



PENINSULA MINES LIMITED

ASX:PSM

ASX ANNOUNCEMENT

28 March 2017

THREE KEY TENEMENTS GRANTED AT UBEONG ZINC PROJECT, SOUTH KOREA

Exploration Programme to define Drilling Targets underway

- Three key exploration & mining tenements granted over 828 Ha of Chilbo high-grade zinc target
- Additional rockchip / channel sampling underway across the 70-additional workings identified
- Detailed soil sampling planned and Induced Polarisation (IP) geophysics initiated, to define drilling targets within the core of the Chilbo high-grade zinc target

Peninsula Mines Limited ("Peninsula" or the "Company") is pleased to announce that three key tenements covering the Chilbo high-grade zinc target on the Ubeong Zinc Project in South Korea have been granted by the Korean Government.

The granted tenements, Hyeondong Blocks 59, 60, and 69 (see Figure 1 below), cover a total area of 828 Ha / 8.3 km² and, importantly, include the majority of the Chilbo high-grade zinc target area. The remainder of the target area is included in tenement application Hyeondong 70, that requires a Mineral Deposit Survey (MDS) to be completed over identified mineralisation prior to grant.

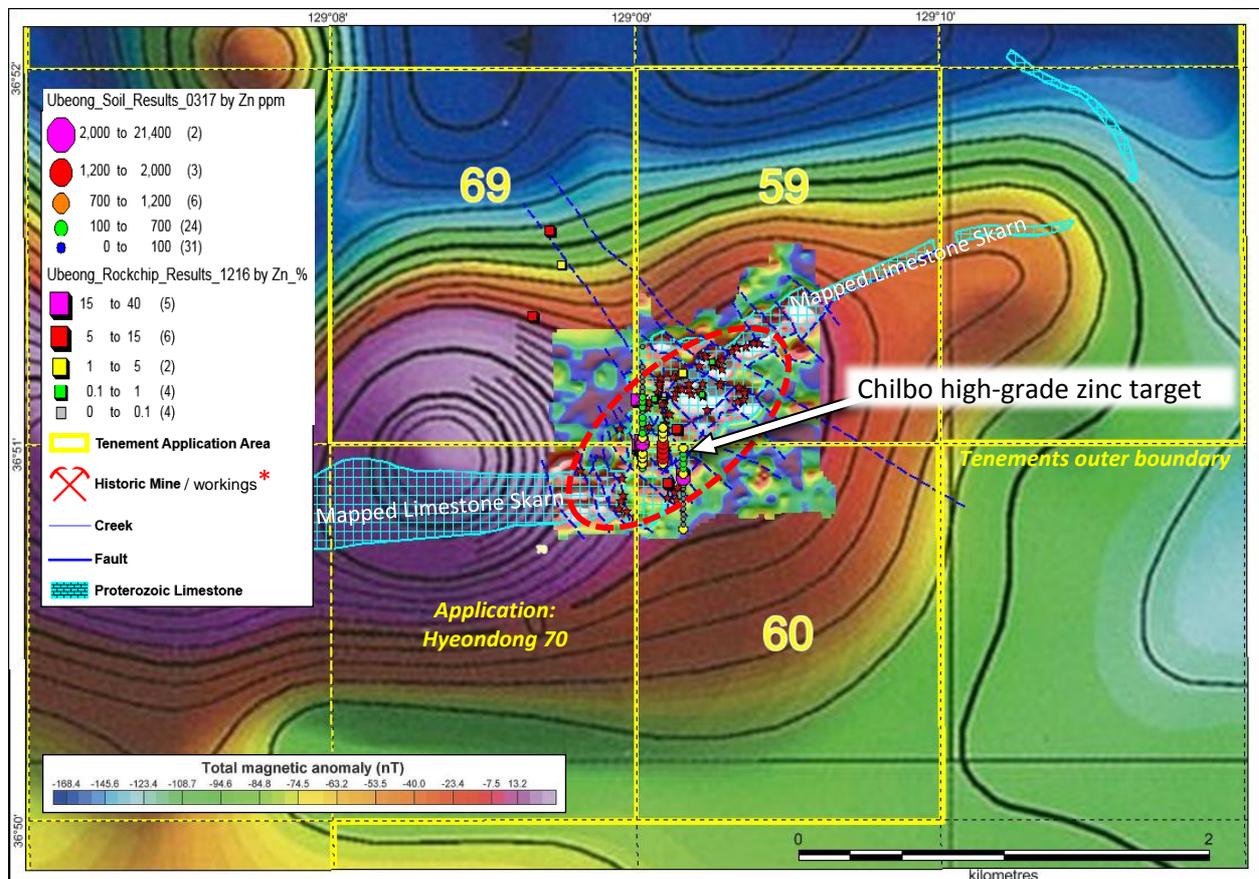


Figure 1: Ubeong aeromagnetics^{D5} & ground magnetics^{D3} with granted tenements Hyeondong 59, 60 & 69 and the Chilbo high-grade zinc target

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The three, key, exploration and mining tenements were granted to the Company by the Ministry of Industry, Trade and Energy (MITE). The Company has 1 year in which to submit a Prospecting Plan, which then gives the Company an initial three year Prospecting (exploration) Period, that may be extended subject to certain conditions for a further three years. At any time during the Prospecting Period the Company may submit a Mine Planning Application (MPA) that, upon approval, will allow for a 20 year, renewable, Production Period. The initial exploration works will include the rock chip and soil sampling, and geophysical programmes, that are designed to define drilling targets for broad, high-grade zinc and other sulphide mineralisation.

Peninsula Mines Managing Director Jon Dugdale said: *“We are extremely pleased to have these key exploration and mining tenements granted over the Chilbo high-grade zinc target. This now allows us to fast track surface geochemistry and IP geophysics to define drilling targets for testing of this highly prospective zone.”*

Rockchip / channel sampling has commenced, targeting the over 70 additional workings that have been identified from surface mapping, and soil sampling is planned to continue to test the core area of the Chilbo high-grade zinc target on a 100m x 25m grid. The soil sampling programme to date has already produced results of **up to 2.1% Zinc^{D4}** in soil.

In addition, an Induced Polarisation (IP) geophysical survey is planned to commence mid-April to test the area of structural dislocation associated with the main area of workings in the Chilbo area. This zone is characterised by reduced magnetic intensity compared with the skarnified and magnetite altered limestone along strike (see Figure 1), possibly due to conversion of magnetite to non-magnetic sulphide mineralisation due to hydrothermal fluids interacting with the previously magnetised limestone along the late mineralising structures. IP geophysics is able to detect sulphide mineralisation and, in particular, the zinc sulphide – sphalerite, associated with the demagnetised structural zones that have already produced high-grade channel sampling results that include **2m @ 29% Zn^{D3}, 0.4m @ 39.7% Zn, 294 g/t Ag^{D2} and 1.0m @ 23.1% Zn^{D2}**.

The accelerated programme of rockchip / channel sampling and surface soil sampling, and the IP geophysics, will likely result in drilling targets being defined by the Company, for testing as soon as possible following target definition.

Background to the Ubeong Zinc-Silver Project:

Peninsula holds 100% of three key tenements (this release) and also holds a number of tenement applications over the eastern 10 km of strike length of a highly prospective limestone-zinc-skarn unit at Ubeong in the eastern part of South Korea (see Figure 2).

Peninsula is in the process of completing additional Mineral Deposit Surveys (MDS), as required by the Korean Government, to have the other tenement applications granted.

High-grade zinc-silver mineralisation has been located, associated with the historical Chilbo Mine towards the eastern end of the skarn-unit. Workings have been mapped over a 2km x 2km area at Chilbo and are associated with a complex, mineralised, faulted zone that has offset the large, skarnified limestone horizon. The operating Kumho Zinc Mine occurs just outside the Company's tenement applications at the western end of the skarnified limestone trend.

Peninsula has previously announced high-grade zinc-silver (+/- lead, copper, gold) results, produced from historical dumps and adits in the Chilbo historical mine area^{D1,D2,D3}. Additional rockchip sampling and a detailed soil sampling programme have commenced and the Company has also completed a detailed ground-magnetic survey that will map the magnetic limestone-skarn unit and potentially mineralised structures. IP geophysics is also planned to detect buried sulphide bodies directly.

The objective of the rockchip / channel sampling, soil sampling and the geophysical programmes is to define drilling targets for massive-sulphide zinc-silver mineralisation to be tested as soon as possible.



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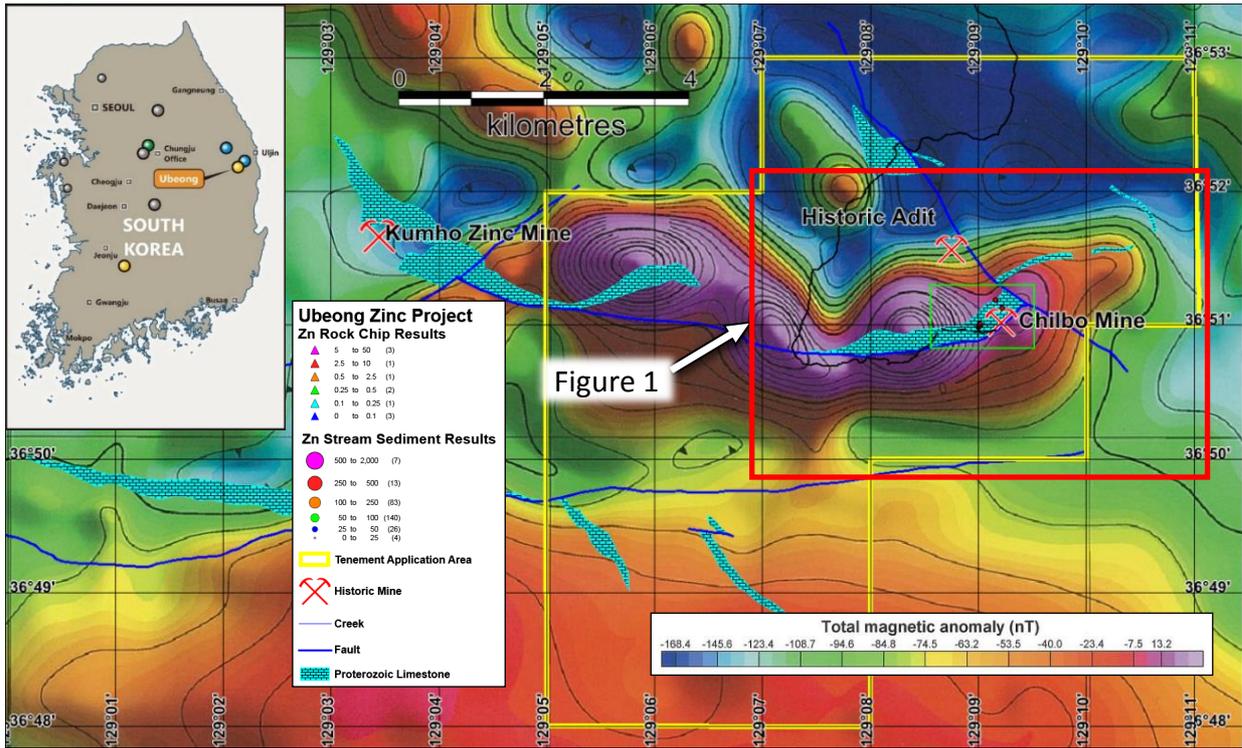


Figure 2: Ubeong Projects, skarn-limestone unit & tenements on aeromagnetic image^{D5, D6}

For further information please contact:

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

- D1 Exceptional Zinc-Silver-Lead grades from newly acquired Ubeong Project, South Korea, 13/9/16
- D2 Further exceptionally high-grade zinc-silver results from Ubeong Project, South Korea, 31/10/16
- D3 Major Zinc-Skarn District Identified at Ubeong Project in South Korea, 13/12/16
- D4 Zinc Target drill targeting fast tracked following exceptional soil sampling results, 9/03/17
- D5 Koo, S.B., Park, Y.S., Lim, M.T., Rim, H.R., Lee, H.I., Sung, N.H., Choi, J.H. and Koo., J.H., 2008, KIGAM 1:100,000 Socheon Aeromagnetic Contour Image.
- D6 Kim, O.J., Hong, M.S., Park, H.I. and Kim, K.T., 1963, KIGAM 1:50,000 Samgeunri Geology Sheet and Dogyedong Geology Sheet.

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 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

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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.



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