Ltd. pursuant to the Mining Industry Act and the Mining Industry Act Enforcement Decree are granted subject to various conditions which include environmental requirements. The group's policy is to adhere to these conditions and the Directors are not aware of any material contraventions of these requirements.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

INSURANCE OF OFFICERS

The Company paid a premium in respect of a contract insuring directors and officers of the Company. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

NON-AUDIT SERVICES

The Company's external auditor, RSM Australia Partners, did not provide any non-audit services to the Company during the year ended 30 June 2019.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required by Section 307c of the Corporations Act 2001 is included within the Financial Report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of Directors:

Richard Henning
DIRECTOR
Perth, 26 September 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated	
	Note	2019 $	2018 $
Other income	3	488,730	245,136
Administration expenses	4	(974,222)	(904,214)
Exploration and evaluation expenditure	10	(1,277,459)	(1,975,040)
Loss before tax		(1,762,951)	(2,634,118)
Income tax expense	5	-	-
Net loss for the year		(1,762,951)	(2,634,118)
Other comprehensive income			
Item that may be reclassified subsequently to operating result			
Foreign currency translation		(3,251)	807
Total comprehensive loss for the year		(1,766,202)	(2,633,311)
Basic loss per share (cents per share)	27	(0.21)	(0.42)
Diluted loss per share (cents per share)	27	(0.21)	(0.42)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Consolidated	
		2019	2018
	Note	$	$
Current Assets			
Cash and cash equivalents	6	649,953	585,393
Other receivables	7	62,773	65,522
Other current assets	8	8,333	815
Total current assets		721,059	651,730
Non-Current Assets			
Plant and equipment	9	59,392	74,402
Exploration and evaluation expenditure	10	-	-
Total non-current assets		59,392	74,402
Total assets		780,451	726,132
Current Liabilities			
Trade and other payables	12	271,276	150,056
Employee benefits	13	130,112	94,947
Total current liabilities		401,388	245,003
Total liabilities		401,388	245,003
Net Assets		379,063	481,129
Equity			
Issued capital	14	22,480,836	20,926,504
Reserves	15	4,973,602	4,867,049
Accumulated losses		(27,075,375)	(25,312,424)
Total Equity		379,063	481,129

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
CONSOLIDATED					
At 1 July 2017	18,839,783	(22,678,306)	(1,488)	4,715,558	875,547
Loss for the year	-	(2,634,118)	-	-	(2,634,118)
Other comprehensive income	-	-	807	-	807
Total comprehensive loss for the year	-	(2,634,118)	807	-	(2,633,311)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
Unvested share based payments cancelled	-	-	-	(4,783)	(4,783)
Issue of share capital	2,413,240	-	-	-	2,413,240
Transaction costs	(326,519)	-	-	156,955	(169,564)
At 30 June 2018	20,926,504	(25,312,424)	(681)	4,867,730	481,129
At 1 July 2018	20,926,504	(25,312,424)	(681)	4,867,730	481,129
Loss for the year	-	(1,762,951)	-	-	(1,762,951)
Other comprehensive income	-	-	(3,251)	-	(3,251)
Total comprehensive loss for the year	-	(1,762,951)	(3,251)	-	(1,766,202)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	79,738	79,738
Share based payments made for share capital costs	-	-	-	30,066	30,066
Issue of share capital	1,689,276	-	-	-	1,689,276
Transaction costs	(134,944)	-	-	-	(134,944)
At 30 June 2019	22,480,836	(27,075,375)	(3,932)	4,977,534	379,063

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Other payments to suppliers and employees		(961,656)	(750,470)
Payments for exploration expenditure		(981,758)	(2,018,237)
Other income		37,902	483
Interest received		4,031	14,747
Net cash (outflow) from operating activities	26	(1,901,481)	(2,753,477)
Cash flows from investing activities			
Proceeds from sale of permits		446,925	230,776
Proceeds from sale of plant and equipment		1,468	-
Payments for purchase of plant and equipment		(6,663)	(34,307)
Net cash inflow from investing activities		441,730	196,469
Cash flows from financing activities			
Proceeds from issue of shares		1,623,820	2,273,240
Payment for share issue costs		(99,509)	(169,563)
Net cash inflow from financing activities		1,524,311	2,103,677
Net increase / (decrease) in cash and cash equivalents		64,560	(453,331)
Cash at the beginning of the financial year		585,393	1,038,724
Cash at the end of the financial year	6	649,953	585,393

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held -for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company has adopted this standard from 1 July 2018. The impact of its adoption is not material for the company.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The company has adopted this standard from 1 July 2018. The impact of its adoption is not material for the company.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short -term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 July 2019. The impact of the new leases standard is that leased asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term and a liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The adoption of this standard is not expected to have a material impact on the company.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(v).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Going concern
The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss of $1,762,951 and had cash, outflows from operating activities of $1,901,481 for the year ended 30 June 2019.

The directors believe there are reasonable grounds to believe that the consolidated entity will be able to continue as going concern, after consideration of the following factors:

- The company expects to issue additional equity securities under the Corporations Act 2001, to raise further working capital which is has been able to do successfully in prior years; and
- The consolidated entity has the ability to curtail corporate and administration expenses and overhead cash outflows as and when required.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 22.

SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Peninsula Mines Limited at the end of the reporting period. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Taxation

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax consolidation
The Company (the ‘head entity’) and its wholly-owned Australian resident entities have formed a tax-consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(c) Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Exploration, evaluation and development expenditure

Exploration and evaluation are written off as incurred. The consolidated entity's policy is that such costs will only be carried forward when development of the area indicates that recoupment will occur or where activities in the area have reached an advanced stage which permits reasonable assessment of the existence of economically recoverable reserves.

Exploration, evaluation and development costs comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure but do not include general overhead expenditure which has no direct connection with a particular area of interest. Revenue received from the sale or disposal of product, materials or services during the exploration and evaluation phase of operation is offset against expenditure in respect of the area of interest concerned.

(e) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(f) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expenses.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating activities. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(g) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) Business combinations (continued)

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss.

Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(h) Revenue recognition

Interest income
Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net amount of goods and services tax (GST).

(i) Comparatives

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(j) Earnings per share

Basic earnings per share
Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(m) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(n) Equity based payments

The group provides benefits to its directors, consultants and contractors in the form of share-based payments, whereby directors, consultants and contractors render services in exchange for options to acquire shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value to the group of the equity instruments at the date at which they were granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis, over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant directors and employees become fully entitled to the options (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to profit or loss reflects:

- the grant date fair value of the options;
- the current best estimate of the number of options that will ultimately vest, taking into account such factors as the likelihood of personnel turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance date; and the extent to which the vesting period has expired.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Equity based payments (*continued*)

The charge to profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of the modification.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(o) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on a straight-line basis so as to write off the net cost of each fixed asset over its effective life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	7.5% - 33.33%

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Fair value measurement *(continued)*

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(q) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(r) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(s) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(u) Trade and other receivables

Trade receivables, which generally have 30-90-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(w) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(x) Foreign currency transactions

The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTE 2: FINANCIAL RISK MANAGEMENT

The group, in its normal course of business, is exposed to financial risks comprising market risk (essentially interest rate risk), credit risk and liquidity risk.

The directors have overall responsibility for the group's management of these risks and seek to minimise these risks through on-going monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the group.

Market risk
The group's market risk exposure is to the Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 90 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return.

The weighted average rate of interest earned by the group on its cash assets during the year was 0.68% (2018: 1.35%).

The table below summarises the sensitivity of the group's cash assets to interest rate risk. The group has no interest rate risk associated with any of its other financial assets or liabilities.

Financial Assets	**Effect of decrease or increase of interest rate on profit and equity of the Group**			
	-1%		**+1%**	
	Profit	**Equity**	**Profit**	**Equity**
CONSOLIDATED	**$**	**$**	**$**	**$**
30 June 2019				
Total increase/(decrease)	(5,754)	(5,754)	5,754	5,754
30 June 2018				
Total increase/(decrease)	(10,211)	(10,211)	10,211	10,211

Liquidity risk
The group has no significant exposure to liquidity risk as the group's only debt is that associated with trade creditors in respect of which the group's policy is to ensure payment within 30 days. The group manages its liquidity by monitoring forecast cash flows.

Credit risk
The group's only exposure to credit risk arises from its cash deposits at the bank. The group manages this minimal exposure by ensuring its funds are deposited only with major banks with high security ratings.

Exposure to credit risk

	Consolidated	
	2019	**2018**
	$	**$**
Other receivables	62,773	65,522
Cash and cash equivalents	649,953	585,393

Fair value estimates
The carrying amount of the group's financial assets and liabilities approximates fair value due to their short term maturity.

Capital management risk
The group's objective in managing capital is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may issue new shares, sell assets, or farm out joint venture interests in its projects.

NOTE 3: OTHER INCOME

	Consolidated 2019 $	Consolidated 2018 $
Interest income	3,902	13,877
Profit on sale of mining permits	446,925	230,776
Other income	37,903	483
	488,730	245,136

NOTE 4: ADMINISTRATION EXPENSES

	Consolidated 2019 $	Consolidated 2018 $
Loss before income tax expense includes the following specific expenses:		
Depreciation	20,214	16,387
Less: allocated to exploration	(18,990)	(14,961)
	1,224	1,426
Consulting and labour hire	471,924	456,264
Salaries and wages	86,680	119,456
Facility charges	34,833	34,312
Insurance and legal	62,637	53,728
Share based compensation	79,738	(4,783)
Rent and outgoings	16,093	10,068
Superannuation expenses	9,642	7,090
ASX, ASIC and related fees	46,857	56,789
Other expenses	164,594	169,864
	974,222	904,214

NOTE 5: INCOME TAX

(a) Income tax expense/benefit

The components of income tax expense/benefit comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable on accounting profit/(loss)

Operating (loss) before income tax	(1,762,951)	(2,634,117)
Prima facie tax payable at Australian rate of 27.5% (2018: 27.5%)	484,812	724,382
Adjusted for tax effect of the following amounts:		
Tax effect of different tax rate of foreign subsidiaries	(32,063)	(58,357)
Taxable/non-deductible items	(225,196)	(476,191)
Non-taxable/deductible items	36,970	24,110
(Over)/Under-provision in prior year	(21,849)	(14,745)
Income tax benefit not brought to account	(242,674)	(199,199)
Income tax expense	-	-

	Consolidated 2019 $	Consolidated 2018 $

NOTE 5: INCOME TAX *(continued)*

(c) Deferred tax assets and liabilities not brought to account

The directors estimate that the potential future income tax benefits carried forward but not brought to account at year end at the Australian corporate tax rate of 27.5% (2018: 27.5%) are made up as follows:

	2019 $	2018 $
Carry forward tax losses	4,534,254	4,290,709
Deductible temporary differences	13,369	14,277
Taxable temporary differences	(159)	(194)
	4,547,464	4,304,792

These benefits will only be obtained if:

(i) the group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised,

(ii) the group continues to comply with the conditions for deductibility imposed by tax legislation, and

(iii) no changes in tax legislation adversely affect the group in realising the benefit from the deduction for the losses.

NOTE 6: CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank	649,953	585,393
	649,953	585,393

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2019 $	2018 $
Balances as above	649,953	585,393
Balance as per statement of cash flows	649,953	585,393

NOTE 7: OTHER RECEIVABLES

	2019 $	2018 $
Interest receivable	578	707
GST receivable	24,795	59,669
Others	37,400	5,146
	62,773	65,522

NOTE 8: OTHER CURRENT ASSETS

	2019 $	2018 $
Prepayments	8,333	815
	8,333	815

NOTE 9: PLANT AND EQUIPMENT

	2019 $	2018 $
Field equipment – at cost	119,462	116,696
Accumulated depreciation	(75,127)	(60,413)
	44,335	56,283
Motor vehicles and mobile equipment – at cost	32,839	32,839
Accumulated depreciation	(17,782)	(14,720)
	15,057	18,119
Total plant and equipment	59,392	74,402

NOTE 9: PLANT AND EQUIPMENT *(continued)*

A reconciliation of the carrying amounts of each class of plant and equipment at the beginning of the current financial year is set out below:

	Field equipment	Vehicles & mobile plant	Total
	$	$	$
CONSOLIDATED			
Carrying amount at 1 July 2017	35,252	21,230	56,482
Acquisitions during the year	34,307	-	34,307
Disposals during the year	-	-	-
Depreciation expense	(13,276)	(3,111)	(16,387)
Carrying amount at 30 June 2018	56,283	18,119	74,402
Carrying amount at 1 July 2018	56,283	18,119	74,402
Acquisitions during the year	6,663	-	6,663
Disposals during the year	(1,460)	-	(1,460)
Depreciation expense	(17,151)	(3,062)	(20,213)
Carrying amount at 30 June 2019	44,335	15,057	59,392

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2019	2018
	$	$
Balance at beginning of period	-	-
Exploration and evaluation costs incurred	1,277,459	1,975,040
Exploration and evaluation costs written off	(1,277,459)	(1,975,040)
Balance at end of year	-	-

NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2019	Percentage Owned 2018
Parent Entity:			
Peninsula Mines Limited	Australia	-	-
Subsidiaries of Peninsula Mines Ltd:			
Dawn Metals Pty Ltd	Australia	100%	100%
Korean Resources Pty Ltd	Australia	100%	100%
Suyeon Mining Company Limited	South Korea	100%	100%
Korea Graphite Company Limited	South Korea	100%	100%

The group's registered office is located at Suite 2, Level 2, 20 Kings Park Road, West Perth, Western Australia.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

	Consolidated	
	2019	2018
	$	$
NOTE 12: CURRENT TRADE AND OTHER PAYABLES		
Accruals and other creditors	271,276	150,056
	271,276	150,056

NOTE 13: EMPLOYEE BENEFITS

Employee benefits	130,112	94,947
	130,112	94,947

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

NOTE 14: ISSUED CAPITAL

1,012,872,087 (2018: 706,326,100) fully paid ordinary shares	22,480,836	20,926,504

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Rights attaching to ordinary shares

Ordinary shares entitle the holder to participate in dividends and in the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

(a) Movements in ordinary share capital

2019 Fully Paid Shares	Number 2019	Issue Date	Issue Price $	Share Capital $
At the beginning of the period	706,326,100	-	-	20,926,504
Placement	36,150,000	04 Sept 2018	$0.006	216,900
Placement	55,703,333	11 Sept 2018	$0.006	334,220
Share purchase plan	45,049,998	19 Oct 2018	$0.006	270,300
Placement	8,809,323	06 Nov 2018	$0.006	52,856
Placement	10,833,333	16 Nov 2018	$0.006	65,000
Placement	130,000,000	10 May 2019	$0.005	650,000
Placement	20,000,000	27 Jun 2019	$0.005	100,000
Costs of share placements	-	-	-	(88,508)
Costs of share purchase plan	-	-	-	(46,436)
At reporting date	1,012,872,087	-	-	22,480,836

NOTE 14: ISSUED CAPITAL *(continued)*

2018 Fully Paid Shares	Number 2018	Issue Date	Issue Price $	Share Capital $
At the beginning of the period	516,527,970	-	-	18,839,783
Issue of shares as consideration	915,318	12 Jul 2017	$0.02185	20,000
Conversion of options	4,344,000	01 Aug 2018	$0.005	21,720
Conversion of options	19,150,000	15 Aug 2017	$0.005	95,750
Conversion of options	15,000,000	18 Aug 2017	$0.005	75,000
Conversion of options	10,000,000	21 Sep 2017	$0.005	50,000
Issue of shares as consideration	1,028,807	28 Sep 2017	$0.01944	20,000
Issue of shares as consideration	764,980	23 Oct 2017	$0.019608	15,000
Issue of shares as consideration	1,000,000	10 Nov 2017	$0.02	20,000
Conversion of options	362,000	21 Nov 2017	$0.005	1,810
Conversion of options	5,792,000	24 Nov 2017	$0.005	28,960
Conversion of cashless options	1,118,910	24 Nov 2017	-	-
Issue of shares as consideration	384,615	24 Nov 2017	$0.26	10,000
Share placement	118,750,000	19 Dec 2017	$0.016	1,900,000
Share placement	6,250,000	24 Jan 2018	$0.016	100,000
Issue of shares as consideration	937,500	04 May 2018	$0.016	15,000
Issue of shares as consideration	4,000,000	01 Jun 2018	$0.01	40,000
Costs of shares issued as consideration	-	-	-	(11,028)
Costs of conversion of options	-	-	-	(3,588)
Costs of share placements	-	-	-	(311,903)
At reporting date	706,326,100	-	-	20,926,504

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

	Consolidated	
	2019 $	2018 $

NOTE 15: RESERVES

	2019 $	2018 $
Option reserve [a]	4,977,534	4,867,730
Foreign currency translation reserve [b]	(3,932)	(681)
	4,973,602	4,867,049

(a) The option reserve records items recognised as expenses on valuation of share options.

	Number	$
2019		
Balance at 1 July 2018	152,700,002	4,867,730
Forfeited/cancelled during the year	(105,975,002)	-
Granted during the period	146,272,994	109,804
Exercised during the period	-	-
Balance at 30 June 2019	192,997,994	4,977,534
2018		
Balance at 1 July 2017	146,196,000	4,715,558
Forfeited/cancelled during the year	(21,829,090)	(56,557)
Granted during the period	84,100,002	208,729
Exercised during the period	(55,766,910)	-
Balance at 30 June 2018	152,700,002	4,867,730

Options to take up fully paid ordinary fully paid shares in the Company at 30 June 2019 are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
6,300,000	Unlisted	29 Nov 16	$0.0379	29 Nov 19
6,300,000	Unlisted	29 Nov 16	$0.0568	29 Nov 20
3,000,000	Unlisted	29 Nov 16	$0.0556	29 Nov 19
3,000,000	Unlisted	29 Nov 16	$0.0834	29 Nov 20
25,000,000	Unlisted	04 May 17	$0.03	04 May 20
3,125,000	Unlisted	24 Jan 18	$0.02	24 July 19
95,272,994	Listed	09 Nov 18	$0.01	30 Apr 20
16,000,000	Unlisted	09 Nov 18	$0.015	09 Nov 20
17,000,000	Unlisted	09 Nov 18	$0.024	09 Nov 21
3,000,000	Unlisted	13 June 19	$0.007	13 June 21
3,000,000	Unlisted	13 June 19	$0.01	13 June 22
3,000,000	Unlisted	13 June 19	$0.015	13 June 23
3,000,000	Unlisted	13 June 19	$0.00545	13 June 21
3,000,000	Unlisted	13 June 19	$0.00778	13 June 22
3,000,000	Unlisted	13 June 19	$0.01167	13 June 23
192,997,994				

NOTE 15: RESERVES *(continued)*

(b) The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	$
2019	
Balance at 1 July 2018	(681)
Foreign currency translation	(3,251)
Balance at 30 June 2019	(3,932)
2018	
Balance at 1 July 2017	(1,488)
Foreign currency translation	807
Balance at 30 June 2018	(681)

NOTE 16: SHARE BASED PAYMENTS

Each option entitles the holder to take up one fully paid ordinary share in the Company at any time up to and including the expiry date. Upon exercise of an option, the resulting ordinary share has the same rights as other ordinary shares. Options do not entitle their holders to receive dividends, participate in entitlement issues or vote at general meetings of shareholders.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2019	**2018**
	$	**$**
Options issued to directors and consultants	79,738	-
Consulting fees for capital raising	30,066	-
Options issued for consulting fees and cancelled	-	(4,783)
	109,804	(4,783)

(a) Movements in options granted

	Weighted average exercise price 2019	Number of options 2019	Weighted average exercise price 2018	Number of options 2018
Outstanding at 1 July	$0.0265	152,700,002	$0.0823	146,196,000
Forfeited/cancelled during the period	$0.0210	(105,975,002)	$0.0328	(21,829,090)
Granted during the period	$0.0121	146,272,994	$0.0200	84,100,002
Exercised during the period	-	-	$0.0050	(55,766,910)
Outstanding at 30 June (1)	$0.0186	192,997,994	$0.0265	152,700,002
Exercisable at 30 June	$0.0186	192,997,994	$0.0265	152,700,002

(1) The weighted average life of the outstanding options is 445 days or 1.22 years (2018: 428 days or 1.17 years)

(b) Fair value

The fair value of any options granted as compensation are estimated at the date of grant using the Black-Scholes valuation model.

The following table sets out the assumptions made in determining the fair value of the options granted during the year ended 30 June 2019.

NOTE 16: SHARE BASED PAYMENTS *(continued)*

Date Granted	Number Granted	Expected Volatility	Risk free Interest Rate	Weighted Ave. Life of Options	Exercise Price	Share Price at Grant Date	Fair Value of Option	Vesting Date
		%	%	Years	Cents	Cents	Cents	
09 Nov 2018	17,000,000	92.00	2.08	1.5	1.0	0.6	0.172	09 Nov 18
09 Nov 2018	16,000,000	92.00	2.08	2	1.5	0.6	0.158	09 Nov 18
09 Nov 2018	17,000,000	92.00	2.16	3	2.4	0.6	0.171	09 Nov 18
13 Jun 2019	3,000,000	92.00	1.01	2	0.007	0.4	0.131	13 Jun 19
13 Jun 2019	3,000,000	92.00	0.99	3	0.01	0.4	0.138	13 Jun 19
13 Jun 2019	3,000,000	92.00	1.07	4	0.015	0.4	0.14	13 Jun 19
13 Jun 2019	3,000,000	92.00	1.01	2	0.00545	0.4	0.153	13 Jun 19
13 Jun 2019	3,000,000	92.00	0.99	3	0.0778	0.4	0.156	13 Jun 19
13 Jun 2019	3,000,000	92.00	1.07	4	0.01167	0.4	0.155	13 Jun 19

(1) Listed options issued to brokers associated with a share placement concluded in October 2018 and directors and consultants. A further 78,272,994 listed options were issued to participants in the placement and the share purchase plan concluded during the same period.

The following table sets out the assumptions made in determining the fair value of the options granted during the year ended 30 June 2018.

Date Granted	Number Granted	Expected Volatility	Risk free Interest Rate	Weighted Ave. Life of Options	Exercise Price	Share Price at Grant Date	Fair Value of Option	Vesting Date
		%	%	Years	Cents	Cents	Cents	
8 Dec 2017(1)	21,600,000	82.45	1.79	1.5	2.0	1.9	0.727	19 Dec 17

(1) Options issued to brokers associated with a share placement concluded on 19 December 2017. This cost is recorded as a cost of issued capital.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.
The expected volatility is based on the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

NOTE 16: SHARE BASED PAYMENTS *(continued)*

(c) Terms and conditions for each grant of options

In the year ended 30 June 2019, the Company issued options to directors, key consultants and employees and to a broker facilitating a share placement, following shareholder approval at the AGM in November 2018 and at a general meeting in June 2019.

2019	Number Granted	Grant Date	Value of Option at Grant Date	Exercise Price	Expiry Date
Directors					
Mr J Dugdale	3,000,000	09 Nov 2018	$0.00172	$0.0100	30 Apr 2020
	3,000,000	09 Nov 2018	$0.00158	$0.0150	09 Nov 2020
	3,000,000	09 Nov 2018	$0.00171	$0.0240	09 Nov 2021
Mr D Noonan	3,000,000	09 Nov 2018	$0.00172	$0.0100	30 Apr 2020
	3,000,000	09 Nov 2018	$0.00158	$0.0150	09 Nov 2020
	3,000,000	09 Nov 2018	$0.00171	$0.0240	09 Nov 2021
Mr R Henning	3,000,000	13 June 2019	$0.00131	$0.0070	13 Jun 2021
	3,000,000	13 June 2019	$0.00138	$0.0100	13 Jun 2022
	3,000,000	13 June 2019	$0.00140	$0.0150	13 Jun 2023
Mr Y Yu	3,000,000	13 June 2019	$0.00153	$0.00545	13 Jun 2021
	3,000,000	13 June 2019	$0.00156	$0.00778	13 Jun 2022
	3,000,000	13 June 2019	$0.00155	$0.01167	13 Jun 2023
Specified Executives					
Mr B Waddell	1,000,000	09 Nov 2018	$0.00172	$0.0100	30 Apr 2020
	1,000,000	09 Nov 2018	$0.00158	$0.0150	09 Nov 2020
	1,000,000	09 Nov 2018	$0.00171	$0.0240	09 Nov 2021
Others					
Zenex Nominees Pty Ltd	5,000,000	09 Nov 2018	$0.00172	$0.0100	30 Apr 2020
	6,000,000	09 Nov 2018	$0.00158	$0.0150	09 Nov 2020
	7,000,000	09 Nov 2018	$0.00171	$0.0240	09 Nov 2021
Others	5,000,000	09 Nov 2018	$0.00172	$0.0100	30 Apr 2020
	3,000,000	09 Nov 2018	$0.00158	$0.0150	09 Nov 2020
	3,000,000	09 Nov 2018	$0.00171	$0.0240	09 Nov 2021
	68,000,000				

In the year ended 30 June 2018, the Company issued options to parties facilitating a share placement.

2018	Number Granted	Grant Date	Value of Option at Grant Date	Exercise Price	Expiry Date
Others					
Others	21,600,000	08 Dec 2017	$0.00727	$0.0200	19 June 2019
	21,600,000				

NOTE 16: SHARE BASED PAYMENTS *(continued)*

(d) Shares issued as consideration

During the year ended 30 June 2019, the Company issued 10,909,323 shares to suppliers in lieu of services provided.

2019	Number Granted	Expense	Grant Date	Assigned value of share at grant date (cents)	Share price at date of grant (cents)
Others					
CPS Capital Investments Pty Ltd	5,000,000	$30,000	04 Sept 18	0.60	0.70
Mr T A Murrell	5,909,323	$35,456	06 Nov 18	0.60	0.50
	10,909,323	$65,456			

During the year ended 30 June 2018, the Company issued 9,031,220 ordinary shares to suppliers and a former Director in lieu of services. Refer to Note 14.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions of key management personnel

The names and positions of persons who were key management personnel of Peninsula Mines Limited at any time during the financial year are as follows:

Key management personnel

P S R Jackson	Chairman (Non-Executive)
R H Henning	Managing Director (appointed 14 January 2019)
L J Dugdale	Managing Director (resigned 14 January 2019)
Y C Yu	Non-Executive Director (appointed 14 January 2019)
M J Pyle	Non-Executive Director (resigned 14 January 2019)
D J Noonan	Non-Executive Director

Key management personnel remuneration

	Consolidated 2019 $	Consolidated 2018 $
Short-term personnel benefits	550,784	465,000
Share based payments	76,259	-
Other long-term benefits	1,378	-
	628,421	465,000

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2019.

NOTE 18: REMUNERATION OF AUDITORS

	Consolidated 2019 $	Consolidated 2018 $
Audit and review services	30,000	29,500
	30,000	29,500

NOTE 19: CONTINGENCIES

Contingent liabilities

There were no contingent liabilities for termination benefits under service agreements with Directors or executives at 30 June 2019 (2018: nil).

The Directors are not aware of any other contingent liabilities at 30 June 2019 (2018: nil).

NOTE 20: COMMITMENTS FOR EXPENDITURE

Mineral tenements

In order to maintain the mineral tenements in which the group is involved, the group is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the requirements of the Western Australian Department of Mines and Petroleum are:

	Consolidated	
	2019	2018
	$	$
Exploration commitments		
Within 1 year	-	24,115

These requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

NOTE 21: INTEREST IN JOINT VENTURES

The group has no interests in mineral exploration joint ventures as at 30 June 2019, following the surrender of Exploration Permit E09/1323 on 21 August 2018, which was part of the Camel Hills Joint Venture.

On 22 April 2010, the group entered into the Camel Hills Joint Venture Agreement. The details of the former joint venture’s term and conditions are as follows:

Joint Venture	Activity	Other Party
Camel Hills Joint Venture	Mineral Exploration	Aurora Minerals Limited

During the year ended 30 June 2013, Peninsula completed the minimum $3.4 million of expenditure to earn a 51% contributing interest in the Camel Hills Project from Aurora Minerals Limited. Peninsula elected to not contribute to the Joint Venture from 1 December 2013, which has resulted in its interest being diluted to 48.23%.

NOTE 22: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2019 $	2018 $
Assets		
Current assets	615,412	591,518
Non-current assets	39,436	51,761
Total assets	654,848	643,279
Liabilities		
Current liabilities	275,785	162,150
Total liabilities	275,785	162,150
Equity		
Issued capital	22,480,834	20,926,504
Reserves	4,977,535	4,867,730
Retained earnings	(27,079,306)	(25,313,105)
Total equity	379,063	481,129

(b) Financial Performance

Loss for the year	(1,766,201)	(2,633,311)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,766,201)	(2,633,311)

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiary

Peninsula Mines Limited has not entered into any guarantees in relation to the debts of its subsidiary.

(d) Contingent liabilities of the parent

The parent entity did not have any contingent liabilities as at 30 June 2019 (30 June 2018: nil).

(e) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2019 (30 June 2018: nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

NOTE 23: RELATED PARTIES

(a) Remuneration and retirement benefits

Information on remuneration of Directors for the financial year is disclosed in Note 16 and in the remuneration report in the directors' report.

(b) Other transactions of Directors and Director-related entities

Aurora Minerals Limited, a company of which P Jackson is a director, and of which M Pyle was a director until 31 March 2018, provided office facilities and overheads to Peninsula to the value of $34,833 (2018: $34,312) by means of a Facilities agreement. At 30 June 2019, Trade creditors of $20,347 includes both facilities charges and services provided by Mr Moore.

Mr E Moore Provides company secretarial and administrative services to Peninsula under a contract that is jointly with Peninsula and former associate Aurora Minerals Limited. Mr Moore was paid a total of $42,755 by Aurora, of which $26,026 was allocated and Charged to Peninsula.

M2A Partners Pte Ltd, a company of which Y Yu is a director, was paid US$50,000 (AU$75,563) subsequent to year end for introduction to potential projects, in accordance with an agreement dated 25 February 2019. This amount is included in Trade Creditors at 30 June 2019.

NOTE 23: RELATED PARTIES *(continued)*

(c) Transactions of Directors and Director-related entities concerning shares and share options

Details of transactions of Directors and Director-related entities concerning shares and share options are set out in the remuneration report in the directors' report.

NOTE 24: EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen after the end of the financial year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group in future financial periods.

NOTE 25: SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group operates as two segments, which are mineral exploration and evaluation within Australia and South Korea.

The group is domiciled in Australia. Segment revenues are allocated based on the country in which the customer is located. Segment assets are allocation to countries based on where the assets are located.

No operating revenue was derived during the year (2018: nil).

	Australia $	South Korea $	Consolidated $
Year Ended 30 June 2019			
Sales to external customers	-	-	-
Gain on sale of mining tenements	-	446,925	446,925
Other revenue/income	38,354	3,451	41,805
Total segment revenue	38,354	450,376	488,730
Segment result from continuing operations before tax	(1,186,976)	(579,226)	(1,766,202)
As at 30 June 2019			
Segment assets	713,424	67,027	780,451
Total assets of the consolidated entity			780,451
Segment liabilities	283,203	118,185	401,388
Total liabilities of the consolidated entity			401,388

	Australia $	South Korea $	Consolidated $
Year Ended 30 June 2018			
Sales to external customers	-	-	-
Other revenue/income	13,827	231,309	245,137
Total segment revenue	13,827	231,309	245,137
Segment result from continuing operations before tax	(884,510)	(1,748,801)	(2,633,311)
As at 30 June 2018			
Segment assets	552,309	173,823	726,132
Total assets of the consolidated entity			726,132
Segment liabilities	177,124	67,879	245,003
Total liabilities of the consolidated entity			245,003

NOTE 26: STATEMENT OF CASH FLOWS

	Consolidated 2019 $	2018 $
(a) Reconciliation of loss after income tax to net cash flow from operating activities		
Operating loss after income tax	(1,762,951)	(2,634,118)
Adjustment for investing activities:		
(Profit) on disposal of mining permits	(446,925)	(230,776)
Non cash flow in loss:		
Share based payment - options	79,738	(4,783)
Depreciation expense	20,213	16,387
Payment for services via issue of shares	65,456	140,000
Gain on foreign exchange	(3,251)	807
Movement in assets and liabilities:		
Other receivables	2,749	(5,236)
Other current assets	(7,518)	-
Employee benefits	35,165	90,917
Payables	115,843	(126,673)
Net cash outflow from operating activities	(1,901,481)	(2,753,475)

(b) Credit standby arrangements

The Company has no credit standby arrangements.

(c) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year ended 30 June 2019 (2018: nil).

NOTE 27: EARNINGS PER SHARE

	Consolidated 2019 $	2018 $
Reconciliation of loss		
Loss used in calculating earnings per share – basic and diluted	(1,762,951)	(2,634,118)
Net loss for the reporting period	(1,762,951)	(2,634,118)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	842,584,336	631,887,417
Basic earnings per share (cents per share)	(0.21)	(0.42)
Diluted earnings per share (cents per share)	(0.21)	(0.42)

DIRECTORS' DECLARATION

The directors of the company declare that the financial statements and notes are in accordance with the *Corporations Act 2001,* the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

a. comply with Australian Accounting Standards, which as stated in Note 1, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and

b. give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date;

In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Richard Henning
DIRECTOR
Perth, 26 September 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PENINSULA MINES LIMITED

Opinion

We have audited the financial report of Peninsula Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Exploration and evaluation expenditure
Refer to statement of comprehensive income</td></tr>
<tr><td>The Group has incurred exploration and evaluation expenditure of $1,277,459 for the year ended 30 June 2019.

Exploration and evaluation expenditure was considered a key audit matter because it is the most significant expense in the statement of comprehensive income and due to the inherent risk in incurring expenditure in a foreign country.</td><td>Our audit procedures included:

• Obtaining a listing of tenements held by the Group and testing ownership on a sample basis;
• Performing substantive testing on the expenditure on a sample basis;
• Reviewing expenditure for any large or unusual items;
• Assessing whether the Group’s accounting policy for exploration and evaluation expenditure is in compliance with Australia Accounting Standards; and
• Assessing the adequacy of the disclosures in the financial report.</td></tr>
<tr><td colspan="2">Going Concern
Refer to note 1 in the financial statements</td></tr>
<tr><td>For the year ended 30 June 2019, the Group incurred a net loss of $1,762,951 and had net cash outflows from operating activities of $1,901,481.

The directors’ have prepared the financial report on the going concern basis.

The directors’ assessment of the Group’s ability to continue as a going concern is based on a cash flow budget. This cash flow budget includes future capital raisings.

We determined this assessment of going concern to be a key audit matter due to the significant judgements involved in preparing the cash flow budget.</td><td>Our audit procedures included:

• Assessing the appropriateness and mathematical accuracy of the cash flow budget prepared by management;
• Challenging the reasonableness of key assumptions used, including the likelihood of future capital raisings;
• Critically assessing the directors’ reasons of why they believe it is appropriate to prepare the financial report on a going concern basis; and
• Assessing the adequacy of the going concern disclosures in the financial report.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Peninsula Mines Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 26 September 2019

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Peninsula Mines Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 26 September 2019

TUTU PHONG
Partner

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 21 September 2018

1. Number and Distribution of Equity Securities

The number and class of all securities on issue:

ASX Code	Number	Description
PSM	1,012,872,087	Ordinary fully paid shares quoted
PSMO	95,272,994	Options, listed, expiring 30 April 2020
PSMAB	97,025,000	Options (not listed, expiring various dates)

Distribution of equity securities

Size of Holding	Number of Holders	Shares Held
1-1,000	33	6,903
1,001-5,000	66	227,879
5,001-10,000	59	462,108
10,001-100,000	339	17,425,105
100,001 and over	395	994,750,092
Total	892	1,012,872,087

The number of holders

Ordinary shares fully paid (ASX Code: PSM): 892

Marketable parcel

There are 550 shareholders who hold less than a marketable parcel of 166,667 shares.

2. Substantial Shareholders

Name	Number of Shares	%
Aurora Minerals Limited	171,295,270	16.91

3. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting every shareholder or class of shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share which that member holds or represents.

SHAREHOLDER INFORMATION (Continued)

4. Twenty Largest Shareholders as at 23 September 2019

The twenty largest fully paid shareholders hold 58.54% of the issued capital and are tabled below:

Shareholder		No. of Shares	%
1.	Aurora Minerals Limited	171,295,270	16.91
2.	CEN Pty Ltd	47,000,000	4.64
3.	Perth Select Seafoods Pty Ltd	44,000,000	4.34
4.	Mr M & Mrs S Lynch (Lynch Family A/C)	40,000,000	3.95
5.	Jemaya Pty Ltd (The Featherby Family A/C)	30,875,000	3.05
6.	Jemaya Pty Ltd (JH Featherby Super Fund A/C)	26,750,000	2.64
7.	Southern Cross Capital Pty Ltd	23,000,000	2.27
8.	Mr James Daniel Noonan	18,500,000	1.83
9.	Trade Holdings Pty Ltd (KH & RM Allister S/F A.C)	16,000,000	1.58
10.	Mr Thomas Andrew Calvert Murrell	15,242,656	1.50
11.	Ravina Qld Pty Ltd	15,000,000	1.48
12.	B & V Ielati Investments Pty Ltd ((The Ielati Super Fund A/C)	11,900,000	1.18
13.	Citicorp Nominees Pty Limited	11,631,784	1.15
14.	Lok Hung Nominees Pty Ltd (SF Superannuation Fund A/C)	11,000,000	1.09
15.	Endreams Ltd	10,000,000	0.99
16.	Jaeho Hong	10,000,000	0.99
17.	Mr Sun-June Hwang	10,000,000	0.99
18.	Doo Ung Kang	10,000,000	0.99
19.	Korea Investment and Development Corporation Pte Ltd	10,000,000	0.99
20.	Mr Edward Yoon	10,000,000	0.99
		542,294,710	53.54
	Total Issued Shares	1,012,872,087	100.00

5. Corporate Governance Statement

The 2019 Corporate Governance statement of Peninsula Mines Limited is available on the Company's website at https://www.peninsulamines.com.au/wp-content/uploads/2019/09/PSM-2019-Corp-Governance-Statement-Final.pdf

MINERAL TENEMENT INFORMATION
(as at 23 September 2019)

SOUTH KOREA

SMCL – subsidiary Suyeon Mining Company Limited

KGCL – subsidiary Korea Graphite Company Limited

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	*Grant/Application Date	Title Expiry	Notes
Granted Tenements						
Daewon	Yangdeokwon 50-2	200917	100%	24-July-2017	12-Sep-24	The Company's wholly owned subsidiary SMCL was notified of the grant an Exploration Right over this block for graphite on 24 July 2017. The Company was formally granted the title on 13 Sep 2017. On 18 June 2018 this year the Company transferred the title to its wholly owned Graphite subsidiary company KGCL. The Company has until 12 Sep 2024 to complete the minimum exploration requirements and define a Mineral Resource** at the Daewon Project.
Eunha	Hongseong 107-1	201010	100%	15-May-2018	14-May-25	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 15 May 2018. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company lodged a Prospecting Plan on 30 May 2018 and has until 29 May 2021 to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this report is filed successfully the Company can be granted a further 3 tears to complete the minimum required drilling work and define a Mineral Resource**.
Eunha	Hongseong 107-2	201010	100%	15-May-2018	14-May-25	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 15 May 2018. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company lodged a Prospecting Plan on 30 May 2018 and has until 29 May 2021 to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this report is filed successfully the Company can be granted a further 3 tears to complete the minimum required drilling work and define a Mineral Resource**.
Eunha	Hongseong 97-4	201191	100%	11-Dec-2018	10-Dec-25	The Company's wholly owned subsidiary KGCL was granted an Exploration Right over this block on the 11 Dec 2018. The Company must lodge a Prospecting Plan by 10 Dec 2019 and has until 9 Dec 2022 to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	*Grant/Application Date	Title Expiry	Notes
						report is filed successfully the Company can be granted a further 3 tears to complete the minimum required drilling work and define a Mineral Resource**.
Eunha	Hongseong 106-2	201198	100%	1-Dec-2018	30-Nov-25	The Company's wholly owned subsidiary KGCL was granted an Exploration Right over this block on the 1 Dec 2018. The Company must lodge a Prospecting Plan by 30 Nov 2019 and has until 29 Nov 2022 to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this report is filed successfully the Company can be granted a further 3 tears to complete the minimum required drilling work and define a Mineral Resource**.
Gapyeong	Gapyeong 125-3	201038	100%	26-July-2018	25-July-2025	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 26 July 2018. On the 5 September 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company has to lodge a Prospecting Plan by 25 July 2019. On successful lodgement of the prospecting plan the Company will have 3 years in which to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this report is filed successfully the Company can be granted a further 3 tears to complete the minimum required drilling work and define a Mineral Resource**.
Gapyeong	Gapyeong 124-4	201099	100%	1-Dec-2018	30-Nov-25	The Company's wholly owned subsidiary KGCL was granted an Exploration Right over this block on the 1 Dec 2018. The Company must lodge a Prospecting Plan by 30 Nov 2019 and has until 29 Nov 2022 to lodge a drilling report outlining that the Company has completed at least 50% of the required prospecting works. If this report is filed successfully the Company can be granted a further 3 tears to complete the minimum required drilling work and define a Mineral Resource**.
Ilweol	Dogyedong 72	200954	100%	24-Nov-2017	23-Nov-2024	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 24 November 2017. The Company has until 23 November 2018 to file a Prospecting Plan with the Local Government Office for the grant of a 6-year period for exploration over the title block.
Ilweol	Dogyedong 82	200998	100%	16-March-2018	15-March-2025	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this block on the 16 March 2018. The Company has until 15 March 2019 to file a Prospecting Plan with the Local

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	*Grant/Application Date	Title Expiry	Notes
						Government Office for the grant of a 6-year period for exploration over the title block.
Palgong & Baegun	Osu 23	200471	100%	17-Dec-14	14-Dec-21	Granted to SMCL on the 17 December 2014. Exploring Plan lodged with the Ministry of Trade Industry and Economics 15 December 2015. The Company's subsidiary SMCL has until 5th December 2018 to complete 50% of proposed drilling work, if this minimum volume of drilling work is completed and a report filed by that date the Company can apply for 3-year extension of the title.
Ubeong	Hyeondong 59	200861	100%	26-April-2017	25-April-24	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 13 March 2017. The Company was formally granted the title on 26 April 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 7 March 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Ubeong	Hyeondong 60	200862	100%	26-April-2017	25-April-24	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 13 March 2017. The Company was formally granted the title on 26 April 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 7 March 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Ubeong	Hyeondong 69	200863	100%	26-April-2017	25-April-24	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 13 March 2017. The Company was formally granted the title on 26 April 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 7 March 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Ubeong	Hyeondong 70	200940	100%	25-August-2017	24-August-24	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 25 August 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 11 August 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	*Grant/Application Date	Title Expiry	Notes
Ubeong	Hyeondong 70-1	200969	100%	30-Dec-2017	29-Dec-2024	The Company has until 29 Dec 2018 to file a Prospecting Plan. On receipt of the prospecting plan the company will then have up to 6 years to complete the required mineral exploration work and define a Limestone Mineral Resource over this sub-block.
Ubeong	Hyeondong 78	200941	100%	25-August-2017	24-August-2024	The Company's wholly owned subsidiary SMCL was notified of the Ministry's intention to grant an Exploration Right over this block for Zn, Pb & Ag exploration on the 25 August 2017. The Company has filed a prospecting plan and must complete 50% of the required exploration works by 11 August 2021 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 69-2	200812	100%	20-Dec-17	19-Dec-2023	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 69-4	200812	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 79-2	200813	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 79-4	200813	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	*Grant/Application Date	Title Expiry	Notes
						20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Wolmyeong	Cheongsan 89-1	200814	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on the 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 8 December 2017. The Company must complete 50% of the required exploration works by 7 December 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Yongwon	Eumseong 32-1	200811	100%	20-Dec-17	19-Dec-23	The Company's wholly owned subsidiary SMCL was granted an Exploration Right over this sub-block for graphite exploration on 20 December 2016. On the 18 June 2018 the Company transferred the tenement to its wholly owned graphite subsidiary KGCL. The Company successfully filed a prospecting report on 27 September 2017. The Company must complete 50% of the required exploration works by 26 September 2020 which would then allow the company to apply for a further 3-year extension to the exploration permit.
Tenement Applications						
Daewon	Yangdeokwon 50-1	00530	100%			Mineral Deposit Survey (MDS) has been submitted and an MRO field inspection should take place in October 2019.
Gapyeong	Gapyeong 125	01335	100%	21-Jun-19	20- Dec-19	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Goseon North	Seobyeok 60	01330	100%	21-Jun-19	20- Dec-19	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Goseong	Ganseong 23	01334	100%	21-Jun-19	20- Dec-19	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years

Deposit	Mine Land Ledger No.	Mining Right No.	PSM Holding %	*Grant/Application Date	Title Expiry	Notes
Goseong	Ganseong 33	01336	100%	21-Jun-19	20- Dec-19	KGCL must lodge Mineral Deposit Survey (MDS) prior to expiry date to extend the tenement life up to additional 7 years
Ilweol	Dogyedong 62	01331	100%	21-Jun-19	20- Dec-19	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ilweol	Dogyedong 81	4197	100%			Mineral Deposit Survey (MDS) has been submitted and an MRO field inspection should take place in October 2019.
Ilweol	Dogyedong 91	01332	100%	21-Jun-19	20- Dec-19	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend
Ilweol	Dogyedong 92	01333	100%	21-Jun-19	20- Dec-19	SMCL must Lodge Mineral Deposit Survey (MDS) prior to the expiry to extend

*For all tenement applications, SMCL or KGCL must lodge a Mineral Deposit Survey (MDS) prior to the expiry date to facilitate the grant of an exploration permit for up to 7 years.
** The Mineral Resource required under the terms of the Korean Mineral Law need not be JORC compliant.

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