AURORA MINERALS LIMITED
ACN 106 304 787

ASX Announcement

2 June 2016

ASX Code: ARM

Aurora Minerals Group of Companies

Diversified Minerals Exploration via direct and indirect interests

Predictive Discovery Limited (ASX: PDI) – 43.1%
- Gold Exploration / Development in Burkina Faso

Peninsula Mines Limited (ASX: PSM) – 32.26%
- Graphite, Lithium- Gold, Silver and Base Metals
- Molybdenum and Tungsten Exploration in South Korea

Golden Rim Resources (ASX: GMR) - 13.4%
- Gold Exploration/ Development in Burkina Faso

Aurora Western Australian Exploration – 100%
- Manganese, Base metals and gold

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PENINSULA MINES: High Graphite Grades at Wolmyeong Project

Peninsula Mines Limited, a company in which Aurora Minerals Limited holds a 32.26% shareholding, today announced high graphite grades at its South Korean Wolmyeong Graphite Project.

A copy of the announcement is attached.

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PENINSULA MINES LIMITED
ABN 56 123 102 974

ASX Announcement

02 June 2016

Peninsula Mines Limited (ASX: PSM)

Exploration in South Korea
- Graphite and Lithium
- Molybdenum and Tungsten
- Gold, Silver and Base Metals

- Diversified Minerals Exploration Western Australia

Substantial Shareholders

Aurora Minerals Limited	32.2%
Management	9.7%
Perth Select	6.1%
M&S Lynch	6.0%

Shares on Issue: 430.9m

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High Graphite Grades at the Wolmyeong Project

HIGHLIGHTS

- Wolmyeong was formerly the largest graphite mine in South Korea, where extremely high grades of graphite were historically mined from underground workings developed on 3 consecutive metamorphosed former anthracitic coal seams (Figures 1 & 6). Significant potential remains both along strike and down dip.
- Reconnaissance mapping at Wolmyeong Graphite Project has confirmed the presence of visible high grade graphite mineralisation exposed as three distinct semicontinuous sub-cropping or outcropping graphitic shale beds (Figures 2, 7, 10, 11 & 12).
- Three grab samples collected from historic mine dumps (Figures 5, 10 & 13) coupled with a single adit channel sample (Figures 2 & 6) have confirmed the tenor of the high grade total graphitic carbon (TGC) analyses reported previously by Korea Mineral Promotion Corporation (KMPC) from Wolmyeong[D1,D2].
- Graphite grades from the 4 samples returned values between 48% and 66% TGC (Table 2).
- A Graphitic sample was collected from a historic underground adit at Wolmyeong and dispatched to Perth for metallurgical testing (Figures 8 & 9).
- Petrographic studies have also been commissioned to evaluate the nature of the high grade graphite mineralisation and to assess the gangue mineralogy.
- Pending a favourable outcome from the metallurgical evaluation of the Wolmyeong test work sample, a heli-borne VTEM survey will be considered as one option to better define the extent and potential width of the graphite bearing horizons at Wolmyeong. The geophysical survey would aim to identify broader areas of graphite mineralisation as an aid to future drill targeting.

Commenting on the initial prospect evaluation, Executive Director, Daniel Noonan said: ***"The initial reconnaissance mapping at Wolmyeong has confirmed the presence of multiple graphite seams. The limited surface and adit sampling has confirmed the results of earlier Korean agency work at Wolmyeong suggesting that Wolmyeong has the potential to be an extremely high grade graphite project."***

Figure 1: Location Plan of South Korean Projects

Graphite Projects

Peninsula's wholly owned Korean subsidiary, Suyeon Mining Co. Ltd. (SMCL) has filed 14 tenement applications over 5 projects where KMPC has previously identified graphite mineralisation[D1,D3] (Figure 1). Field reconnaissance mapping has commenced with the focus to date being primarily on the high grade Wolmyeong prospect.

Wolmyeong

SMCL has filed 5 tenement applications over the Wolmyeong project (Figure 6)[D1]. The Wolmyeong project includes too former graphite mines Wolmyeong on the western flank of Mount Paleum and Deuksu on the mountains southern flank. The area to the east was reportedly mined for anthracitic coal and is not available for grant by the Ministry.

During the initial reconnaissance mapping, phase a number of historic adits, dumps and areas of surface spoil were located (Figures 2, 4, 5, 10 & 13). Three dump samples and a channel sample across an adit portal (Figure 7) were taken with the aim of confirming the tenor of grades previously reported by KMPC from

Wolmyeong (Table 1). The samples were prepped by ALS Guangzhou and analysed by ALS Vancouver The four SMCL samples returned high grade graphite values between 48% and 66% TGC (Table 2), confirming the tenor of the grades previously reported by KMPC.

Figure 2: Adit developed along strike. Sample WR0002 was taken across the adit portal.

Figure 3: Rehabilitated lower haulage adit portal at Deuksu formerly accessing both the Lower and Middle Graphite Horizons.

Figure 4: Graphite spoil on a ridge flank at Deuksu.

Figure 5: Collapsed adit and dump spoil at Deuksu.

Figure 6: Plan showing the location of the former Wolmyeong and Deuksu mines and the SMCL tenement applications on geology compiled using the KMPC mapping and the KIGAM 1:50,000 Cheongsan sheet[D2,D3].

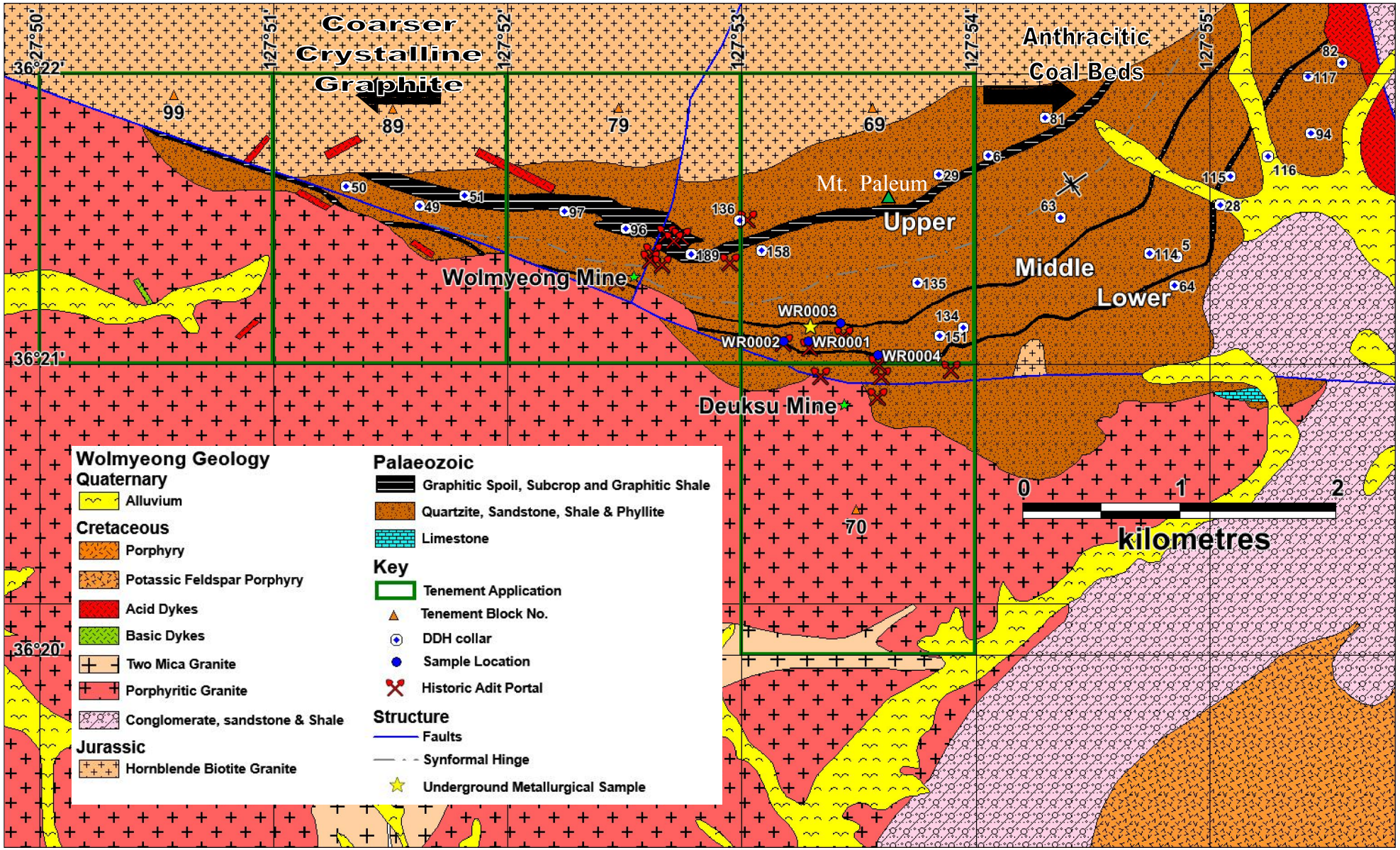
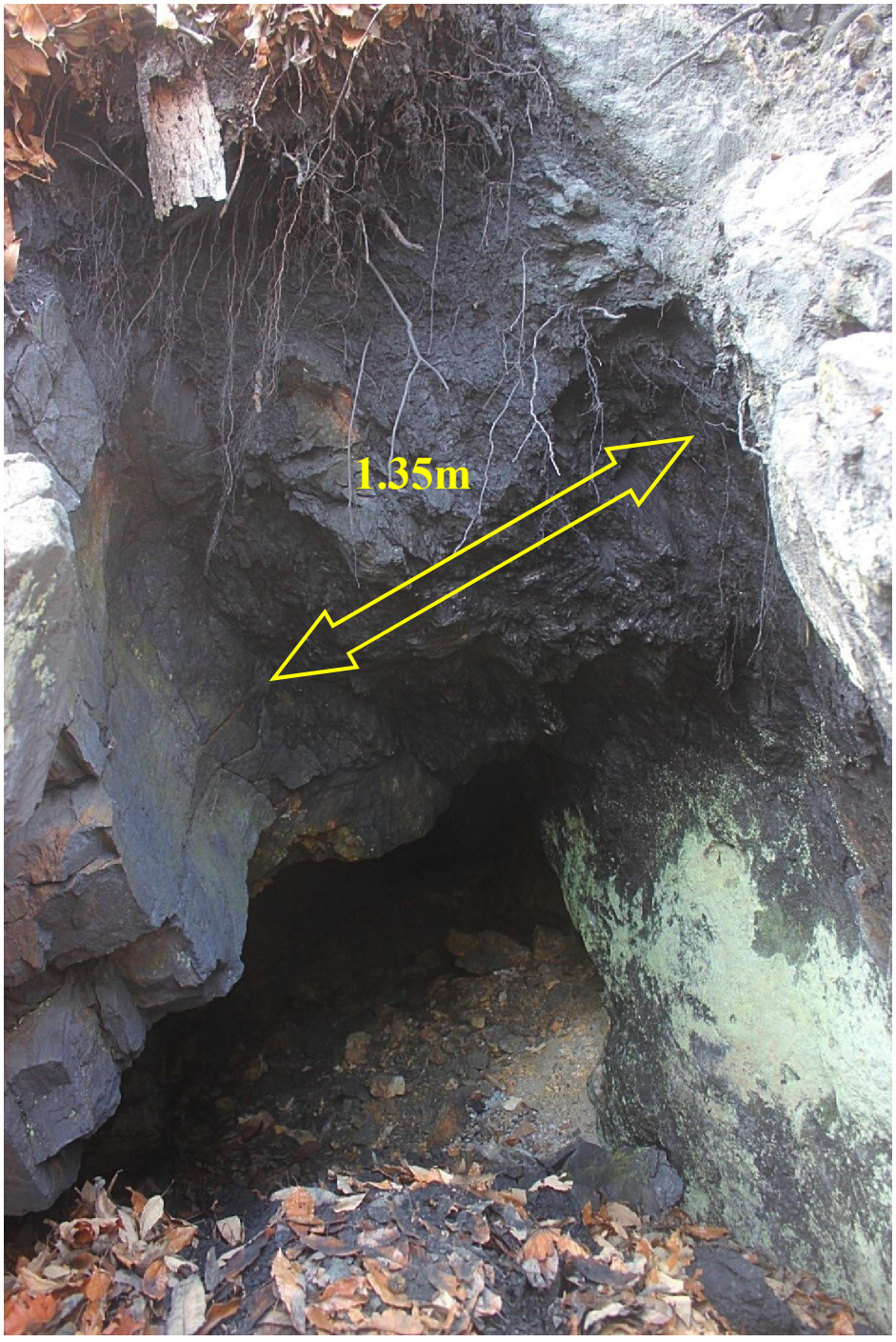


Figure 7: Location of channel sample WR0002.

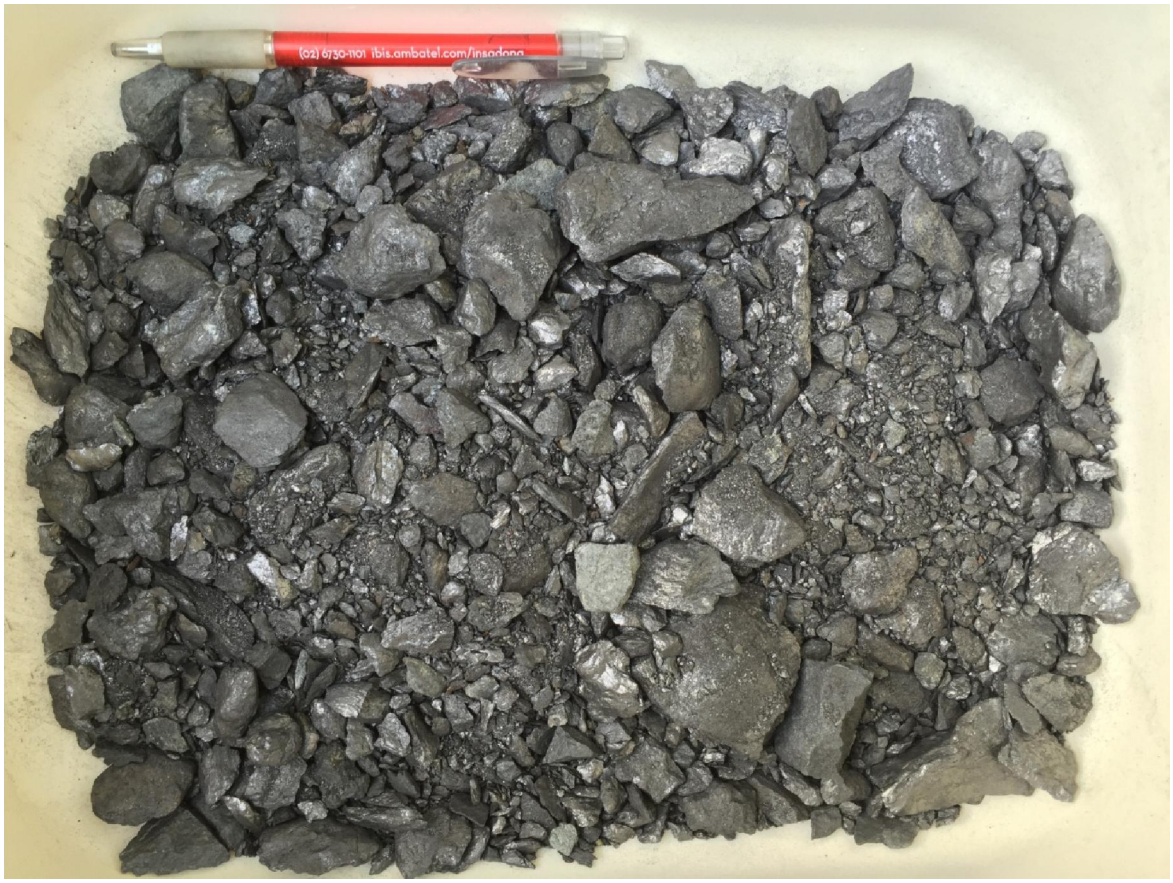


During a second field visit to Wolmyeong in April, a metallurgical sample was collected from an accessible underground adit (Figures 8&9). The metallurgical sample is sourced from workings developed on the middle graphite horizon (Figure 6). The sample was taken around 80m into the adit from graphitic ore washed from stopes. The metallurgical sample visually appears to be high grade (Figure 9). The test work sample is currently being processed by Nagrom Perth with results expected later this month.

Field observations have confirmed the presence of 3 distinct graphite bearing horizons at the Wolmyeong project. Graphite can be observed as semicontinuous sub-cropping or outcropping horizons. At this stage, not all the previously mapped exposures have been examined but initial investigations have confirmed the presence of graphite bearing horizons striking for more than 1km in an approximately east-west direction (Figure 6).

Figure 8: Metallurgical testwork sample being collected from an underground adit.

Figure 9: Metallurgical sample prior to dispatch from Korea.



The Middle and Upper Graphite Horizons seen in surface outcrop are nominally 0.5-1.5m wide with graphitic spoil from mining activities masking the outcrop in many places (Figures 10 - 12). Historic underground mining reports describe the graphitic units as reaching widths of up to 20m in places. The Upper or northern most horizon has a broader surface footprint with a number of graphitic seams of varying widths occurring

within a 30 to 60m wide zone of graphite mineralisation. Again, graphitic spoil material obscures much of the surface outcrop.

Figure 10: An exposure of the Middle Graphite Horizon along with graphitic spoil on the flank of a creek.

Figure11: Sampling a graphitic seam at Wolmyeong.

Figure 12: An outcrop of narrow high grade graphite seam at Wolmyeong.

Historically, a number of drill holes were drilled in 1960s and 1970s by the Geological Survey of Korea now KIGAM. The results of this historic drill work are currently being compiled.

Wolmyeong was formerly the largest graphite mine in South Korea, where extremely high grades of graphite were historically mined from the 3 consecutive metamorphosed coal bearing horizons (Table 1)[D2]. Historical underground development was highly selective and of limited extent, therefore significant mineralisation potential remains both along strike and down dip[D1].

The results of earlier KMPC sampling are also included here for comparative purposes (Table 1).

Table 1: Historic KMPC sampling results from the Wolmyeong Mine[D2].

Sample Location	Water (%)	Ash (%)	Volatile (%)	TGC (%)	Sulphide (%)
Middle horizon	0.30	12.64	3.25	83.81	0.21
Middle horizon	0.35	16.68	3.75	79.22	0.36
Rom pad	0.34	15.84	2.86	80.96	0.40
Rom pad	0.37	15.30	3.18	81.15	0.29
Lower horizon	0.33	26.86	3.27	79.54	0.35
Rom pad	0.38	15.24	3.47	80.91	0.35
Rom pad	0.32	15.08	3.58	81.02	0.25
Rom pad	0.34	15.00	4.16	80.56	0.38

Note: Minor rounding errors in the figures.

Table 2: Results of recent check samples collected by SMCL.

Method	S-IR08	C-IR07t	C-IR17#	C-IR18#	(C-IR17) - (C-IR18)	(C-IR07t) - C-IR17
Analyte	S Total	C Total	C Organic & Graphitic	C Graphitic	C Organic	C Inorganic
	%	%	%	%	%	%
Lower Detection Limit	0.01	0.01	0.02	0.02	0.1	0.1
WR0001	0.03	54.1	52.9	52.8	0.1	1.2
WR0002	0.03	53.1	51.1	49.6	1.5	2.0
WR0003	<0.01	53.4	52.9	48.7	4.2	0.5
WR0004	0.04	72.9	70.2	66.7	3.5	2.7

Results averaged from 3 readings due to high grade nature of the assays.

Table 3: Location details of the recently collected check samples.

SampleID	Project	Easting	Northing	mRL
WR0001	Wolmyeong	400232	4023492	395
WR0002	Wolmyeong	400071	4023490	457
WR0003	Wolmyeong	400437	4023606	463
WR0004	Wolmyeong	400676	4023398	404

Figure 13: Montage of photos from the Wolmyeong graphite project.

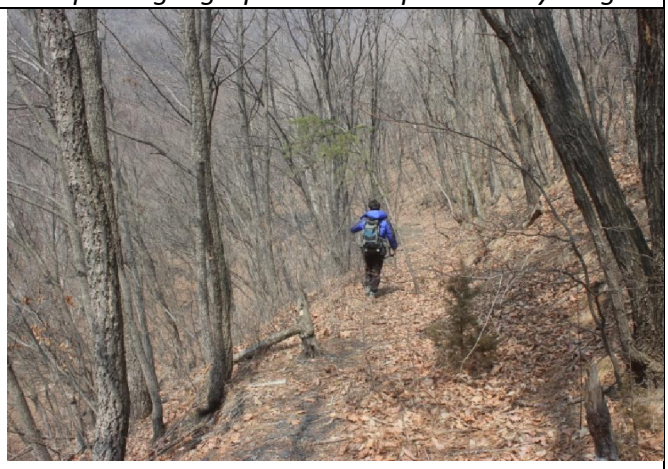
Approaching a Deuksu Adit for sampling

Inspecting graphite in the "backs" of adit

Graphite sample from surface dump

Inspecting a graphite outcrop at Wolmyeong

Abandoned Miners cottages and offices at Deuksu



Historic mine haulage track

Summary List of all material referenced in this announcement:

D1. Applications over Historic High Grade Graphite Project, 11 Feb 2016
D2. KMPC, 1979, Geological investigation of the Wolmyeong graphite deposit, *Korea Mining Promotion Corporation*, Annual Report, pp521- 523
D3. Graphite Prospects - South Korea, 13 Jan 2016
D4. Quarterly Activities Report Ending March 31 2016 - 29 April 2016.

Other than the information reported in this announcement, 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

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The information in this announcement 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 Exploration Manager for the Company and is employed as a consultant.

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 announcement of the matters based on this information in the form and context in which it appears.

JORC Code, 2012 Edition: Table 1

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC – Code of Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	At Wolmyeong, 3 grab samples were taken randomly from surface dumps and spoil adjacent to historic Deuksu mine workings. A channel sample KR0002 was taken across the portal entrance to adit driven on the Middle Graphite Horizon (Figures 2 & 7). The results of the assays are summarised in Table 2. The location of the sample points are shown in the referenced figure 6 and the UTM Zone 52N coordinates of the sample sites are shown in the location Tables 3. The announcement also refers to the collection of an underground grab sample for Metallurgical testing (Figures 8 & 9). The results of this test work are expected sometime later this month. The location of the sample is shown in Figure 6.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	The graphite samples from the dumps and surface spoil at Wolmyeong are considered indicative of the grade of material mined historically. The reader should note that all the ore mined was hand sorted so the sampled material may well be more indicative of the grade of the material rejected historically. Efforts were made to collect similar sized rock chip fragments at each grab sample point. The channel sample KR0002 was collected across the exposed structure and given the relative softness of the graphitic ore seam, is considered representative of the interval sampled.
	Aspects of the determination of mineralisation that are material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	All sampling was undertaken using a rock hammer and was mainly aimed at confirming earlier reported grades from Wolmyeong. The surface channel sample was collected from an outcropping exposure of a graphitic seam at the entrance to a historic adit. The mass of the samples collected varied from between 1.6 and 2.5kg.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	No drilling has been undertaken by the company and no commentary is being presented here on past drilling results.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling has been undertaken by the company and no commentary is being presented here on past drilling results.

Criteria	JORC – Code of Explanation	Commentary
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	No drilling has been undertaken by the company and no commentary is being presented here on past drilling results.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	
	The total length and percentage of the relevant intersections logged.	
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No drilling has been undertaken by the company and no commentary is being presented here on past drilling results.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	All samples were taken as rock chip samples using a geology hammer and/or a mallet. Efforts were made to collect even sized rocks from across the dumps. Samples were dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	In all cases, the entire sample was crushed and then split to produce a subsample for analysis. The details of the applicable sample preparation have been discussed in subsequent section on page 15.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Efforts were made to collect even-sized rock chip fragments from the dump spoils. Efforts were made to collect a representative sample across the breadth of the channel.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	As previously stated, the grab samples should only be considered indicative of the grade of material mined historically and in no way represent the overall grade of the remnant dump material. At this point in time, no duplicate samples have been taken at any of the sample sites. No sample splits have been analysed other than those routinely analysed by the laboratory as part of their own internal QA/QC process.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample size is considered more than adequate to assess C content of the high grade graphite from Wolmyeong.

Criteria	JORC – Code of Explanation	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	All samples are rock chip samples collected using a hammer and rubber mat and calico bag. The samples were packed in cartons and dispatched by Korea Post to ALS Guangzhou, China where they were dried and prepped. The samples were logged into the ALS system upon arrival at the Guangzhou laboratory. Samples were dried overnight at 60^{o}C. The graphitic ore samples were crushed to 70% passing 2mm using a MK-3 Rocklabs New Zealand jaw crusher. The samples were then split and a 250g subsample fully pulverised (PUL-21) using a LM-2 pulveriser with a ferrochrome puck and bowl. The sample was pulverised until 85% of the sample passed 75 microns. A barren silica flush was crushed between each sample and a barren flush was pulverised between each sample to minimise the risk of cross sample contamination given the expected high grade nature of the samples. The graphite pulps were then dispatched to ALS Vancouver. The Graphite samples were analysed by a range of assay techniques. A C-IR17 analysis was used to determine non-carbonate carbon through sample dissolution in 50% HCl to drive off carbonate as CO_2 and then processing the carbon residue in high temperature Leco furnace with infra red detection. Graphitic Carbon was determined using a 50% HCL mixture to remove C as carbonate as CO_2. The residue is then roasted at high temperature 425^{o}C to drive off organic carbon. The roasted residue was then analysed for carbon in a high temperature Leco furnace with infra red detection. The sulphur value was determined using method S-IR08. The S in the sample is oxidised to SO_2 at 1350^{o}C and read with a Leco analyser. The total carbon was measured via method C-IR07t where the carbon in the sample is converted to CO_2 and read by the Leco analyser. From these analyses, the Total Carbon, Total Graphitic Carbon (TGC), Organic Carbon and Inorganic Carbon (carbonate) and Sulphur were reported (Table 2). Due to the high grade nature of the Wolmyeong samples each sample was analysed 3 times and the resulting total carbon non-inorganic carbon (methods C-IR17) and total graphitic carbon (method C-IR18) numbers were averaged. The reported upper detection limit for these methods is 50% C. The C analyses should be considered near total.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivations, etc.	No geophysical results are commented upon in this release. The possibility of a future VTEM survey is discussed.

Criteria	JORC – Code of Explanation	Commentary
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	The Company has not included any blank or CRM samples with these analyses. The company has relied solely on the standard repeat and CRM protocols undertaken by ALS on the analyses of these samples. The results of the laboratory's own internal QA/QC do not indicate any issues with the 4 assay results reported herewith. No repeats have been undertaken at this time.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The graphite analyses were primarily undertaken with the aim of confirming the results of earlier work reported by KMPC[D2]. None of the results reported or commented upon in this release have been independently checked. This is not considered material at this early reconnaissance stage of the projects' evaluation.
	The use of twinned holes.	No drilling has been undertaken by the company and no commentary is being presented here on past drilling results.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Assay results are stored in an Excel database. All results are checked by the responsible geologist on entry to the database. The Company's data is stored in an excel database and routinely transferred to the Perth office.
	Discuss any adjustment to assay data.	The data presented in Table 2 is raw laboratory data produced from the averaging of 3 separate analyses. The organic carbon and inorganic carbon content are calculated using the results of the total and graphitic carbon analyses. This is standard practice in the reporting analyses of various carbon species.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	No drilling has been undertaken by the company and no commentary is being presented here on past drilling results. The sample location have been recorded using a hand held Garmin GPS60CSx. The accuracy of this unit at most sample sites was +/- 3m.
	Specification of the grid system used.	All sample sites were surveyed in the UTM WGS84 zone 52N coordinate system.
	Quality and adequacy of topographic control.	The National Geographic Information Institute (NGII) has 1:5,000 scale digital contour data for the entire country.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	It is not anticipated that any of these data would be used to compile any form of Mineral Resource and the data are purely acquired as part of the overall reconnaissance evaluation of the project.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The sampling to date is not intended for the use in any future resource estimation that may be undertaken.
	Whether sample compositing has been applied.	None of the assay results have been composited and all reported channel widths are true widths.

Criteria	JORC – Code of Explanation	Commentary
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The limited grab sampling programme was undertaken purely as an early stage assessment of the previously reported grades from Wolmyeong.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No drilling has been undertaken by the company and no commentary is being presented here on past drilling results.
Sample security	*The measures taken to ensure sample security.*	All channel and grab samples were collected into pre-labelled calico sample bags. The specific details of each sample and sample site were recorded into a field notebook and later transferred to an Excel spreadsheet. Samples were packed in cardboard cartons and dispatched by the Korean postal service to ALS China immediately after the completion of the sampling programme. On arrival in China, samples are usually held by Chinese customs for one or two days before release to the laboratory staff. To date, the laboratory manager has reported that on no occasion has any of the boxes dispatched from Korea ever been opened while in the customs holding area. The Guangzhou laboratory is located within a secure fenced compound. Safe custody of the samples is ensured through systematic tracking of samples through all stages from sample receipt to instrumental reading of the final sample aliquot. The laboratory conducts its own internal auditing of the sample processing procedures to maintain sample security and minimise the risks of sample contamination or swapping during the analytical process.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The ALS laboratory in Guangzhou has not been audited by Company personnel. This is not considered material at this stage of the project evaluation process. Sampling techniques and practices and assay methodology are periodically reviewed as part of the overall aim for continuous improvement in the Company's sampling protocol.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC – Code of Explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The Company has also filed tenement applications over five adjoining tenement blocks Cheongsan 69, 70, 79, 89 and 99 (Figure 6& Appendix I). Each block covers a 1 minute graticule and has a nominal area of 276 hectares. The Company has sole rights to the tenements. The company must complete Mineral Deposit Surveys (MDS) over each of the five blocks within 6 months of the application date i.e. by 3 August 2016. The MDS requires that the applicant indicates the presence of mineralisation on the tenement usually by engaging a Government approved independent expert to complete a single rock chip analysis and to confirm that mineralised structures of a specified grade, width and length are present on the title. In the case of graphite, the Company must indicate that graphite bearing structures are present on the tenement that are at least 20m long, 0.3m wide and with a grade of at least 2% TGC. There are no native title interests in Korea. It is a generally accepted requirement that title holders gain the consent of local land owners and residents. The long history of past mining at the Wolmyeong project and the low density of housing in the immediate vicinity suggest that approval to mine from local residents should not be a major obstacle. The project is located in a mixed deciduous and coniferous regrowth forest flanking Mount Paleum. The prospective graphite horizons outcrop between 250 and 600m AMSL. The land ownership status across the project area will need to be confirmed over the coming months. There are no State Parks or National Parks over any of the applied tenement areas. All the applied tenements have been held in the past for the purpose of graphite mining.

	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	On approval of the MDS, an applicant has 12 months from the original application date, 4 February 2017 in the case of Wolmyeong to submit a prospecting plan to the Ministry. The prospecting plan outlines the intended prospecting method: one of Geochemical (e.g. soil sampling), geophysical (e.g. IP) or drilling (usually diamond drilling in Korea) that the applicant intends to utilise in the proposed exploration programme. Certain minimum levels of work are required, for example, completing at least 3 holes and 450m of drilling. An applicant may at anytime during the exploration period, file an application to change the prospecting method. The applicant also has an option to apply for a 3 year extension to the prospecting period at least 3 months prior to the anniversary date which in the case of the Wolmyeong project will be 4 November 2020, provided that at least 50% of the statutory requirement has been completed within the initial 3 year prospecting period. Three months prior to the end of the 3 or 6 year prospecting period, the applicant must submit a prospecting report. The submission of the prospecting report is considered by the Ministry as an application for a mining right. The title holder then has 3 years to file and have a Mine Planning Application (MPA) approved. The MPA is submitted to and approved by the Local Government and is akin to local council planning approval. As part of the MPA process, the title holder must secure a "no objection certificate" from the residents of the local village(s). An MPA primarily covers design, implementation, environmental and safety aspects of all surface activities associated with the planned mining venture. The approval of the MPA then grants the mining right holder a 20 year production period that can be extended further upon application provided all statutory requirements have been met over the life of the mine. From the date of grant of the Mining Right, the title holder has a 3 year period in which mine production must commence. During this 3 year period, the title holder must make a minimum level of investment on plant and mine infrastructure in the amount of Kwon100million (~A$120,000). In addition, certain minimum annual production levels must be met depending on the commodity being mined and its commercial value. In the case of graphite, it is 50 tonnes concentrate containing 75% TGC.

Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	A summary of historic KIGAM and KMPC work in the Wolmyeong project area was presented in the Company's 11 February 2016 ASX announcement[D1,D2]. The Company is in the process of reviewing and compiling historic drilling records from work in the Poun Coal Field, including the logs from holes drilled previously on the Company's tenements. The Company is currently not aware of any exploration work by other non Government agencies/parties. The Company has not as yet been able to locate any records of past graphite production from the Wolmyeong and Deuksu Mines. KIGAM has flown airborne radiometrics and airborne magnetics across South Korea as part of an ongoing data capture programme conducted over the last 30 or more years. KIGAM has completed 1:50,000 scale mapping across the tenement area (Figure 6)[D3]. KMPC completed more detailed mapping as part of their 1979 project review[D2].
Geology	*Deposit type, geological setting and style of mineralisation.*	The Wolmyeong graphite deposit was formed as a result of regional and contact metamorphism of Permo-Carboniferous Poun Coal Beds. The graphite is hosted in a series of shale and slate horizons that are part of the broader Paleumsan meta-sedimentary Formation. The Paleumsan Formation consists of lower limestone and quartzitic sandstone that passes upwards into shales, slates, phyllites and sandstones. The meta-sedimentary sequence was regionally metamorphosed to lower greenschist in the late Permian-Triassic Period. The regional metamorphic event has thermally altered the Poun Coal beds to anthracite. Subsequent plutonic activity in the Jurassic and Cretaceous Periods has locally metamorphosed the anthracite to micro crystalline and coarser crystalline graphite (Figures 6 - 13).
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduce Level) – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length*	The Company is in the process of translating and compiling the available historic drill logs from past KIGAM drilling efforts at Wolmyeong. The approximate collar location of known historic drill holes are shown in Figure6.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	No comments are being made on the results of the historic drilling work by KIGAM in this announcement. All the assay results from the rock chip sampling have been summarised as Table 2. The results of past KMPC sampling are included for comparative purposes in Table 1.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	No data has been cut or truncated.

	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	All assay values reported are raw assays and none of the data values have been cut or truncated and no weightings have been applied.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent vales have been reported.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	The graphite dump grab samples were taken to provide an indication of the grade of the material historically mined at Wolmyeong. Further, these samples aim to validate the results of earlier KMPC sampling work reported previously[D1]. The channel sample provides a local indication of the grade and width of the Middle Graphite Horizon. Insufficient work has been undertaken at this stage to comment on the width of the graphite structures across all the Company's tenements. Historical mining records indicate that the width of the mined structures varied along strike from 0.5 to more than 20m wide in places[D2]. No tonnage or Mineral Resource potential has been commented on in this release.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	No drilling has been undertaken by the Company and no drilling results have been reported or commented upon in this release.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	No drilling has been undertaken and no drill assay results have been reported or commented upon.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Figure 6 shows the location of the Company's Wolmyeong tenements. Assay results are summarised in Table 2. Figure 7 shows the location of channel sample KR0002.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All assay values have been reported and are summarised in Table2. The sample location details are shown in Table 3. Past assay work by KMPC is included as Table 1 for comparative purposes[D1&D2].
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All data considered relevant and material have been included and commented upon in this announcement or included in earlier announcements[D1 &D3].

Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	At Wolmyeong Project a decision will be made on how to progress the exploration efforts following the receipt of the results of the initial metallurgical test work study expected by early to mid June. Given the extremely high grade nature of the Wolmyeong graphite and the relatively continuous nature of the graphitic seams it is anticipated that the units will be extremely conductive. The plan is to fly heli-borne VTEM programme over the Wolmyeong project with the aim of identifying areas of broader graphite mineralisation to assist with future drill targeting.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Figure 6 shows the historically mapped location of the graphite seams at Wolmyeong. Potential exists to identify near surface graphite mineralisation on the western tenements blocks 89 and 99. Further, no mining has been undertaken below the level of the Deuksu valley floor, nominally 300m AMSL. Significant potential exists to define additional resources below the level of the historic mining. The area along strike to the east of the applied tenements is considered less prospective as the grade of metamorphism reportedly drops off and the graphitic seams become more anthracitic (Figure 6).

Appendix I: Wolmyeong Tenement Application Summary List and Status as at 02 June 2016.

SMCL Application No.	Tenement No.	Mine Registry No.	Title status	SMCL Applied Minerals	SMCL Application Date	Area (ha)
1	Cheongsan 69		Sole Mineral Rights	Graphite	4-Feb-16	274
2	Cheongsan79		Sole Mineral Rights	Graphite	4-Feb-16	274
3	Cheongsan89		Sole Mineral Rights	Graphite	4-Feb-16	274
4	Cheongsan99		Sole Mineral Rights	Graphite	11-Feb-16	274
5	Cheongsan70		Sole Mineral Rights	Graphite	4-Feb-16	274

** A full list of all the Company's current tenements was included as part of the March 2016 Quarterly Report[D4].*