



PENINSULA MINES LIMITED

ASX:PSM

ASX ANNOUNCEMENT

26 July 2017

DRILLING ACCESS GRANTED TO OSU GOLD-SILVER PROJECT

- **Regulatory approval received for drilling access to two separate drill sites:**
 - **Pal Gong East - to test below high-grade channel sample results incl. 1.25m @ 7.73 g/t Au^{D1}**
 - **Pal Gong West - to follow up previous drilling including 0.4m @ 8.4 g/t Au, 6,121 g/t Ag**
- **Drilling to be prioritised alongside drill testing of other polymetallic sulphide-porphyry targets on the Ubeong Project^{D3} planned for Q3/4 2017**

Peninsula Mines Limited ("Peninsula" or the "Company") is pleased to announce that it has received approval from the Korean Forest Service to access two separate drilling sites which will enable the company to test high-grade gold and silver targets at the Company's wholly-owned Osu Gold Project in South Korea (see inset Figure 1).

The first drilling site is located immediately to the west of the Pal Gong East Lode (see Figures 1 and 2), where rock-saw channel sampling by Peninsula was completed obliquely across a 30m wide zone of sulphidic sub-epithermal vein structures in and around the historical underground workings. Several high-grade, polymetallic results were produced across the veined zones, released 12 December 2016 (see Figure 1)^{D1}, including:

- **5.7m @ 3.14 g/t Au, incl. 1.25m @ 7.73 g/t Au (PG038 - 042);**
- **0.15m @ 11.3 g/t Au, 327 g/t Ag, 0.56% Cu (PG057B); and**
- **0.20m @ 18.3 g/t Au, 224 g/t Ag, 2.63% Pb (PG047)**

The proposed drilling from this site will include 1 to 2 diamond drill holes testing the down-plunge extensions of these high-grade zones within and below the area of previous historical stoping on the Pal Gong East structure (see Figures 1 and 2).

The second drilling site is located to the east of the Pal Gong West lode where previous limited drilling in 1975 by the Korean Mineral Promotion Corporation, now the Korea Resource Corporation (KORES), intersected very high grade silver with gold in diamond drill hole **75-2: 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** (see JORC Tables 1 and 2 for data).

The proposed drilling from this site will include 1 to 3 diamond drill holes testing the immediate vicinity, along strike and down dip, of the previous drilling intersections below the area of historical stoping on the Pal Gong West structure (see Figures 1 and 2).

Drilling may also be extended from the first drilling site (Pal Gong East) to test a prominent magnetic anomaly immediately below the workings that may represent a mineralised porphyry intrusion^{D2} (see Figure 3).

Application is being made to KORES for direct funding assistance for the proposed drilling programme of up to 5 diamond drillholes and, depending on the outcome of the application, drilling will be prioritised alongside other drilling programmes planned for Q3/Q4 2017 including the testing of sulphide-porphyry targets on the Ubeong Zinc-Silver and Copper-Gold Project^{D3}.

Managing Director of Peninsula Mr Jon Dugdale, said *"We are very pleased to have gained access to drill the Osu high-grade gold-silver targets, which, along-side the polymetallic sulphide-porphyry targets on our Ubeong Project, will provide the Company with multiple drilling targets to test during this next exciting stage of the South Korean exploration programme."*

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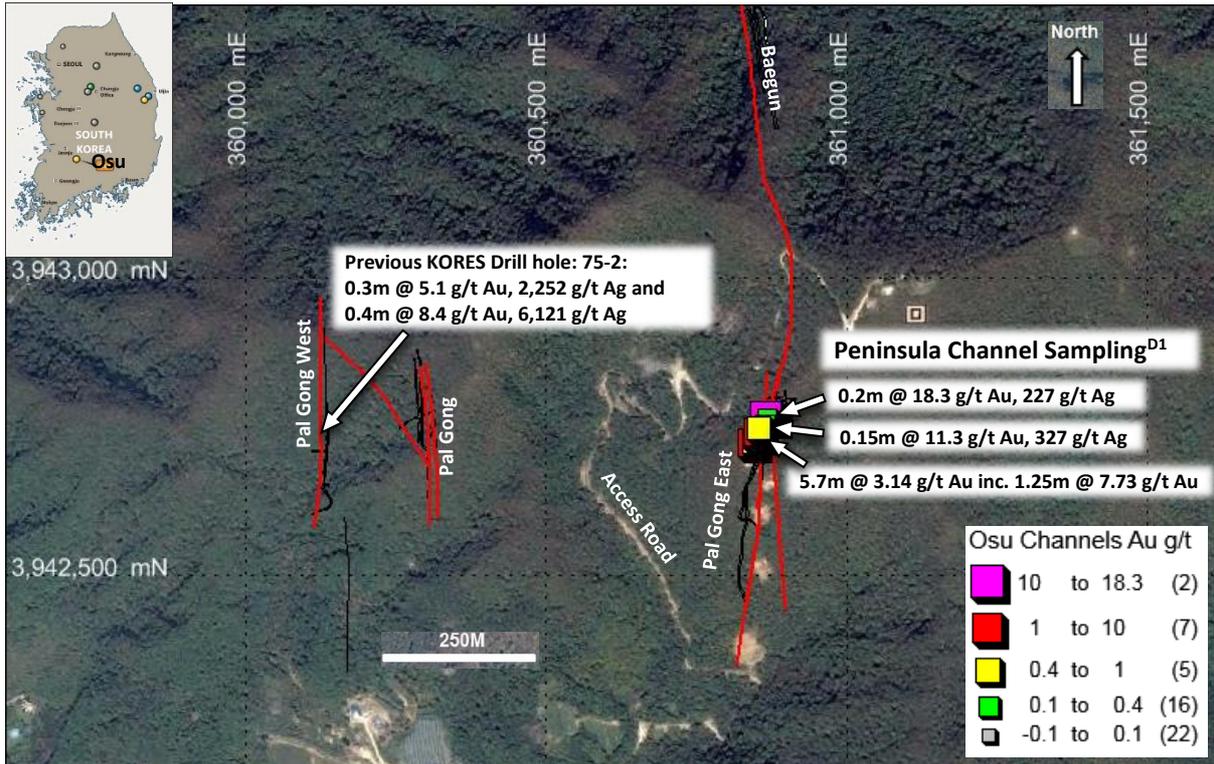


Figure 1: Osu Gold Project, Pal Gong East & West Lodes (red traces), channel-sampling^{D1} and KORES DH 75-2 results

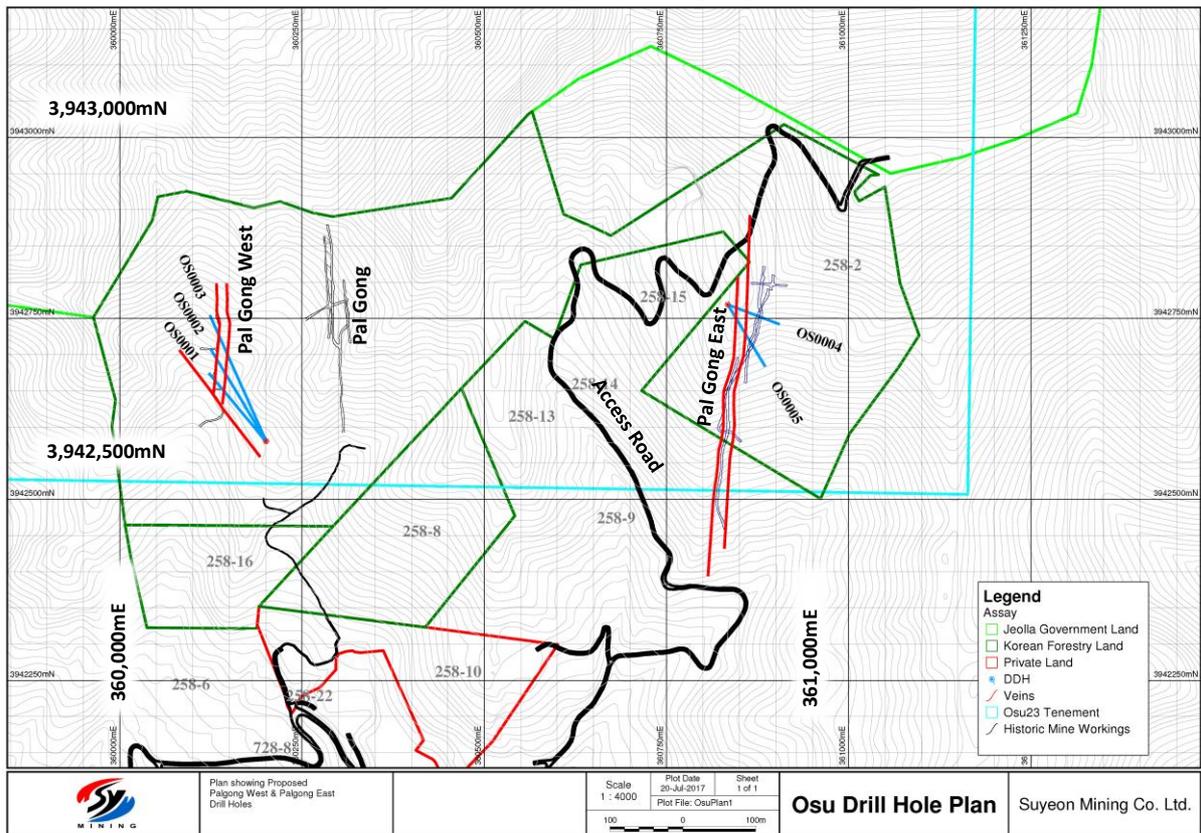


Figure 2: Osu Gold Project, Pal Gong East & West Lodes with workings, proposed drilling locations

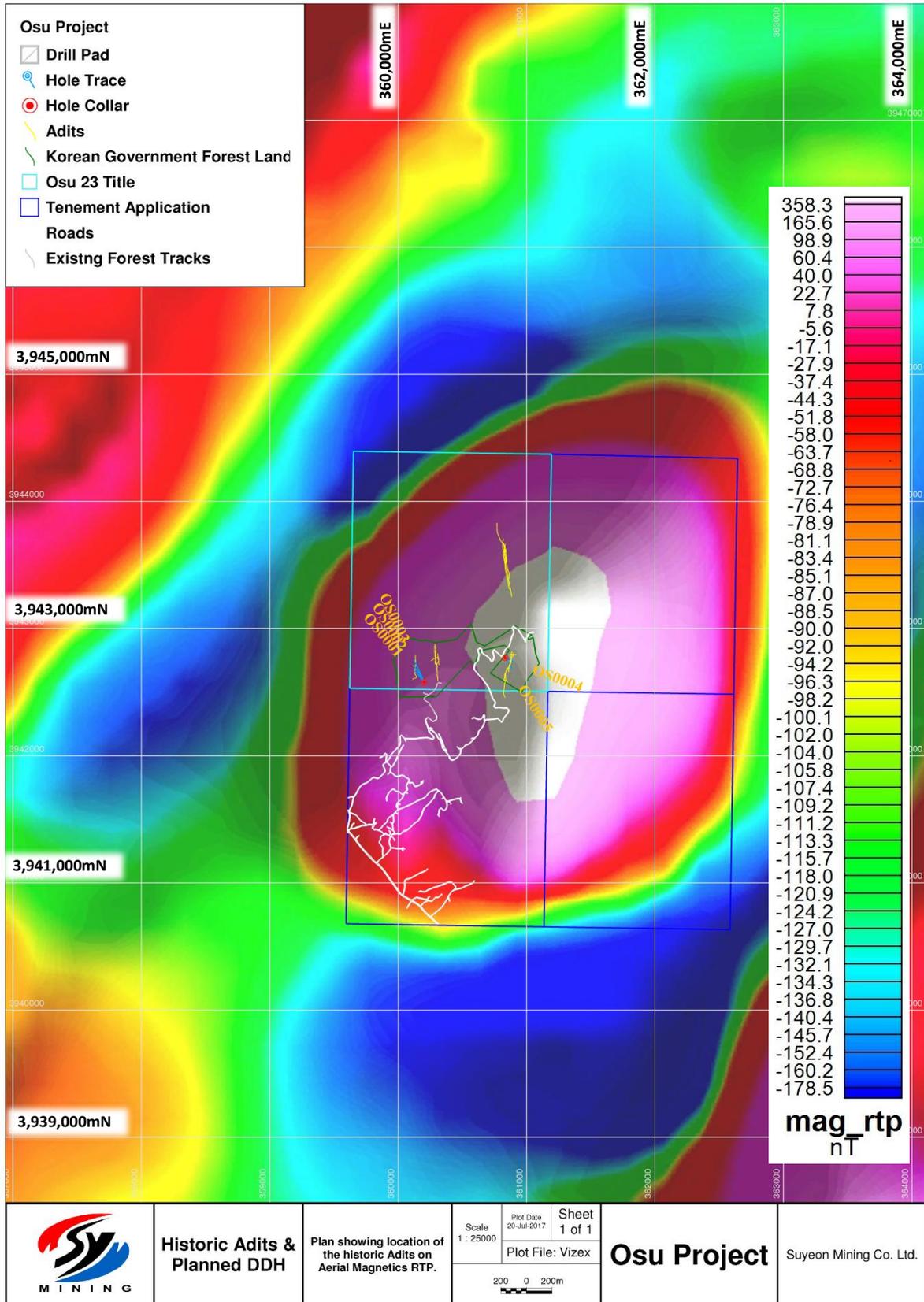


Figure 3: Osu Gold Project, Figure 3: KIGAM 2008 Imsil Aeromagnetic image reduced to the pole with Palgong East and West, and Baegun historical mine workings with proposed drilling locations

Background to the Osu Gold Project

The Osu project consists of one granted tenement, Osu 23 and applications for 3 adjoining tenements. The Osu 23 tenement contains the historical Baegun and Pal Gong Mines (see Figures 1 and 2).

The Osu Project has high-grade, polymetallic veins that were discovered in the 1930's and exploited intermittently until the early 1970's. The bulk of the mineralisation is hosted within granites which become more foliated and gneissic towards the west where they host the Pal Gong and Pal Gong West mine workings (see Figures 1 and 2).

The historically mined vein structures at Osu occurring over a strike length in excess of 1,500m possibly represent near surface, sub-epithermal, polymetallic veins emanating from a deeper seated, porphyry intrusive source (see Figure 3).

In 2014, Peninsula reported the assay results from a surface sampling program which yielded very encouraging high grade gold and silver mineralisation with base metals credits^{D4}. Significant assay results from the channel sampling of the lode structures at surface included:

- 0.1m @ 18.5 g/t Au, 318 g/t Ag & 0.37% Cu, 2.5% Pb, 0.09% Zn & 0.63% W
- 0.05m @ 20.7 g/t Au, 126 g/t Ag, 0.11% Cu, 2.5% Pb, 0.09% Zn, 0.03% W
- 0.09m @ 9.17 g/t Au, 509 g/t Ag, 0.43% Cu, 0.7% Pb, 0.03% Zn
- 0.09m @ 9.9 g/t Au, 97 g/t Ag, 0.05% Cu, 0.35% Pb, 0.1% Zn
- 0.14m @ 20.3 g/t Au, 153 g/t Ag, 0.07% Cu, 1.9% Pb, 0.03% Zn

The channel samples were taken across narrow iron and manganese stained vein structures in and around the historic Pal Gong East mine workings.

Previous drilling by KMPC (now KORES) has tested all three vein structures at shallow levels producing some very high-grade results over narrow intervals, including diamond drillhole 75-2: 0.3m @ 5.1 g/t Au, 2,252 g/t Ag from 86.3m and 0.4m @ 8.4 g/t Au, 6,121 g/t Ag from 110.8m on the Pal Gong West structure (see Figure 1).

Historical mining was confined to hand held mining methods resulting in very limited tonnage being recovered. The recent channel sampling shows evidence of steeply plunging shoot controls on the mineralization, which provides an immediate target for the initial drilling program at Osu.

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About Peninsula Mines

Peninsula Mines Ltd is an Australian listed, exploration/development company focused on developing the outstanding opportunities for mineral discovery within South Korea. Peninsula's strategy is to focus on mineral commodities that have a positive price outlook and offer potential for off-take and/or strategic partnerships in-country.

The Company has established, and is growing, a portfolio of highly prospective graphite, lithium, gold-silver and zinc-silver-polymetallic projects in South Korea, that all offer significant exploration potential.

Full versions of all the company's releases are available for download from the Company's website www.peninsulamines.com.au



The material and/or releases referenced in this release are listed below:

- D1 High-Grade Gold Channel Sampling Results, Osu Project, 12 December 2016
- D2 Osu Drilling Campaign: High-Grade Gold Target, 1 August 2016
- D3 IP Survey Identifies Very Strong Sulphide-Porphyry Targets at Ubeong, 12 July 2017
- D4 Exciting Rock Chip Sample Results – Osu Gold Project, 11 August 2014

Forward looking Statements

This release 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 release. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Peninsula Mines Ltd does not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

Competent Persons Statement

The information in this release 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 release 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	<p><i>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.</i></p>	<p>The rock chip and channel sampling assay results discussed in this release have been described in detail in previous Company releases^{D1,D4}.</p> <p>Further, details of historic work undertaken by the Korean Mineral Promotion Corporation (KMPC) now the Korean Resources Corporation (KORES). The KORES results commented upon include a surface diamond drill hole drilled in 1975, hole 75-2. The location map does not clearly identify the historic holes collar position but it was a BQ diameter hole drilled to 120m depth at an azimuth 260° and dip of -70°. No data is available on the type of sampling or assaying undertaken by KMPC. The Company is aiming to redrill the holes interpreted target position to verify the results of the historic KMPC work.</p>
	<p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p>	<p>The PSM rock chip sampling results referred to in this release were described in detail in previous Company releases^{D1,D4}.</p> <p>The Company has no details on how the KMPC rock chip or core sampling was undertaken and these results should only be considered indicative of the potential grade of the historic KMPC drilling and underground sampling. At some point prior to the 1975 drilling program KMPC completed a campaign of underground rock chip channel sampling at Palgong West. The results of this work are included as Table 1.</p>
	<p><i>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.</i></p>	<p>As stated previously the Company has no information on how the KMPC sampling was undertaken nor how representative this work was .</p>



Criteria	JORC – Code of Explanation	Commentary
Drilling techniques	<i>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).</i>	No drilling has been undertaken by the Company all drilling commented upon is historic work by KMPC or work planned by the Company to assess the potential of the Palgong Prospects.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	No drilling has been undertaken by the Company all drilling commented upon is historic work by KMPC or work planned by the Company to assess the potential of the Palgong Prospects.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	The company has been unable to find any details regarding how past KMPC core and rock chip sampling was undertaken and as such the KMPC results discussed in this release should only be considered as indicative.
	<i>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.</i>	
Logging	<i>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.</i>	
Sub-sampling techniques and sample preparation	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	No drilling has been undertaken by the Company all drilling commented upon is historic work by KMPC or work planned by the Company to assess the potential of the Palgong Prospects.
	<i>The total length and percentage of the relevant intersections logged.</i>	
	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	
Sub-sampling techniques and sample preparation	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	All sampling methodology utilised by PSM in the rock ship and diamond saw channel sampling programmes is discussed in detail in previous ASX releases ^{D1,D4} .The Company has been unable to locate any records regarding how past KMPC core and rock chip samples were prepared or assayed.



Criteria	<i>JORC – Code of Explanation</i>	Commentary
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The nature and quality of all PSM sampling was discussed in detail in earlier releases ^{D1,D4} . As discussed previously the company is unable to comment further on the nature or quality of past KMPC sampling work and as such all results should be considered indicative.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	As above.
	<i>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.</i>	Selected repeat/field duplicate samples were taken during PSM sampling work. The Company is not aware of any QA/QC procedures adopted by KMPC during their historic sampling work referred to in this release.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The size of PSM rock chip samples is considered appropriate for the style of sampling undertaken. The company is unable to comment further on the quality of historic KMPC sampling work and again all results should be considered provisional or indicative until the Company can confirm the past work with its planned drill campaign.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	All PSM rock chip samples were dried at 105°C upon receipt by the lab. The samples were then prepped and pulverised as discussed above. The 0.8gm subsample was then prepared for analysis via heating to 1050oC using 8gm sodium peroxide as the flux agent. The samples were then analysed using a Perkin Elmer NexION unit for ICP-MS analyses or a Thermo iCAP 6000 unit for ICP-OES analyses. A 50gm charge was prepared for fire assay for all the Au analyses. A 0.8gm sub-sample was prepped using 8gm of lithium metaborate flux and W, Mo and Sn analyses were undertaken using a Panalytical Axios XRF. The company has no details on how KMPC samples were prepared and assayed except that this work was performed in house at KMPC's own laboratory.
	<i>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.</i>	<p>The Company has purchased the Korea Institute of Geoscience and Mineral Resources (KIGAM) 1:100,000 Total Magnetic Airborne Magnetic Imagery for the Imsil sheet on which the Osu Project lies (Published Dec 2008).</p> <p>The magnetic survey was undertaken by KIGAM using a Geometrics G-813 Proton Magnetometer. The flight lines were flown East-West at a 1 km line spacing with North-South tie lines flown at a 5km spacing. The flight altitude for the survey was 100-200m above ground level. The data processing involved setting the data level at 300m above mean sea level by upward/downward continuation. The International Geomagnetic Reference Field (IGRF) was used to assist with the removal of total magnetic anomaly.</p>



Criteria	JORC – Code of Explanation	Commentary
		<p>The KIGAM colour total magnetic contour maps are printed at 1:100,000 scale and referenced using the Bessel ellipsoid and the Tokyo datum with latitude and longitude coordinate marked.</p> <p>The geophysical image shown in figure 3 is a portion of the Imsil aeromagnetic image. The data has been reprocessed and reduced to the pole (RTP).</p> <p><i>RTP is a data processing technique that recalculates total magnetic intensity data as if the inducing magnetic field had a 90° inclination, that is, the target body was located at the earth's magnetic pole. The result is that dipolar magnetic anomalies are transformed into monopolar anomalies centred over the body responsible for the magnetic response. This then simplifies the data interpretation. RTP makes the somewhat simplistic assumption that the rocks in the surveyed area are all magnetised parallel to the earth's magnetic field. If the rock's remanent magnetism is misaligned with the earth's magnetic field then RTP is unable to adequately adjust for this inherent magnetism within a lithological body. RTP makes no allowance for remanent magnetisation which is commonly preserved in many igneous rocks such as basaltic lava flows. RTP will not correctly deal with magnetic remanence in cases where the direction differs from direction of the earth's magnetic field at the same point^{D5 & D 6}.</i></p> <p>At this point in time, the Company has been unable to procure the raw data from the original airborne magnetic survey.</p>
	<p><i>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.</i></p>	<p>In all the Company's channel sampling work, duplicate samples and standard samples and external laboratory checks were included and the results of this work exhibit acceptable levels of accuracy (i.e. lack of bias).</p> <p>The data was considered adequate to provide the necessary QA/QC procedures for quality control with these analyses.</p> <p>The company is not aware of any QA/QC procedures adopted by KMPC in their core or rock chip analysis work.</p>
<p>Verification of sampling and assaying</p>	<p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p>	<p>The Company's results reported or commented upon in this release have been independently checked by non-Company personnel. This is not considered material at this early reconnaissance stage of the project's evaluation.</p> <p>The KMPC data was sourced from historic reports compiled by KMPC staff in their annual accounts of work completed across various projects each calendar year. The company has relied on the content of these reports as original raw assay files etc are no longer available.</p>



Criteria	JORC – Code of Explanation	Commentary
	<i>The use of twinned holes.</i>	No drilling has been undertaken by the Company all drilling commented upon is historic work by KMPC or work planned by the Company to assess the potential of the Palgong Prospects.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	The company's assay results are stored in an Excel database. All results are checked by the responsible geologist on entry to the database. The Company's data is stored in an excel database and routinely transferred to the Perth Head Office. The KMPC data has been compiled from various historic KMPC reports.
	<i>Discuss any adjustment to assay data.</i>	No adjustments have been made to the data other than length weighted averaging of various channel sampled intervals.
Location of data points	<i>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.</i>	No drilling has been undertaken by the Company all drilling commented upon is historic work by KMPC or work planned by the Company to assess the potential of the Palgong Prospects. The sample locations have been recorded using a hand held Garmin GPS60CSx. The accuracy of this unit at most sample sites was +/- 10m.
	<i>Specification of the grid system used.</i>	All sample sites were surveyed in the UTM WGS84 zone 52N coordinate system or WGS 84 Latitudes and Longitudes.
	<i>Quality and adequacy of topographic control.</i>	The National Geographic Information Institute (NGII) has 1:5,000 scale digital contour data for the entire country.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	The interval sampled by company personnel were of an even width and the entire sample was collected in the Intervals ranging from 10cm to 1.25m, ensuring representivity. The company has insufficient information and as such is unable to comment on the nature of the KMPC sampling.
	<i>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.</i>	Th Company's channel sampling intervals were approximately 1m intervals (0.1m to 1.25m), is in line with protocols for sampling drillcore. It is anticipated that these data would be suitable to form part of a future Mineral Resource estimation, subject to drilling information providing the required evidence of continuity and being at a suitable spacing.
	<i>Whether sample compositing has been applied.</i>	Weighted average channel-sampling intervals have been calculated and summarised in past releases and include here as a reference to work discussed more fully in previous ASX releases ^{D1,D4} . The KMPC intervals are all short intervals less than 0.4m and predominately around 0.1m and as such are uncomposited.



Criteria	JORC – Code of Explanation	Commentary
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Where possible the company's channel samples have been collected perpendicular to the strike and dip of the mineralised structures. The company assumes has insufficient information to comment on the nature of the KMPC sampling.
	<i>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.</i>	No drilling has been undertaken by the Company all drilling commented upon is historic work by KMPC or work planned by the Company to assess the potential of the Palgong Prospects.
Sample security	<i>The measures taken to ensure sample security.</i>	<p>The Company's rock chip samples were organised and packed at the Company's secure core yard facility at Sotae-myeon. The samples were then packed in cardboard cartons and shipped to NAGROM Laboratory, Kelmscott, Perth using DHL Global Forwarding. The samples routinely took 4 to 7 days in transit from Korea until clearing customs in Perth and delivery to the laboratory. DHL online tracking allows for the parcels to be tracked throughout their transit.</p> <p>It is assumed that all KMPC sampling was completed in house at the KMPC laboratory as this was standard practice up until 3 years ago for all KMPC and KORES domestic sample preparation and assaying.</p>
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	<p>The NAGROM Laboratory, Kelmscott has been visited by Company personnel and meets full international standards. NAGROM is internationally recognised particularly in the field of metallurgical evaluations.</p> <p>The KMPC and KORES laboratory has not been visited or audited by company personnel.</p>

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



Section 2: Reporting of Exploration Results

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

Criteria	JORC – Code of Explanation	Commentary
Tenement and land tenure status	<i>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.</i>	<p>SMCL, a wholly owned subsidiary of PSM was granted tenure over the Osu 23 block on 17 December 2014. The Company has a 6 year exploration period which at any time during that period can be converted to Mining Right by filing a prospecting report. The Company also has 3 applications, Osu 13, Osu 14 and Osu 24 over neighbouring tenement blocks. The company has until 9 January 2016 in the case of blocks Osu 13 and Osu 14 and 28 December 2016 in the case of block Osu 24 to successfully lodge Mineral Deposit Survey (MDS) reports over the applied areas and subsequently, the Ministry of Trade, Industry and Energy (MOITE) makes its decision on the issuance of a Mining Right³.</p> <p>Each tenement block covers a 1-minute graticule and has a nominal area of 276 hectares. The Company has sole rights to the applied elements within the tenement area. The company must complete Mineral Deposit Surveys (MDS) over each of the five blocks within 6 months of the application date. 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 gold, the Company must indicate that a gold bearing structure is present on the tenement that is at least 10m long, 0.3m wide and with a grade of at least 2g/t.</p> <p>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 project is located in a mixed deciduous and coniferous regrowth forest on the flanks of Mt Pal Gong. Land ownership is a mixture of private and public forest land. There are no State Parks or National Parks over any of the applied tenement areas. The Osu 23 and Osu 24 tenements have been held in the past for the purpose of precious and base metal exploration and mining.</p>
	<i>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.</i>	<p>On approval of the MDS, an applicant has 12 months from the original application date, 13 July 2016 in the case of Osu 13 and Osu 14 and 1 July in the case of Osu 24, to submit a prospecting plan to the Ministry. The prospecting plan outlines the intended prospecting method: 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. A recent amendment to Mining Law</p>



Criteria	JORC – Code of Explanation	Commentary
		<p>means that a tenement applicant is now granted a 6 year exploration window upon the acceptance of the MDS and the formal grant of a Mining Right.</p> <p>Three months prior to the end of the 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.</p>
Exploration done by other parties	<i>Acknowledgement and appraisal of exploration by other parties.</i>	<p>KMPC has completed a number of surface and underground sampling campaigns over the various historic mine workings at the Osu Project between the 1960s and early 1980s. In addition, KMPC drilled a number of drill holes at Osu between 1975 and 1984.</p> <p>Historic KMPC reports outline past exploration efforts by KMPC at the Osu project. The Baegun and Pal Gong prospects were discovered during the Japanese occupation of Korea. In 1945, the mines closed and mine remained closed until 1956. In 1961-62, KMPC provided funding to support 490m of fresh underground development at Baegun. In 1968, KMPC funded a further 250m of underground development at Baegun. In the late 1960s and early 1970s, KMPC completed several phases of underground channel and grab sampling at both the Pal Gong and Baegun mines. In 1975, KMPC completed a 3 hole BQ diamond drill programme at Pal Gong. In 1982, KMPC completed 3 BQ diamond drill holes at both Pal Gong and Baegun mines and in 1984, KMPC completed a further 3 BQ drill holes at Baegun. The results for this work are incomplete and the Company is still trying to locate all the relevant details. Only limited production figures have been located but several schematic figures have been located showing the extent of adit development at both mines and the stoping extents at</p>



Criteria	JORC – Code of Explanation	Commentary
		<p>the Baegun mine. No further exploration has been undertaken since the work completed by KMPC in the early 1980s.</p> <p>KIGAM has flown airborne radiometrics and airborne magnetics across South Korea as part of an ongoing data capture programme conducted over the last 30 or more years. KIGAM completed 1:50,000 scale geological mapping over the Osu Geology sheet in 1983.</p> <p>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 comprehensive reports of past production from the Baegun and Pal Gong Mines.</p>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The mineralisation observed at the Baegun and Pal Gong East Mine is characterised by steeply dipping quartz sulphide vein shear structures hosted within biotitic granodiorite. At the Pal Gong Mine and Pal Gong West mines, steeply dipping quartz sulphide structures are hosted within foliated granitic gneiss. The age of the mineralisation and host intrusive is unknown. The recently acquired and reprocessed airborne magnetic image indicates a significant magnetic high centred midway between the Baegun and Pal Gong East Mines (Figures 2 and 3).</p>
Drill hole information	<p><i>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:</i></p> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduce Level) – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length</i> <p><i>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.</i></p>	<p>All rock chip results, location details and descriptions are included herewith as Appendices 1 & 2.</p> <p>None of the data in this or earlier release are considered incomplete.</p>



Criteria	JORC – Code of Explanation	Commentary
Data aggregation methods	<i>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.</i>	No data has been cut or truncated. Weighted average channel-sampling intervals have been calculated and summarised in Table 1, in the body of the report.
	<i>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.</i>	The data has not been aggregated.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent vales have been reported.
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	The assay results being commented upon are all rockchip sample channel sample data assays.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	No drilling has been undertaken or commented upon in this release.
	<i>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’).</i>	No drilling or assaying has been undertaken and no drilling or assay results have been reported or commented upon.



Criteria	JORC – Code of Explanation	Commentary
Diagrams	<i>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.</i>	<p>Assay results are summarised in Appendix I & II.</p> <p>Figure 2 shows the extent of the historic Baegun and Pal Gong workings on the Google Earth image from which a strike potential of 1500m has been interpreted.</p> <p>Figure 3 shows the location of the channel samples, projected onto historic development drives underlying the channel sampling. The location of the development drives has been interpreted from historic mine records and the historic KMPC sampling.</p>
Balanced reporting	<i>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.</i>	The full list of all the base and precious metal assays obtained from rock chip channel sample assaying is included as Appendices 1 & 2. The sample data points are displayed on Figure 3.
Other substantive exploration data	<i>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.</i>	All base metal data considered relevant and material has been included in this announcement.
Further work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	The Company intends to complete 3 diamond drillholes at the Osu Project to test the down dip potential below the historic Pal Gong east workings. Follow-up work will be subject to this first round of drill results.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Figures 2 and 3 shows the location of the Pal Gong East interpreted mineralised structures. Drilling will be planned to test down plunge of the mineralised lode/vein structures that have been sampled, the results of which are reported herein.



