

16 January 2020

SOUTHERN CROSS GOLD PROJECT – ACQUISITION UPDATE

HIGHLIGHTS

- Strong progress made towards completion acquisition of the Southern Cross Gold Project in WA, as announced on 12 December 2019
- Shareholder meeting to finalise the acquisition to occur on 22 January 2020, with completion of the \$2.0 million placement, scheduled to close in late January
- Tenement, E77/2584 now granted, representing a pending key Exploration Licence - the entire Southern Cross Project is now fully granted
- High quality exploration team assembled to commence site works on approval of Programme of Work (POW)
 - Maiden exploration program to focus on drill testing high priority targets
 - Wide zones of shallow high-grade gold mineralisation provide compelling walk-up drill targets (see historical assays within announcement)
 - First drill program targeted for commencement in Q1, 2020 pending timely approval of the POW and drill rig availability
- Work underway on compiling a fully integrated relational exploration database to fully utilise the legacy data and assist in rapid targeting of further drill targets

Peninsula Mines Limited (ASX:PSM or the Company) is pleased to provide an update in relation to the Southern Cross Project in Western Australia, for which the Company has signed a binding agreement for the acquisition of a 100% interest in a package of exploration tenements covering approximately 76km², as announced on 12 December 2019 (**Transaction**).

Managing Director, Richard Henning commented:

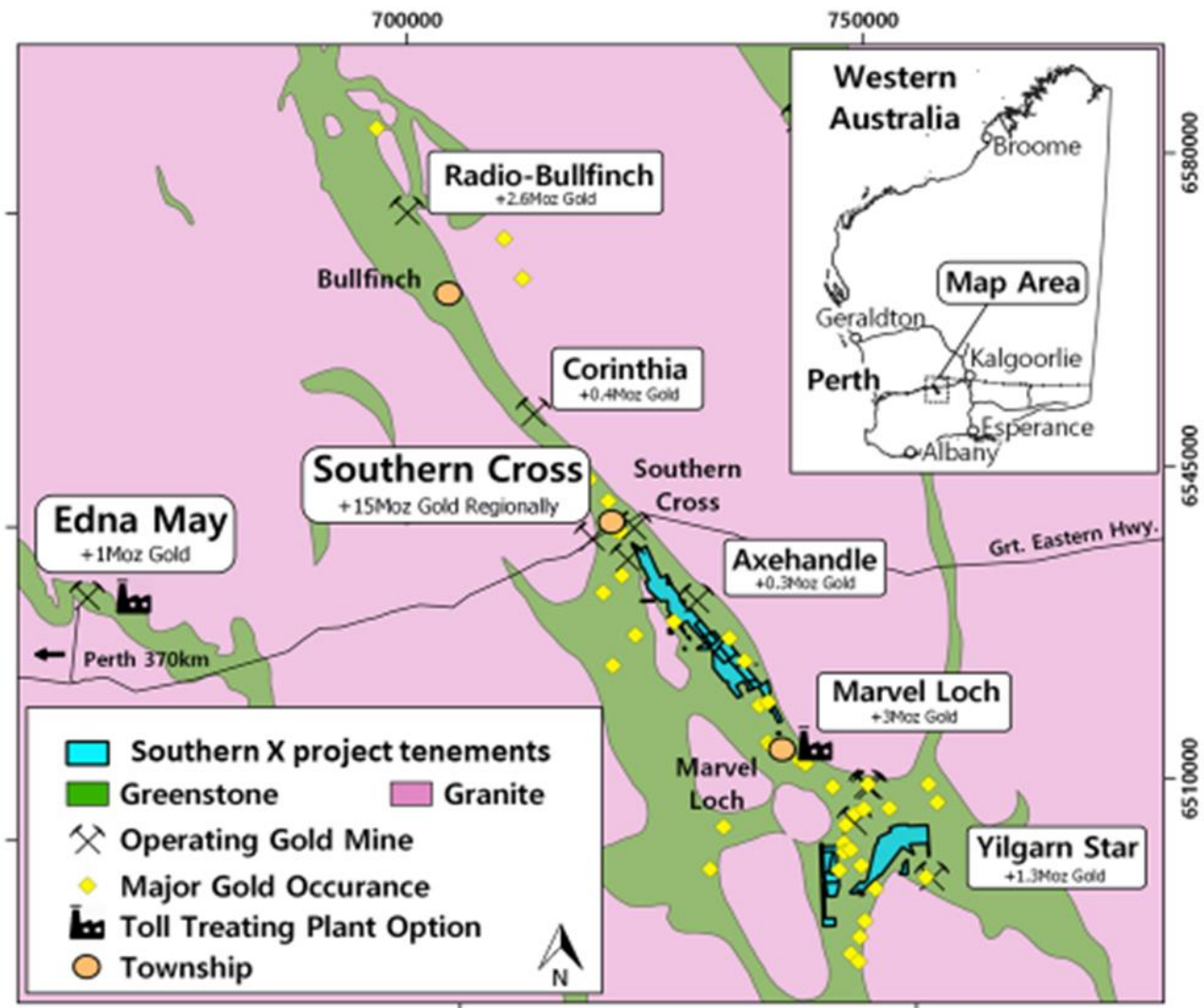
“We have worked closely with the vendors of the Southern Cross Project towards a timely completion of the acquisition, and we expect the transaction to close at the end of January. Given the necessary approvals, we anticipate our first gold drilling program to commence during Q1.

We are fortunate to have a number of compelling walk-up drill targets within the portfolio that will be our initial focus.”

Since announcing the acquisition of the Southern Cross Project, one for the core tenements to the package, E77/2584 in the Boddarding area has become granted for an initial term of 5 years, meaning the entire Southern Cross Project acquisition is now granted.

The portfolio being acquired consists of a total of 20 prospecting licences and 2 exploration licences, each highly prospective for gold in an under-explored area. The licences extend over a 30km contiguous strike, with large sections covering the main gold bearing structure in a proven greenstone gold belt.

Figure 1: Southern Cross Project location



Exploration Program Planning

Peninsula has now established its team to drive the exploration efforts at the Southern Cross Project, and is pleased to advise a strong team is standing by to commence site works as soon as practicable following completion of the acquisition.

The Company's initial priority is to lodge the POW to facilitate the first drill programme, targeted for commencement this quarter, subject to approval of the POW and drill rig availability.

Work is underway to compile a fully integrated relational exploration database to fully utilise the excellent legacy data and assist in rapid targeting of potential drill targets.

As previously reported, the Southern Cross project area has been the subject of past exploration programs which have largely been tested through systematic grid-based style programmes, in many cases failing to adequately test the exploration targets largely due to the lack of contiguous tenements.

Best results from previous drilling across various prospects include:

Glendower Prospect^{D1}

- **GDR386: 9m @ 28.41 g/t Au from 33m, including 3m @ 81.15g/t Au**

Boodarding Prospect^{D2}

- **LKD391: 3m @ 14.8 g/t Au from 94m, including 1m @ 32.83 g/t Au**
- **LKA247: 3m @ 5.94 g/t Au from 63m**

Xantippe Prospect^{D3}

- **CRX34: 5m @ 10.58 g/t Au from 19m, including 1m @ 25.18 g/t Au**
- **XRC01: 12m @ 4.94 g/t Au from 38m, including 1m @ 30.35 g/t Au**

Alpine/Roma Prospect^{D4}

- **ALP010: 5m @ 3.30 g/t Au from 39m, including 1m @ 12.70 g/t Au**
- **RDH04: 20m @ 1.59 g/t Au from 58m**

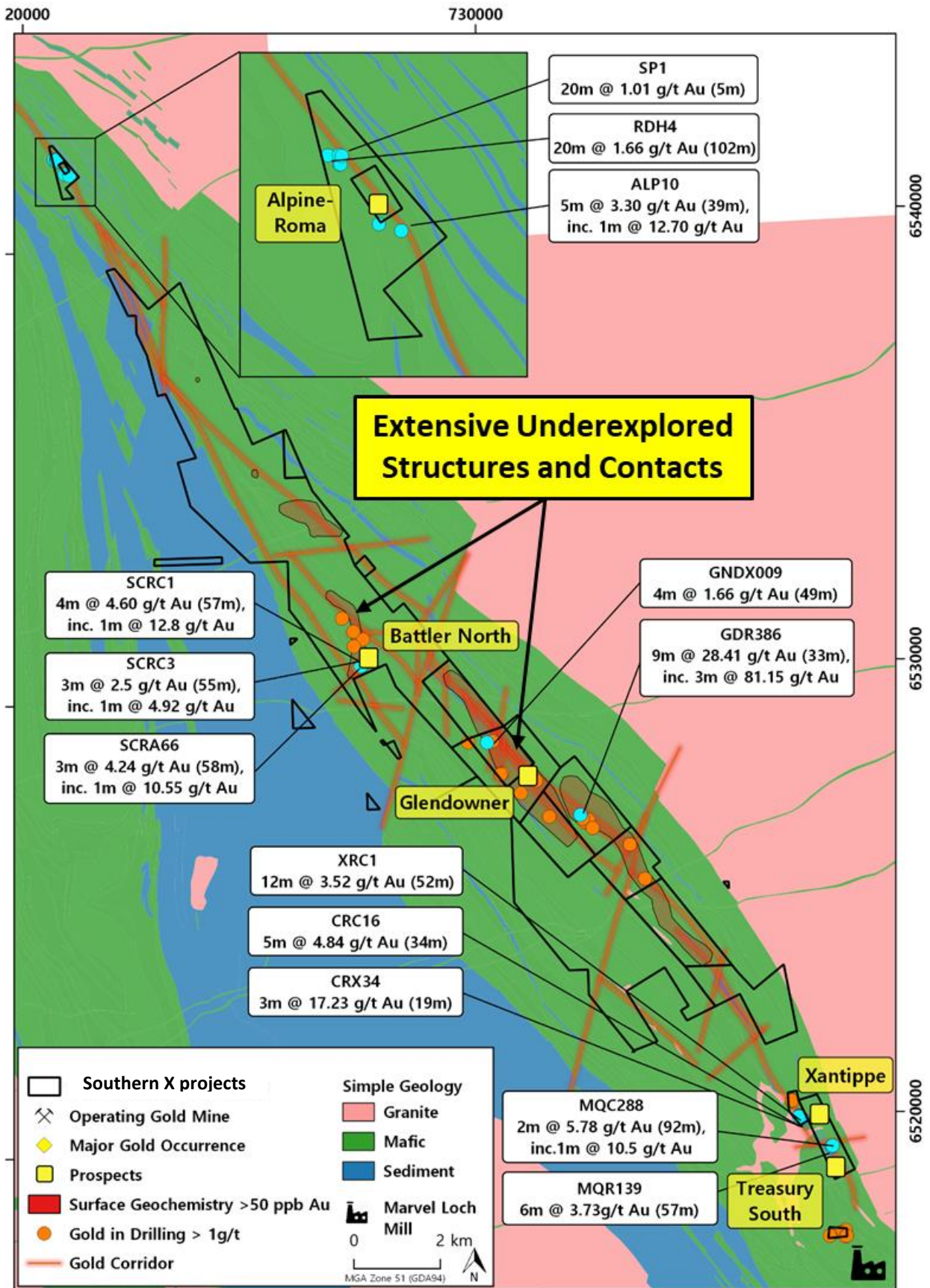
Investors should note that:

- the Exploration Results above and in this announcement have not been reported in accordance with the JORC Code 2012;
- a Competent Person has not done sufficient work to disclose the Exploration Results in accordance with the JORC Code 2012;
- it is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012;
- that nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the Exploration Results; but
- the Company has not independently validated the Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.

The Competent Person is satisfied that this historic drilling was undertaken in accordance with then-current standards and that the results provide sufficient reliability to indicate the presence of potentially economic mineralisation that is adequate for exploration purposes. The nature of these results do not provide absolute reliability in relation to the location or grade of such mineralisation.

For further information on the historical exploration results, see ASX release dated 12.12.2019

Figure 2: Various prospects and select previous results



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About the Southern Cross Gold Project

The tenements being acquired are located 380km east of Perth, south east of Southern Cross in the Yilgarn Goldfield.

The contiguous tenements cover around 30km of strike of the Southern Cross Greenstone Belt, which has historically produced around 15Moz gold, predominantly from the Marvel Loch and Southern Cross centres, both of which are in operation to varying extents.

The holding comprises 20 Prospecting Licences and 2 Exploration Licences (1 pending) with a combined area of around 76 km². When fully granted, the tenure will have a minimum annual expenditure of ~\$143,000 and ~\$16,000 in rents and rates; with all rents and rates currently paid up until August 2020.

The project area is serviced by sealed roads, grid power, scheme water, rail and town amenities. Minjar operates the Marvel Loch plant nearby and Ramelius Resources operates the Edna May facility some 60 kilometres to the west.

As part of its technical due diligence on the Southern Cross Project, the Company, together with an independent consulting geologist, undertook a site visit in mid-November 2019. Following the site visit, the Company is confident the Southern Cross Project has good potential to yield a Mineral Resource in the medium term and that this Mineral Resource will be attractive to either of two established mills in the vicinity.

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.

Competent Persons Statement

The historical exploration results reported in this announcement are based on, and fairly represent, information and supporting documentation prepared by Mr Jeremy Peters, FAusIMM CP (Mining, Geology). Mr Peters is a geologist and mining engineer and is an employee of Burnt Shirt Pty Ltd and has extensive professional experience with the geology of the Western Australian Goldfields. Mr Peters consents to the form and context in which the historical exploration results are presented in this announcement.

Mr Peters cautions that these results are historical in nature and may not have been reported in accordance with the JORC Code or its predecessors. Mr Peters is satisfied that these results were collected in accordance with then-current industry standards and while not definitive, are indicative of the tenor and nature of mineralisation present.

Important information regarding historical drill results

The Exploration Results that are reported in this announcement have been gathered by various former owners of the Tenements being Sons of Gwalia Ltd, Australian Gold Resources Ltd and prospector Mr S Payne.

The results have been reported to the Western Australian Mines Department and the publicly available WAMEX¹ report number that lists the original results are below:

- D1 Department of Mines Industry Regulation and Safety WAMEX Report number A67186 (4 July 2003)
- D2 Department of Mines Industry Regulation and Safety WAMEX Report number A62892 (1 December 2000)
- D3 Department of Mines Industry Regulation and Safety WAMEX Report number A76962 (25 November 2007)
- D4 Department of Mines Industry Regulation and Safety WAMEX Report number A56014 (1 May 1998)
- D5 Department of Mines Industry Regulation and Safety WAMEX Report number A51644 (1 May 1997)
- D6 Department of Mines Industry Regulation and Safety WAMEX Report number A59368 (1 April 1999)

These Exploration Results are historical in nature and have not been reported by the former owners under the JORC Code and the manner in which they appear in the relevant WAMEX reports may not conform to the requirements of the JORC Code 2012.

The Competent Person is satisfied that the historic drilling was undertaken in accordance with then-current standards and that the results provide a level of reliability of the presence of potentially economic mineralisation that is adequate for exploration purposes, though the nature of the results do not provide absolute reliability in relation to the location or grade of such mineralisation.

Examination of the WAMEX reports that describe these Exploration Results indicates that these were returned by preliminary drilling programmes designed to follow up on the results of previous soil sampling results or to confirm the presence of structures that host the historic mines in the area. The Competent Person is satisfied that the programmes were appropriately targeted and conducted. The Competent Person has not located any more recent Exploration Results in the publicly available WAMEX data.

Given that the historic drilling was preliminary in nature, the Competent Person recommends that future exploration programmes by the Company include confirmatory drilling on those areas that have returned the significant intercepts reported. This confirmatory drilling should be undertaken in such a manner as to allow reporting of results in accordance with the provisions of the JORC Code 2012. This confirmatory drilling should be undertaken as a priority.

The Competent Person confirms that the Exploration Results in this announcement are an accurate representation of the contents of the relevant, publicly available WAMEX reports referred to above.

¹ <https://www.dmp.wa.gov.au/WAMEX-Minerals-Exploration-1476.aspx>