



PENINSULA MINES LIMITED

ASX ANNOUNCEMENT

15 August 2017

PENINSULA MINES SIGNS COOPERATIVE MOU TO SUPPLY LARGE FLAKE GRAPHITE TO KOREAN END USERS

Peninsula Mines Ltd (“Peninsula” or “the Company”) has signed a non-binding (except for certain non-material terms) Memorandum of Understanding agreement (“MOU”), with Canadian Stock Exchange (CSE) listed DNI Metals Inc. (“DNI”), that envisages the formation of a cooperative joint venture to supply (and potentially develop and produce), initially up to 20,000 tonnes per year of large-flake graphite concentrate to South Korean (“Korean”) end-users. DNI have large-flake graphite projects in Madagascar that have been visited and reviewed by Peninsula and are currently being advanced.

The MOU includes the following terms:

1. PSM and DNI (“the Parties”) agree to cooperate with respect to supply and potential development and production of initially up to 20,000 tonnes per annum (“TPA”) of >180 micron, >95% Total Graphitic Carbon (“TGC”) flake graphite concentrate from calendar 2018.
2. The Parties agree to identify scope to significantly increase supply to meet projected demand for large-flake graphite concentrate to supply expandable graphite and/or other graphite products production in South Korea.
3. Under this agreement the two Company’s together aim to initially supply large-flake graphite concentrate from Madagascar, or elsewhere, to meet the required specifications for production of expandable graphite, as defined in the offtake agreements to be entered into by the parties, including the criteria as stipulated in the offtake Memorandum of Understanding (“offtake MOU”) signed by Peninsula with Korean expandable graphite producer, Graphene Korea Co., Ltd. (“Graphene Korea”)^{D1}.
4. The MOU is intended to form the basis of a binding flake graphite concentrate supply/offtake joint venture agreement (“Binding Supply Agreement”) that the parties will use their best endeavours to complete within 6 months of signing this MOU.

The Managing Director of Peninsula Mines, Jon Dugdale, commented:

“This is an opportunity to initially supply, and potentially produce, large-flake graphite concentrate to rapidly meet the exponential growth in flake-graphite demand to feed the expandable graphite and lithium ion battery markets in South Korea.”

“Peninsula is uniquely placed in South Korea, with offtake relationships, advancing projects and now this large-flake supply and potential development MOU which will enhance our ability to deliver into the offtake MOU signed with Graphene Korea.”

Peninsula is incorporating a South Korean subsidiary company, Korea Graphite Co., Ltd (“Korea Graphite”) through which the Company intends to conduct its graphite business and attract funding from Korean investors to advance selected graphite projects, both in South Korea and off-shore, to development and, ultimately, flake-graphite concentrate production.

The Korean investments will be facilitated by appointed Senior Advisor, Mr Min Soo Kim, CEO of Ambrasia Group Ltd (“Ambrasia Group”), who has significant expertise in Korean and other regional capital markets^{D1}.

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About DNI Metals

DNI Metals Inc. (“DNI”) is a company listed on the Canadian Securities Exchange (“CSE”) with certain advisors and directors that have significant operational experience at historical hard rock graphite mines in Canada (e.g. Ontario and Quebec) and Australia.

DNI globally targeted saprolite (decomposed rock associated with tropical weathering) hosted flake graphite deposits due to their potential lower mining and processing costs compared to hard-rock deposits.

Certain parts of Madagascar and Brazil produce low-cost graphite from saprolitic deposits and Madagascar, in particular, has a more than 100 years history of high-purity large-flake graphite production.

DNI owns one commercially permitted, saprolite-hosted, predominantly large-flake graphite deposit in eastern Madagascar, the Vohitsara Project, and has signed a Letter of Intent (“LOI”) to purchase a second, adjoining, graphite deposit. The graphite deposits are located less than two kilometres from the paved national highway in Madagascar which leads directly to the country’s main seaport at Toamasina, located 50 kilometres to the north.

DNI intends to develop the projects, should the economic viability and technical feasibility be established. DNI has not yet established mineral resources or mineral reserves supported by a Preliminary Economic Assessment (“PEA”) or mining study (Pre-Feasibility or Feasibility Study).

DNI also has a graphite wholesale business, in which it buys and sells high quality flake graphite. This business has shown a steady increase in volume over the past year.

Steven Goertz (MAusIMM, MAIG), who is a qualified person, approved the technical disclosure in this news release as it pertains to DNI.

About the Peninsula Mines Limited Graphite Business:

Peninsula Mines Ltd (“Peninsula”) is an Australian listed, exploration/development company focused on developing opportunities for mineral discovery and production in South Korea. Peninsula is well established in South Korea, having worked in the Country for over five years.

Peninsula has tenements and tenement applications in South Korea with identified fine to large flake graphite mineralisation and Peninsula intends to progress these and other projects to JORC compliant resource definition and economic (feasibility) studies and development of mining and flake graphite concentrate production (for spherical graphite – Li-ion battery applications and/or expandable graphite and other markets in Korea and/or elsewhere in east Asia).

PSM signed a Memorandum of Understanding (“MOU”) with Korean expandable graphite producer, Graphene Korea, in June 2017^{D1}, which is non-binding (except for certain non-material terms) and envisages long-term strategic cooperation with respect to offtake of graphite concentrate and development of graphite mining and processing projects both within and potentially outside Korea. The offtake and development MOU includes a commitment to cooperate in respect of:

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

Peninsula Mines and Graphene Korea are working together to identify supply from projects that have the potential to produce flake-graphite concentrate that will meet the specifications for production of Graphene Korea’s expandable graphite product, which are, specifically >180 micron flake graphite and a >95% concentrate grade of material that shows expandable properties.



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

- D1 Flake-Graphite Offtake & Development MOU signed with Korean End-User, ASX: 14/06/17
- D2 Jumbo and Very Large Flakes Identified at South Korean Graphite Projects, ASX: 20/09/2016
- D3 Excellent Metallurgy and Trenching Results Yongwon Graphite, ASX:12/01/17
- D4 Daewon Graphite Excellent Metallurgy and Four New Projects, ASX: 27/06/17

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

Forward looking Statements:

This 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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