



PENINSULA MINES
LIMITED
ASX: PSM

ASX ANNOUNCEMENT

27 August 2018

PENINSULA RAISES \$0.6 MILLION IN PLACEMENT FOR RESOURCE DRILLING

- **Peninsula receives commitments to raise \$600,000 in Placement**
- **In addition, Peninsula to launch SPP to raise \$0.6 to \$1 million to allow existing shareholders to participate in the capital raising on the same terms as the Placement**
- **Funds raised to drill the Gapyeong flake-graphite resource target in South Korea and complete testing to produce high-purity spherical graphite for the Korean lithium-ion battery market**

Peninsula Mines Limited (ASX:PSM) (the "Company" or "Peninsula") is pleased to announce that it has closed its capital raising and received commitments for approximately \$600,000 through a placement of shares at an issue price of 0.6 cents per share to sophisticated investors ("Placement").

In addition, the Company will also undertake a Share Purchase Plan ("SPP") to raise a further \$0.6 million (with the ability to accept up to \$1.0 million) to allow existing shareholders to participate in the capital raising on the same terms as the Placement. The SPP requires a waiver from the ASX to permit the SPP issue price to be the same as the Placement issue price.

The total amount raised from the Placement and SPP will be up to \$1.6 million before costs, with the Directors intending to participate up to the amount of \$70,000, of which a component will be subject to shareholder approval.

The funds raised from the Placement and SPP will be used:

- to fund proposed drilling at the Company's flag-ship Gapyeong Flake-Graphite Project;
- to fund metallurgical testing aimed at producing high-purity spherical graphite to supply the lithium-ion battery market in South Korea;
- to fund drill testing at its Ubeong Zinc Project and/or Osu Gold-Silver Project; and
- for working capital purposes.

Commenting on the capital raising, Peninsula's Managing Director, Mr Jon Dugdale said:

"We are very pleased to have received commitments to this \$0.6 million placement that will now allow us to commence drilling of our high-grade Gapyeong flake-graphite target."

"The key objectives of the Company, in the short term, are to establish a flake-graphite resource in Korea and, in parallel, complete metallurgical testing to produce high-purity, value-added, spherical graphite, right on the doorstep of the South Korean lithium-ion battery anode producers."

Placement

The Company has firm commitments for a placement of 100,000,000 fully-paid ordinary shares at \$0.006 per share ("Placement Shares") to raise approximately \$600,000. In addition, for every two Placement Shares issued, the Company will issue one option with an exercise price of \$0.01 per option and an expiry date of 30 April 2020 from the date of issue ("Placement Options").

The Placement Shares will be issued under the Company's Listing Rule 7.1 placement capacity. The issue of the Placement Options is subject to shareholder approval, to be sought at an upcoming shareholders meeting.

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The Placement Shares will rank equally with the existing shares on issue. The Placement Options will form a new class of security and, as such, will be offered pursuant to a prospectus. It is also the intention of the Company to seek quotation of the Placement Options.

Share Purchase Plan

The SPP will be offered to the Company's shareholders with a registered address in Australia and New Zealand at an issue price of \$0.006 per share ("SPP Shares"). In addition and subject to prior shareholder approval and receipt of ASX waivers, for every two SPP Shares issued, the Company will issue one option on the same terms as the Placement Options ("SPP Options").

The SPP provides the opportunity for eligible Shareholders to subscribe for up to \$15,000 worth of SPP Shares free of brokerage and fees (subject to scale back at the Company's absolute discretion). Participation in the SPP is optional.

The Record Date for the Share Purchase Plan is 5:00 PM (WST) on 24 August 2018. Placement participants are not eligible to participate in the SPP in respect of their Placement Shares.

The issue of the SPP Options is subject to shareholder approval. It is also the intention of the Company to seek quotation of the SPP Options. If shareholder approval is not obtained the SPP Options will not be issued.

The SPP Shares will rank equally with existing shares on issue. The SPP Options will form a new class of security along with the Placement Options and as such will be offered pursuant to a prospectus.

The maximum total number of SPP Shares to be issued is intended to be up to an additional 166,666,667 SPP Shares, being the number of shares required to raise \$600,000, together with the ability to raise a further \$400,000 and cap the SPP issue to raise up to \$1.0 million.

Assuming all entitlements are accepted, following completion of the Placement and a fully subscribed SPP to the \$1.2 million cap, the Company will have issued approximately 266,666,667 Shares resulting in a total of 972,992,767 fully paid ordinary shares on issue.

Full details of the SPP, including the timetable, will be contained in an offer document which will be sent to shareholders in Australia and New Zealand following settlement of the Placement.

ENDS

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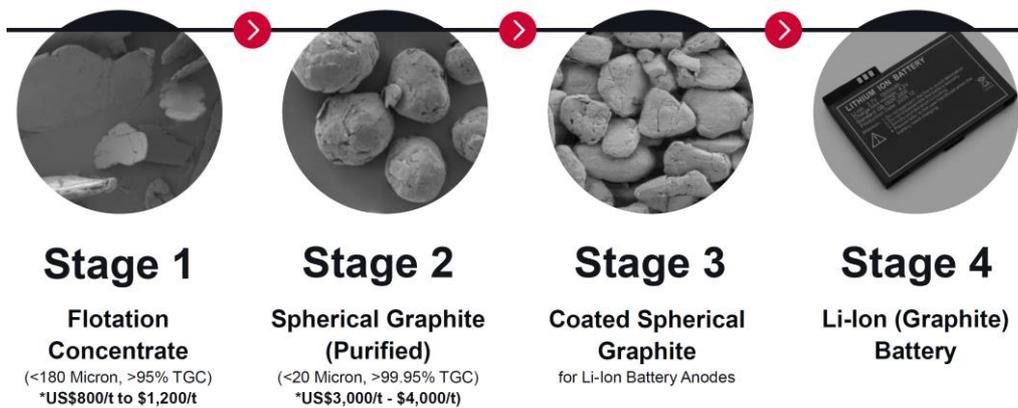
About Peninsula Mines Limited:

Perth-based, ASX listed, Peninsula Mines Ltd (ASX:PSM) has a unique business model in South Korea and a strategy to develop production of in-country mineral commodities that have a positive price outlook and potential for off-take and strategic partnerships with high-tech Korean manufacturers.

Peninsula is primarily focused on advancing a series of flake-graphite projects to supply down-stream spherical graphite to Korea's high-technology Lithium-Ion battery manufacturing market.

Peninsula has also established highly prospective zinc-lead-copper drilling targets at Ubeong in eastern South Korea and high-grade gold-silver targets at its Osu Project.

South Korea is one of the world's largest producers of lithium-ion batteries, but obtains downstream graphite products, including spherical graphite for Lithium-Ion battery anodes, predominantly from China (see value-chain below). Peninsula has identified the opportunity to mine and process graphite to produce value-added spherical graphite, in South Korea, to directly supply lithium-ion battery manufacturers and other graphite end-users in-country.



Note: US\$ pricing from Benchmark Mineral Intelligence graphite price assessments, May – July 2018^{D1}.

Peninsula and its subsidiaries have tenements and tenement applications in South Korea with fine to large and jumbo flake graphite identified. Peninsula intends to progress these and other projects to JORC compliant resource definition and, potentially, development of mining and flake graphite concentrate production then high-purity spherical graphite for Lithium-ion battery applications and/or other flake-graphite markets in Korea.

Peninsula signed a Memorandum of Understanding ("MOU") with Korean expandable graphite producer, Graphene Korea, in June 2017^{D2}, which 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.

Peninsula has also secured a Binding Supply Agreement with Canadian listed DNI Metals Inc ("DNI")^{D3}. Subject to various conditions, DNI will supply up to 24,000 tonnes per year of flake graphite to Peninsula's 100% owned subsidiary, Korea Graphite Company Limited ("KGCL"), for on-sale to Korean end-users. Peninsula and DNI are discussing options to cooperate with respect to fast-tracking the development of DNI's large-flake graphite projects in Madagascar, which are situated close to port access and are saprolite (weathered rock) hosted - with low cost mining and processing potential.

Summary of Peninsula ASX releases and other documents referenced in this announcement:

D1 Benchmark Mineral Intelligence Graphite Pricing Assessment, July 2018

D2 Flake-Graphite Offtake & Development MOU signed with Korean End-User, ASX: 14/06/17

D3 PSM signs MOU to supply Flake Graphite to Korean End-Users, ASX: 15/08/17

For full versions of the Company's releases see Peninsula's website www.peninsulamines.com.au

Forward Looking Statements:

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

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