



PENINSULA MINES LIMITED

ASX ANNOUNCEMENT

14 June 2017

PENINSULA SIGNS NON-BINDING FLAKE-GRAPHITE OFFTAKE & DEVELOPMENT MOU WITH KOREAN END USER

- **Non-binding offtake and development cooperation MOU signed with Korean expandable graphite producer, Graphene Korea Co., Ltd.**
- **Peninsula and Graphene Korea will now work together to identify and fast-track the development of graphite deposits with metallurgical characteristics suitable for offtake**
- **Korean subsidiary company, Korea Graphite Co., Ltd., to be established to develop priority graphite projects and supply end-users with suitable graphite concentrate**
- **Senior Korean advisor appointed to source and structure Korean/Asian investments**

Peninsula Mines Ltd (“**Peninsula**” or “**the Company**”) is very pleased to announce that it has taken a major step towards prioritising the development of Korean and potentially overseas graphite projects by signing a wide-ranging, strategic, Memorandum of Understanding (“**MOU**”) with Korean expandable graphite producer, Graphene Korea Co., Ltd. (“**Graphene Korea**”).

The non-binding (except for certain non-material terms) MOU, executed by the two companies, envisages long-term strategic cooperation with respect to offtake of graphite concentrate and development of graphite mining and processing projects in Korea, and potentially outside Korea.

The non-binding offtake and development MOU includes a commitment to cooperate in respect of:

- 1) Supply by the Company, to Graphene Korea, initially up to 20,000 tonnes per annum of >180 micron, >95% Total Graphitic Carbon (“**TGC**”) flake graphite concentrate, and,
- 2) development of mining and processing facilities in South Korea, and potentially overseas, for selected projects that meet required metallurgical specifications.

Peninsula and Graphene Korea will now work together to identify projects that have the potential to produce flake-graphite concentrate that will meet the specifications for production of Graphene Korea’s expandable graphite product (see Figure 1 below). Metallurgical samples from selected projects will be provided to Graphene Korea for test-work at their pilot facility south-west of Seoul and, based on positive results, projects will be prioritised for drilling and development.

Peninsula’s Managing Director, Mr Jon Dugdale, said: *“this agreement represents a significant milestone for the Company, in securing the first offtake and development cooperation MOU signed with a high-technology focussed Korean graphite end-user.*

“This MOU fits very well the Peninsula strategy to establish relationships with Korean graphite end-users and investors, and will allow the Company to prioritise development of projects that have the metallurgical characteristics that meet the end-users required specifications.”

In order to facilitate the development of selected graphite projects the Company is establishing a new subsidiary, Korea Graphite Co., Ltd. (“**Korea Graphite**”), that will house the Company’s graphite projects, seek Korean investment to advance those projects, and potentially source suitable concentrate for end-users such as Graphene Korea.

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The Company has also appointed a Senior Advisor, Mr Min Soo Kim, CEO of Ambrasia Group Ltd (“**Ambrasia Group**”), with significant expertise in Korea, to source and structure the investments required to advance selected graphite projects to development and, ultimately, flake-graphite concentrate production.

About Graphene Korea:



Graphene Korea is a private Korean company that is close to commissioning an expandable graphite products processing facility near Eumseong in Korea, approximately 20 km to the west of Peninsula’s Yongwon Flake-Graphite Project^{D6}.

Expandable graphite is processed to produce heat resistant, very light weight, non-toxic building materials and insulation products that will enable the Korean building products industry to meet increasingly stringent fire safety codes for foam insulation panels, fillers and coatings. The product utilises flake-graphite concentrate with certain metallurgical characteristics (e.g. expandability), and Graphene Korea will have initial demand for approximately 20,000 tonnes of flake-graphite concentrate per annum.

Graphene Korea is also planning to establish a second processing facility to produce other products, including graphene, for new technological applications requiring superconductors.

Figure 1: Graphene Korea’s Expandable Graphite Product (in front of their pilot plant/testing facility)

Korean Graphite Projects Update:

Peninsula is currently advancing several flake-graphite projects in Korea with the objective of establishing a “critical mass” of flake-graphite resources and to conduct the metallurgical test-work necessary to demonstrate suitability for the high technology end-uses, including:

- i) **Yongwon Graphite Project**, where large to jumbo sized flakes have been identified in petrography^{D2}; high grade channel sampling results including Trench 1: 13.8m @ 11.7% TGC and Trench 5: 12.7m @ 10.8% TGC^{D6} have been produced, and metallurgical testing by Independent Metallurgical Operations (“**IMO**”) produced high-purity concentrate results averaging 97% TGC, and 87.3% graphite recovery^{D4}.
- ii) **Daewon Graphite Project**, where highly oriented graphite flakes, including large (>180 micron) flakes, have been identified in petrography^{D2}; initial metallurgical “rougher” flotation results are encouraging^{D6}, with final results to be reported shortly, and an electromagnetic (“**EM**”) survey is due to commence by the end of June.

In addition, tenement applications have been made over several new flake-graphite projects in Korea, where previous (government survey) work has identified flake crystalline graphite. Rockchip sampling is in progress on several of these projects and results and more details will be provided when available.

The objective of the on-going programmes on the Company’s graphite projects in Korea is to identify flake graphite occurrences then complete mapping, channel sampling, preliminary metallurgical test-work and EM geophysics in order to define the exploration potential of each project and metallurgical concentrate characteristics.

Further metallurgical test-work to demonstrate suitability for expandable graphite and/or spherical graphite production may then be carried out prior to specific projects being selected for drilling and economic evaluation (pending grant of tenements and drilling access).



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About Peninsula Mines Ltd

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 which have a positive price outlook and offer potential for off-take 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 Graphite Grades at Yongwon Project, 19 July 2016
- D2 Jumbo and Very Large Identified at South Korean Graphite Projects, 20 September 2016
- D3 Establishing multiple drilling targets across key projects in South Korea, 21 November 2016
- D4 Excellent Metallurgy and Trenching Results, Yongwon Graphite Project, 12 January 2017
- D5 Peninsula gains KORES funding for Yongwon Graphite Drilling, 30 March 2017
- D6 South Korean Graphite Projects update (Yongwon Channel Results), 17 May 2017

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 Person's Statements

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.

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 IMO Project Services. 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.

