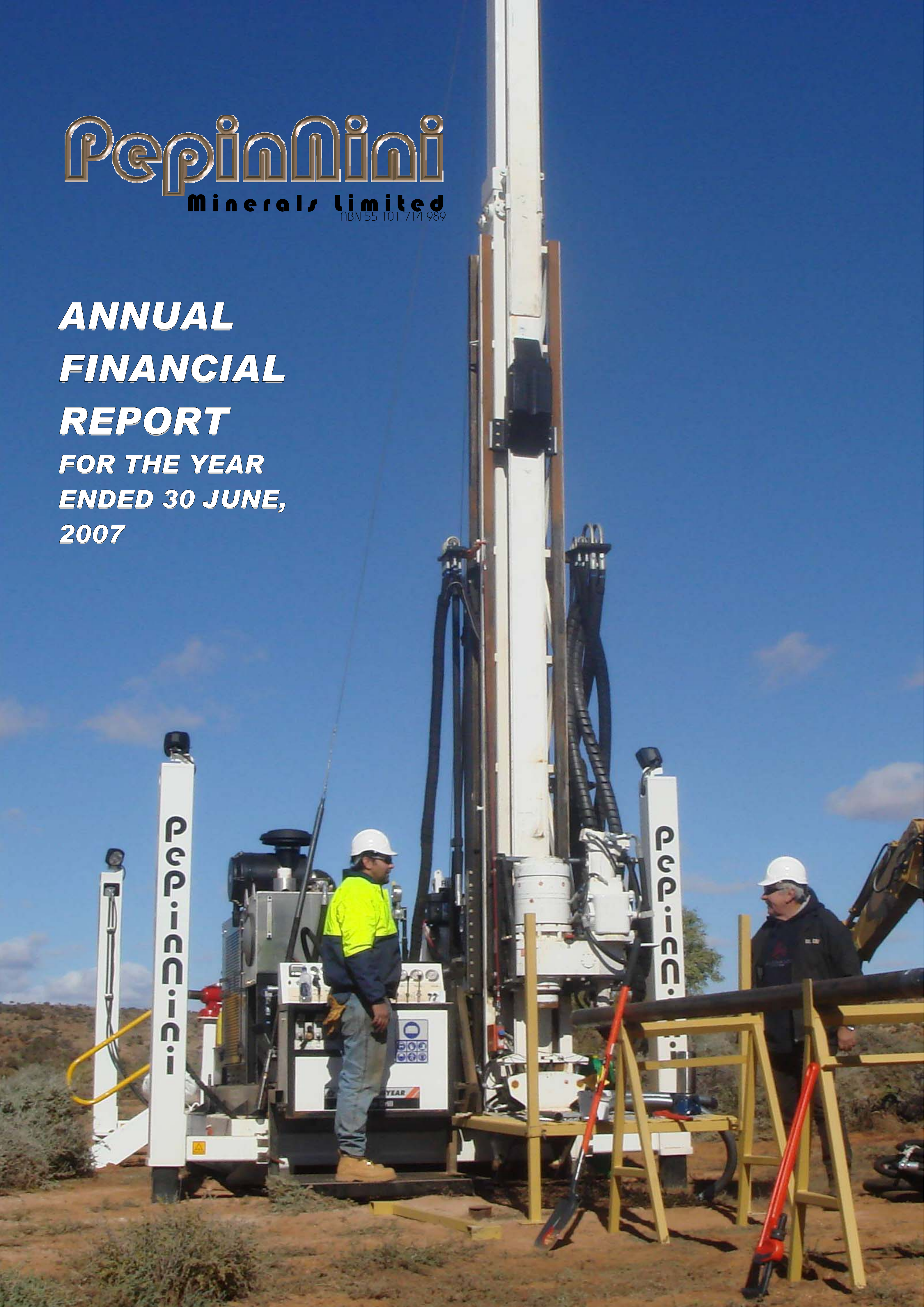

PepinNini Minerals Limited
ABN 55 101 714 989

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE, 2007

Corporate governance statement

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability. Accordingly, comprehensive guidelines for corporate governance have been formulated and documented in various Charters and a Policy and Procedures Manual available on the Corporate Governance page of the Company website www.pepinnini.com.au. As the Company's activities expand the Corporate Governance procedures will be reviewed by the Board and amended as appropriate.

Subject to the exceptions outlined below the Company has adopted the 'Principles of Good Corporate Governance and Best Practice Recommendations' ('Guidelines') applying to listed entities as published in March 2003 by the ASX Corporate Governance Council.

BEST PRACTICE RECOMMENDATION	NOTIFICATION OF DEPARTURE	EXPLANATION OF DEPARTURE
Principle 2.1	A majority of Directors are not independent	Currently, only two of the four Directors satisfies the criteria for independence. The Company considers that the expense involved in the recruitment and employment of an additional independent director is not justified given the present size and complexity of its operations. Together, the current Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company and have demonstrated they make quality and independent judgements in the best interests of the Company on all relevant issues. Procedures are in place whereby Directors having a conflict of interest in relation to a particular item of business must exclude themselves from the meeting before commencement of discussion of the topic. It is intended that, subject to the performance of the Company, new candidates for the Board will be considered.
Principles 2.2 and 2.3	The Chairman is the Managing Director of the Company	The Board considers the position of Mr Norman Kennedy as Chairman and Managing Director to be appropriate as he founded the Company, is the largest shareholder, has been instrumental in the development of the Company, has a comprehensive knowledge of its operations and has successfully built value for shareholders since the Company listed on the ASX. Mr Kennedy's industry experience and his involvement with the Company since its inception is well recognised and viewed positively by shareholders. Clear protocols are in place to deal with conflicts of interest. Mr Albert Harris acts as an independent Chairman when the board is discussing items in which a conflict if interest may arise. The Board does however recognise that as the Company expands its operations the ability of the Chairman to provide an independent review of management may require the appointment of an independent Chairperson in the future.
Principle 2.4	A separate Nomination Committee has not been formed	The Board has not formed a separate Nomination Committee. The full Board consists of four Directors and has formed the view that it is more efficient for the Board as a whole to deal with matters that would otherwise be dealt with by a Nomination Committee. Strategies such as reviewing the skill base and experience of existing Directors and identification of attributes required in new Directors are in place and if necessary appropriate independent consultants will be engaged to identify possible new candidates for the Board.
Principle 4.3	A majority of members of the Audit Committee are not independent	An Audit Committee of two non-executive Directors has been established and has a formal charter. The Audit Committee is not in compliance with the Guidelines in that the majority of members are not independent. To safeguard the integrity of financial reporting the Chairman of the Audit Committee is independent and regular sessions are held with the external auditors in the absence of management to discuss any issues or concerns the auditors may have. Separate audit committee meetings are held to finalise annual and half yearly financial reports before recommending approval by the Board.

Directors' report

The directors of PepinNini Minerals Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:
The names and particulars of the directors of the company during or since the end of the financial year are:

Norman Kennedy	—	Chairman and Managing Director
Qualifications	—	Bachelor of Science UNSW, MAusIMM
Experience	—	Norman Kennedy was a founding director of PepinNini Minerals Limited and has been a board member since 2002. He was appointed Managing Director in February, 2004 and has more than 25 years experience in exploration program design and management in Australia and overseas. At various times he has been retained as an exploration consultant for companies such as WMC Resources, Caltex, CRA, Meekatharra Minerals Limited, Aurion Energy, NRG Flinders, Shell, BP and ABB Energy Ventures. He has been actively involved in the minerals exploration industry in South Australia for more than 25 years. He is a member of the South Australian Chamber of Mines & Energy (SACOME) and served on the Gawler Craton Infrastructure Committee. He is a Non Executive Director of Altona Resources plc, a Director of Arckaringa Energy Pty Limited, a Director of PepinNini Resources Pty Ltd and a Director of Rank Geological Services Pty Ltd.
Albert Harris	—	Non-Executive Director
Qualifications	—	M.Inst.M.C, F.Energy Institute
Experience	—	Albert Harris joined the company as a director on the 31st January 2005. He has been involved in the international petroleum and resource industries for over 50 years. He has had senior management responsibility for exploration operations and development of major mineral and petroleum resource projects in Australia, West Africa, the Middle East and USA. He has been a director of Australian private and public companies for over 20 years. He is currently a director of Takoradi Ltd and Goldsearch Ltd which are both ASX listed public companies:
Rebecca Holland-Kennedy	—	Non-executive Director **Company Secretary**
Qualifications	—	Bachelor of Science UNSW, MAusIMM, Bachelor of Arts(Humanities) Macquarie University
Experience	—	Rebecca Holland-Kennedy was a founding director of PepinNini Minerals Limited and has been a board member and company secretary since 2002. She has more than 25 years experience in exploration company administration and data management. She has held positions with Robertson Research, Macquarie University, NSW Department of Mines and Energy as well as acting as exploration and data management consultant to AGL, Amax, BHP, AGIP, Shell, CRA, Caltex and Meekatharrra Minerals Limited. She is a Director of PepinNini Resources Pty Ltd, a Director of Arckaringa Energy Pty Ltd and a Director of Rank Geological Services Pty Ltd.
Christopher Lambert	—	Non-Executive Director

Experience	—	Mr Lambert was appointed a director of the company on 12th October 2006. He brings to the company financial and capital raising expertise and a close association with major investment institutions based in London and Asia. His financial background is predominantly commodity based specialising in base and precious metals. Over a period of 17 years Mr Lambert headed up the London and global precious and base metals trading for Elders Finance Group, The Rural and Industries Bank of Western Australia, Barclays Bank and Prudential Securities (USA). During his time at these companies he was responsible for the managing of global dealing operations in the world's major financial centres and the structuring of corporate and project finance transactions for governments, central banks, industrial companies and mining houses. He currently holds the position of Chairman of Altona Resources Plc and Deputy Chairman of Braemore Resources Plc and holds directorships in Cue Energy plc and Summit Resources plc.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	**Company**	**Period of directorship**
Albert Harris	Takoradi Limited	Jan 1992 to present
	Goldsearch Limited	Oct 1995 to present
Christopher Lambert	Altona Resources Plc	Feb 2005 to present
	Braemore Resources Plc	Feb 2005 to present
	Cue Energy Plc	Mar 2006 to present
	Summit Resources plc	Mar 2006 to present
Norman Kennedy	Altona Resources Plc	Sep 2005 to present

Company secretary

Rebecca Holland-Kennedy

Principal activities

The principal activity of PepinNini Minerals Limited is the exploration for nickel, copper, gold, lead, zinc, uranium and other mineral commodities.

Review and Results of operations

The company currently has an interest in eighteen exploration tenements covering approximately 13,125 sq kms in the Curnamona and Musgrave Provinces of SA and the Georgetown Inlier and Woolgar Goldfield of North Queensland. It also holds an 83 hectare mining lease located in the Woolgar Goldfield of North Queensland.

During the financial year the Company purchased a new Longyear LF90D conventional diamond drilling rig to primarily accelerate the exploration of nickel copper sulphide targets identified within the Musgrave Province of South Australia.

An extensive surface geochemical sampling program and ground magnetometer survey was completed over prospective nickel targets in the Musgrave Province and a drilling program utilizing the Company's drilling rig has commenced to explore drill targets generated by the surveys.

In accordance with its strategy to expand and accelerate nickel exploration activities in the Musgrave Province of South Australia the Company acquired an additional exploration licence covering 1,382 km^2 from Rio Tinto Exploration Pty Limited

During the financial year the Company completed an alliance with Sinosteel Corporation of China for the joint participation and co-operation in the development and operation of the Crocker Well and Mt Victoria Uranium Deposits and other commodities in the Curnamona Province of South Australia. The Company received $28.5 million from Sinosteel Corporation for a 60% interest in four granted exploration licences and one exploration licence application covering approximately 3,778 sq. kms. In addition Sinosteel Corporation will contribute $11million exploration expenditure over the next 2 years investigating uranium and other commodities within the Joint Venture tenements.

Ten Uranium Prospects in the vicinity of Crocker Well were investigated by scintillometer and surface sampling. Four prospects with extensive radiometric anomalies associated with surface uranium mineralisation have been prioritised for drilling. Very high grade uranium assays of up to 2.62% were obtained from surface samples collected from three of the prospect areas.

Mullock heaps located beside excavation shafts at Crocker East Uranium Deposit were systematically sampled and found to contain at least 100 tonnes of ore grade material potentially suitable for the collection of bulk samples of sufficient size for metallurgical and pilot scale process testing.

Two diamond drill holes were completed at Crocker Well as an initial part of a verification program to upgrade the uranium resource contained within the Crocker Well Deposit from Inferred to an Indicated or Measured category. One of the boreholes was successfully gamma logged to total depth. The downhole gamma logging results indicate the borehole contains significant continuous uranium mineralisation from 10 metres to 99.2 metres with an average grade of 0.05% (eU3O8).

The Company has continued to expand its operations in North Queensland by applying for new exploration permits for minerals (EPMs) and currently has three granted tenements and another five under application covering approximately 1,204 sq.kms.

The Group expended and capitalized $1,342,132 on exploration activities during the year.

Finance Position and Cash Flow

At the end of the year the balance sheet was strong: total assets were $37.8 million (2006: $4.5 million) and liabilities were $7.8 million (2006: $0.3million). Income generated for the year was $27.4 million due to the sale of 60% interest in the Crocker Well Uranium Prospect to Sinosteel Corporation. The company has no expenditure commitments for two years on this project.

Cash at the end of the year was $33.4 million (2006 $1.4 million).

Changes in state of affairs

There was no significant change in the state of affairs of the Company during the financial year, other than that referred to above.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely developments and expected results.

The Company intends to continue actively exploring its tenements for mineral potential. Field exploration and drilling programs are planned for the Musgrave Province, the Curnamona Province and North Queensland projects and are designed to investigate targets with potential for the discovery of a major new Australian mineral deposit.

Environmental regulations

The mining tenements granted to the Company pursuant to Mining Acts are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the Directors are not aware of any contraventions of these requirements.

Dividends

In respect of the financial year ended 30 June 2007, as detailed in the directors' report for that financial year, there were no Dividends declared or paid (2006: nil)

Share options

Share options granted to directors and executives

During and since the end of the financial year no share options were granted to directors or executives of the company as part of their remuneration:

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Pepinnini Minerals Limited	5,325,000	Ordinary	20c	9th Dec 2007

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
Pepinnini Minerals Limited	500,000	ordinary	40c	-
Pepinnini Minerals Limited	500,000	ordinary	30c	-
Pepinnini Minerals Limited	5,333,333	ordinary	20c	-

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 12 board meetings, 1 remuneration committee meeting and 2 audit committee meetings were held.

Directors	Board of directors		Remuneration committee		Audit committee	
	Held	Attended	Held	Attended	Held	Attended
Norman Kennedy	12	12	-	-	-	-
Albert Harris	12	12	1	1	2	2
Rebecca Holland-Kennedy	12	12	1	1	2	2
Christopher Lambert	9	9	-	-	-	-

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Norman Kennedy	8,500,000	1,000,000
Albert Harris	449,334	750,000
Rebecca Holland-Kennedy	8,500,000	1,000,000
Christopher Lambert	-	-

Remuneration report

Director and executive details

The following persons acted as directors of the company during or since the end of the financial year:

- Norman Kennedy
- Albert Harris
- Rebecca Holland-Kennedy
- Christopher Lambert

The highest remunerated company executives for the financial year were:

- Phil Clifford
- Phil Sutherland

Remuneration policy for directors and executives

It is Company policy that remuneration of non-executive Directors and payment of equity-based executive remuneration requires approval by Shareholders.

The Company's constitution states that Directors are to be paid out of Company funds as remuneration for their services, such sum accrues on a daily basis as the Company in general meeting determines to be divided among them as agreed, or failing agreement, equally.
The Company at its Annual General Meeting in 2004 resolved to fix the annual aggregate amount of fees payable to its Directors at $125,000.

Director and executive remuneration

The directors and the other identified company executives received the following amounts as compensation for their services as directors and executives of the company during the year:

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		
Director	Salary & fees	Bonus	Non-monetary	Other	Super-annuation		Options & rights	Total	% consisting of options
2007	$	$	$	$	$	$	$	$	$
Norman Kennedy	182,000	-	-	-	18,000	-	-	200,000	-
Albert Harris	32,500	-	-	-	-	-	29,678	62,128	48
Rebecca Holland-Kennedy	28,370	-	-	-	2,942	-	-	31,312	-
Christopher Lambert	24,113	-	-	-	-	-	-	24,113	-
Total	266,983	-	-	-	20,942	-	29,678	317,553	-
Executive Officer									
Phil Clifford (Exploration Manager)	131,950	2,000	-	-	13,050	-	12,416	159,416	8
Philip Sutherland (General Manager resigned 31/07/2007)	79,511	-	-	-	7,228	-	-	86,739	-

Value of options issued to directors and executives

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors and executives:

	Value of options(cost to the company) granted at the grant date (ii) $	Value of options exercised at the exercise date(value paid to the company) (iv) $	Value of options lapsed at the date of lapse $	Total value to company $
Phil Clifford Exploration Manager – incentive options(i)	-	250,000	-	250,000
Albert Harris Director incentive options –(ii)	-	50,000	-	50,000
Balance at reporting date	-	300,000	-	300,000

(i) granted at 13 may 2005 – maturity date 31 Dec 2007 –
- 500,000 options for 1 ordinary share per option exercisable at 20c from 30 Jun 2005
- 500,000 options for 1 ordinary share per option exercisable at 30c from 30 Jun 2006
- 500,000 options for 1 ordinary share per option exercisable at 30c from 30 Jun 2006
- 1,000,000 options exercised during the reporting period

(ii) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(iii) Both options granted in the current financial year and in previous financial years were exercised during the financial year.

(iv) 1,000,000 options for 1 ordinary share exercisable at 20c – 250,000 options exercised during the reporting period

Committee Membership

As of the date of this report, the Company had an audit committee and a Corporate Governance Committee.

Members acting on the Committees of the board

Directors	Audit Committee	Remuneration Committee	Corporate Governance Committee
Norman Kennedy			member©
Albert Harris	member©	member©	member
Rebecca Holland-Kennedy	member	member	member
Christopher Lambert			member

© designates Chairman of the committee

Indemnification and Insurance of Directors

There are no proceedings on behalf of the Company at the date of this report.

PepinNini Minerals Limited has entered into standard deeds of indemnity and access with each of the Directors.

By these deeds, the Company has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain Directors' and officers insurance cover in favour of the Director for seven years after the Director has ceased to be a Director. The Company has paid a premium for the period 13 October 2006 to 13 October 2007 to insure the Directors and officers of the Company. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, which is permitted under Section 300(9) of the Corporations Act 2001.

Non-audit services

Details of amounts paid or payable to the auditor Deloitte Touche Tohmatsu, and the auditor for the previous financial year, William Buck (Vic) Pty Ltd for non-audit services provided during the year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration as required by S307C of the Corporations Act 2001 has been provided by the company's auditor, Deloitte Touché Tohmatsu. This is included on page 8 of the annual report.

Signed in accordance with a resolution of directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

Norman Kennedy
Managing Director
Sydney, 28th September 2007

Deloitte.

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The Board of Directors
PepinNini Minerals Limited
96 Babbage Road
ROSEVILLE CHASE NSW 2069

28 September 2007

Dear Board Members

PepinNini Minerals Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of PepinNini Minerals Limited.

As lead audit partner for the audit of the financial statements of PepinNini Minerals Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gerard Belleville

Gerard Belleville
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of PepinNini Minerals Limited

We have audited the accompanying financial report of PepinNini Minerals Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 11 to 39.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of PepinNini Minerals Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gerard Belleville

Gerard Belleville
Partner
Chartered Accountants
Melbourne, 28 September 2007

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors

Norman Kennedy
Managing Director
Sydney, 28th September 2007

Income statement
for the financial year ended 30 June 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Continuing operations					
Revenue	**4**	**470,768**	**-**	**470,768**	**117,188**
Other Income	**4**	**27,445,983**	**-**	**-**	**-**
Expenses					
Depreciation expense	5	(74,298)	-	(74,298)	(21,745)
Salary & Employment costs		(244,927)	-	(244,958)	(145,473)
Operating expenses		(492,900)	-	(492,869)	(191,240)
Professional fees		(1,286,420)	-	(1,286,420)	(130,081)
Finance cost expense	5	(1,563)	-	(1,563)	(781)
Administration expenses	5	(33,000)	-	(33,000)	(32,030)
Legal fees		(78,682)	-	(78,682)	(5,038)
Other expenses		(3,399)	-	(3,399)	(481)
Total expenses		**(2,215,189)**	**-**	**(2,215,189)**	**(526,869)**
Profit/(loss) before tax	8	25,701,562	-	(1,744,421)	(409,681)
Income tax (expense)/benefit	7	(7,477,680)	-	1,226,755	-
Profit/(loss) for the year from continuing operations		**18,223,882**	-	**(517,666)**	**(409,681)**
Attributable to:					
Members of PepinNini Minerals Limited		**18,223,882**	**-**	**(517,666)**	**(409,681)**
Earnings per share					
From continuing operations:					
Basic earnings/(loss) (cents per share)	19	32.6			(0.84)
Diluted earnings/(loss) (cents per share)	19	30.7			(0.84)

Notes to the financial statements are included on pages 16 to 39

Balance sheet
as at 30 June 2007

		Consolidated		Company	
	Note	2007 $	2006 $	2007 $	2006 $
Current assets					
Cash and cash equivalents	10	33,381,787	-	33,381,787	1,423,761
Trade and other receivables	9	212,267	-	373,206	36,476
Other financial assets	11	105,000	-	105,000	97,924
Total current assets		**33,699,054**	**-**	**33,859,993**	**1,558,161**
Non-current assets					
Exploration expenditure capitalised	12	3,138,371	-	2,274,753	2,850,256
Property, plant and equipment	13	1,023,551	-	1,023,551	46,762
Total non-current assets		**4,161,922**	**-**	**3,298,304**	**2,897,018**
Total assets		**37,860,976**	**-**	**37,158,297**	**4,455,179**
Current liabilities					
Trade and other payables	14	437,978	-	437,978	119,211
Deferred income		176,225	-	176,225	176,225
Borrowings	16	-	-	18,297,953	-
Current tax liabilities	7	6,457,694	-	6,457,694	-
Provisions	15	42,081	-	42,081	30,904
Total current liabilities		**7,113,978**	**-**	**25,411,931**	**326,340**
Non-current liabilities					
Deferred Tax Liability	7	665,852	-	406,767	-
Total non-current liabilities		**665,852**	**-**	**406,767**	**-**
Total liabilities		**7,779,830**	**-**	**25,818,698**	**326,340**
Net assets		**30,081,146**	**-**	**11,339,599**	**4,128,839**
Equity					
Issued & paid up capital	17	12,666,719	-	12,666,719	4,938,055
Employee benefits reserves	17	137,392	-	137,392	137,631
Retained earnings	18	17,277,035	-	(1,464,512)	(946,847)
Total equity		**30,081,146**	**-**	**11,339,599**	**4,128,839**

Notes to the financial statements are included on pages 16 to 39

Statement of changes in equity for the financial year ended 30 June 2007

Consolidated

	Issued and Paid Up Capital $	Employee benefits reserve $	Retained earnings $	Total Equity $
Balance at 1 July 2005	**-**	**-**	**-**	**-**
Loss for the period	-	-	-	-
Total recognised income and expense	**-**	**-**	**-**	**-**
Recognition of share-based payments	-	-	-	-
Shares Issued	-	-	-	-
Balance at 30 June 2006	**-**	**-**	**-**	**-**
Balance at 1 July 2006	**4,938,055**	**137,631**	**(946,847)**	**4,128,839**
Profit for the period	-	-	18,223,882	18,223,882
Total recognised income and expense	**-**	**-**	**18,223,882**	**18,223,882**
Recognition of share-based payments	-	42,094	-	42,094
Options converted to ordinary shares	42,333	(42,333)	-	-
Issue of shares under share option plan	1,166,667	-	-	1,166,667
Issue of shares	6,900,000	-	-	6,900,000
Share issue costs	(731,164)	-	-	(731,164)
Tax effect of equity share payment costs	350,828	-	-	350,828
Balance at 30 June 2007	**12,666,719**	**137,392**	**17,277,035**	**30,081,146**

Company

	Issued and Paid Up Capital $	Employee benefits reserve $	Retained earnings $	Total Equity $
Balance at 1 July 2005	**4,725,862**	**59,581**	**(537,166)**	**4,248,277**
Loss for the period	-	-	(409,681)	(409,681)
Total recognised income and expense	**-**	**-**	**(409,681)**	**(409,681)**
Recognition of share-based payments	-	78,050	-	78,050
Contributions of equity	212,193	-	-	212,193
Balance at 30 June 2006	**4,938,055**	**137,631**	**(946,847)**	**4,128,839**
Balance at 1 July 2006	**4,938,055**	**137,631**	**(946,847)**	**4,128,839**
Loss for the period	-	-	(517,666)	(517,666)
Total recognised income and expense	**-**	**-**	**(517,666)**	**(517,666)**
Recognition of share-based payments	-	42,094	-	42,094
Options converted to ordinary shares	42,333	(42,333)	-	-
Issue of shares under share option plan	1,166,667	-	-	1,166,667
Issue of shares	6,900,000	-	-	6,900,000
Share issue costs	(731,164)	-	-	(731,164)
Tax effect of equity share payment costs	350,828	-	-	350,828
Balance at 30 June 2007	**12,666,719**	**137,392**	**(1,464,512)**	**11,339,599**

Notes to the financial statements are included on pages 16 to 3

Cash flow statement
for the financial year ended 30 June 2007

		Consolidated		Company	
	Note	2007 $	2006 $	2007 $	2006 $
Cash flows from operating activities					
Pace grant received		-	-	-	176,225
Interest received		470,768	-	470,768	140,862
Payments to suppliers and employees		(1,953,463)	-	(2,302,293)	(387,044)
Interest and other costs of finance paid		(1,563)	-	(1,563)	(781)
Net cash used in operating activities	22(b)	(1,484,258)	-	(1,833,088)	(70,738)
Cash flows from investing activities					
Sale of asset		28,500,000	-	-	-
Payment for exploration activities		(1,342,132)	-	(993,302)	(1,890,097)
Payments for property, plant and equipment		(1,051,087)	-	(1,051,087)	(10,889)
Net cash provided by/(used in) investing activities		26,106,781	-	(2,044,389)	(1,900,986)
Cash flows from financing activities					
Proceeds from issues of shares		6,416,667	-	6,416,667	223,333
Sinosteel Equity		1,650,000	-	1,650,000	-
Advance from subsidiary		-	-	28,500,000	-
Payment for capital raising costs		(731,164)	-	(731,164)	(109,064)
Net cash provided by financing activities		7,335,503	-	35,835,503	114,269
Net increase/(decrease) in cash and cash equivalents		31,958,026	-	31,958,026	(1,857,455)
Cash and cash equivalents at the beginning of the financial year		1,423,761	-	1,423,761	3,281,216
Cash and cash equivalents at the end of the financial year	22(a)	33,381,787	-	33,381,787	1,423,761

Notes to the financial statements are included on pages 16 to 39

Notes to the financial statements for the financial year ended 30 June 2007

Note 1 General information

The financial report covers the consolidated entity of PepinNini Minerals Limited (PepinNini) and its controlled entities. PepinNini is a listed public Company, limited by shares, incorporated and domiciled in Australia and operating in Sydney, Adelaide & Perth.

PepinNini Minerals Limited's registered office and its principal places of business are as follows:

Principal and Registered office
96 Babbage Road
ROSEVILLE CHASE NSW 2069
☎ +61 (0)2 9417 6212
🖷 +61 (0)2 9417 3043
Email admin@pepinnini.com.au
Website www.pepinnini.com.au

Operations Office
Level 1, 117 King William Street
ADELAIDE SA 5000
☎: +61 (0)8 8218 5000
Fax: +61 (0)8 8212 5717
Email: admin@ppn-adelaide.com.au

Exploration Manager Office
56 Kathleen Street
TRIGG WA 6029
☎: +61 (0)8 9246-4829
Fax: +61 (0)8 9246-4829

Field Office
22B Charlotte Street
SMITHFIELD SA 5114
☎: +61 (0)8 8254 2044
Fax: +61 (0)8 8254 2033

Note 2 Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
AASB 101 'Presentation of Financial Statements' – revised standard	1 January 2007	30 June 2008
AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	30 June 2008
AASB 8 'Operating Segments'	1 January 2009	30 June 2010
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	1 July 2007	30 June 2008

Note 2 Adoption of new and revised Accounting Standards (cont)

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the consolidated entity and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006	30 June 2008
AASB Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	1 March 2007	30 June 2008
AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	30 June 2008

AASB Interpretation 10

AASB 134 'Interim Financial Reporting' requires an entity to apply the same accounting policies in its interim financial report as are applied in its annual financial report. It also states that measurements for interim reporting purposes are made on a year-to-date basis so that the frequency of reporting does not affect an entity's annual reports. AASB Interpretation 10 clarifies that an entity cannot reverse an impairment loss recognised in a previous interim period in relation to goodwill or either an investment in an equity instrument or in a financial asset carried at cost.
This approach is consistent with impairment reversal prohibitions in AASB 136 'Impairment of Assets' and AASB 139 'Financial Instruments: Recognition and Measurement'.
AASB Interpretation 10 is required to be applied prospectively from the date at which the entity first applied AASB 136 (ie. 1 July 2004) and AASB 139 (ie. 1 July 2005), for goodwill and investments in either equity instruments or financial assets carried at cost, respectively.
There has been no other material impact to the changes in accounting policies.

Pronouncements approved by the IASB where an equivalent pronouncement has not yet been issued by the AASB

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IAS 1 'Presentation of Financial Statements'	1 January 2009	30 June 2010

Note 3 Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial report was authorized for issue by the Board on 28th September 2007.

Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the company. Actual results may differ from these estimates.

Note 3 Significant accounting policies (cont)

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.
The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

These policies have been consistently applied unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(c) Exploration and Development Expenditure and Exploration Tenements

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit/(loss) in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine whether any impairment indicators exist and therefore the appropriateness of continuing to carry forward costs in relation to that area of interest.

(d) Rehabilitation

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis.

(e) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred for administrative employees.

Where an employee is involved in exploration activities, the contributions form part of the exploration and development expenditure capitalized for the period during which they occurred, as stated above.

Note 3 Significant accounting policies (cont)

(f) Government refunds under the South Australian Governments' PACE funding partnership

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

PACE refunds for exploration drilling activity within an exploration tenement which has not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves, has been recognised as deferred income and will be recognised in profit and loss over the expected useful life of the exploration tenement asset concerned.

(g) Impairment of assets

At each reporting date, PepinNini Minerals Limited reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is calculated as the higher of fair value less cost to sell and value in use.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

The Company had carry forward tax losses to 30 June 2006 of $ 3,645,043 based in part on funds expended for exploration. These carry forward or deferred tax losses were recognised to the extent that it was probable that sufficient taxable income would occur in subsequent years against which they could be utilised. The Group had a taxable income to 30 June 2007 of $21,525,966 (2006: $nil) which included a one off item of sale of asset of $28,500,000. The estimated tax payable is $6,457,790 (2006: $nil). PepinNini Minerals Limited has utilised these carry forward tax losses together with current year exploration expenses as a deduction against current year income.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit.

Current and deferred tax expenses are recognised as an expense or income in the Income Statement except when it relates to items credited or debited directly to equity, in which case the current and deferred tax is also recognised directly to equity.

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. PepinNini Minerals Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Note 3 Significant accounting policies (cont)

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 7 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(i) Payables

Trade payables and other accounts payable are recognised when PepinNini Minerals Limited becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment 3 years
- Field vehicles 3 years

Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior years will not be changed

(k) Revenue Recognition

Interest revenue is accrued on a time proportional basis that takes into account the effective yield on the financial asset.

(l) Share-based payments

Equity-settled share-based payments in the form of share options granted to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on PepinNini Minerals Limited estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were unvested as of 1 January 2005.

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Note 3 Significant accounting policies (cont)

(n) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by PepinNini Minerals Limited. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Earnings per share

Basic earnings per share (EPS) is calculated as net profit/ (loss) attributable to members of PepinNini Minerals Limited adjusted to exclude costs of servicing equity; divided by the weighted average number of ordinary shares.

Diluted EPS is calculated as net profit/(loss) attributable to members, adjusted for costs of servicing equity; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Note 4 Revenue

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Interest revenue:				
Interest received - other parties	470,768	-	470,768	117,188
Other:				
Gain on disposal of tenement – 60% share of Crocker Well Uranium deposit to Sinosteel Corporation of China	27,445,983	-	-	-
Total Income	**27,916,751**	**-**	**470,768**	**117,188**

Note 5 Expenses

Expenses	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Depreciation of non-current assets:				
Exploration field equipment	10,950	-	10,950	2,409
Drilling equipment	35,101	-	35,101	-
Office computer equipment	3,737	-	3,737	3,178
Field vehicles	23,741	-	23,741	16,158
Office equipment	769	-	769	-
Total depreciation of non current assets	**74,298**	**-**	**74,298**	**21,745**
Administration Expenses:				
Administration fees	-	-	-	30
Administration services	33,000	-	33,000	32,000
Total administration costs	**33,000**	**-**	**33,000**	**32,030**
Finance costs expense:				
Interest paid – other persons	1,563	-	1,563	781
Total finance cost expense	**1,563**	**-**	**1,563**	**781**

Note 6 Business and geographical segments

The company operates in the Mineral Exploration industry in Australia.

Note 7 Income taxes

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Income tax provision				
Profit/(Loss) before tax	25,701,562	-	(1,744,421)	(409,681)
Tax losses not previously brought to account	(3,645,043)	-	(3,645,043)	-
Deductible fundraising costs	(296,028)	-	(296,028)	(149,795)
Exploration costs capitalised	(1,342,132)	-	(993,302)	(1,890,097)
Costs of tenements sold	1,054,017	-	-	-
Employee Options expense	42,094	-	42,094	78,050
Temporary differences on employee provisions	11,177	-	11,177	15,650
Tax loss not recognised	-	-	-	2,355,873
Taxable Income	21,525,645	-	(6,625,523)	-
Income tax provision calculated at 30%	6,457,694	-	(1,987,657)	-
Tax liabilities attributable to the entitys in the tax consolidated group	-	-	8,445,351	-
Tax Provision	6,457,694	-	6,457,694	-

Note 7 Income taxes (cont)

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Deferred Tax Liability				
The net deferred tax liability is represented by:				
Future fundraising costs deductions	(272,304)	-	(272,304)	-
Future employee provisions deductions	(3,353)	-	(3,353)	-
Mining exploration claimed not yet expensed	941,509	-	682,424	-
	665,852	-	406,767	-
Tax expense Comprises:				
Current tax liability	6,539,524	-	-	-
Tax losses previously unrecognised	-	-	(1,905,846)	-
Deferred tax expenses	938,156	-	679,091	-
Income tax expense/(benefit)	7,477,680	-	(1,226,755)	-

Tax consolidation

Relevance of tax consolidation to the Group

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 September 2006 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is PepinNini Minerals Limited. The members of the tax-consolidated group are identified at note 21.

The decision to consolidate for tax purposes has not yet been formally notified to the Australian Taxation Office.

Note 8 Profit for the year

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Government Grants	-	-	-	176,225
Operating lease rentals	35,827	-	35,827	3,000

Note 9 Trade and other receivables

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Trade receivables,	-	-	-	7,226
Amounts receivable from subsidiaries	-	-	160,939	-
Refundable Bond	4,200	-	4,200	-
Goods and services tax refund receivable	208,067	-	208,067	29,250
	212,267	**-**	**373,206**	**36,476**
Trade debtors represent interest receivable on term deposit funds				
Interest receivable on savings account deposit	-	-	-	7,109
Interest receivable on cheque account	-	-	-	117
	-	**-**	**-**	**7,226**

Note 10 Cash & cash equivalents

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Cash at bank	33,381,785	-	33,381,785	152,694
Cash on hand	2	-	2	2
Deposits at call	-	-	-	1,271,065
	33,381,787	**-**	**33,381,787**	**1,423,761**

Note 11 Other financial assets

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Capital raising costs	105,000	-	105,000	97,924

Note 12 Exploration expenditure capitalised

	Consolidated		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Non-current				
Balance at the beginning of the year	2,850,256	-	2,850,256	960,159
Exploration expenditure capitalised	1,342,132	-	993,302	1,890,097
Transfer of tenements to subsidiaries	-	-	(1,568,805)	-
Cost of tenements disposed of	(1,054,017)	-	-	-
Balance at the end of the year	3,138,371	-	2,274,753	2,850,256

Note 13 Property, plant and equipment

	Consolidated					
2007	Drilling Equipment $	Field Vehicles $	Field Equipment $	Computer Equipment $	Office Equipment $	Total $
Gross carrying amount at cost						
Balance at beginning of the year	-	43,627	17,095	11,468	-	72,190
Additions	826,160	133,983	43,446	35,435	12,063	1,051,087
Balance at the end of the year	**826,160**	**177,610**	**60,541**	**46,903**	**12,063**	**1,123,277**
Accumulated depreciation/ amortisation and impairment						
Balance at beginning of the year	-	(16,158)	(2,780)	(6,490)	-	(25,428)
Depreciation expense	(35,101)	(23,741)	(10,950)	(3,737)	(769)	(74,298)
Balance at the end of the year	**(35,101)**	**(39,899)**	**(13,730)**	**(10,227)**	**(769)**	**(99,726)**
Net book value						
As at the beginning of the year	-	27,469	14,315	4,978	-	46,762
As at the end of the year	**791,059**	**137,711**	**46,811**	**36,676**	**11,294**	**1,023,551**

Note 13 Property, plant and equipment (cont)

2006	Consolidated					
	Drilling Equipment $	Field Vehicles $	Field Equipment $	Computer Equipment $	Office Equipment $	Total $
Gross carrying amount at cost						
Balance at beginning of the year	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation/ amortisation and impairment						
Balance at beginning of the year	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**	**-**	**-**
Net book value						
As at the beginning of the year	-	-	-	-	-	-
As at the end of the year	**-**	**-**	**-**	**-**	**-**	**-**

2007	Company					
	Drilling Equipment $	Field Vehicles $	Field Equipment $	Computer Equipment $	Office Equipment $	Total $
Gross carrying amount at cost						
Balance at beginning of the year	-	43,627	17,095	11,468	-	72,190
Additions	826,160	133,983	43,446	35,435	12,063	1,051,087
Disposals	-	-	-	-	-	-
Balance at the end of the year	**826,160**	**177,610**	**60,541**	**46,903**	**12,063**	**1,123,277**
Accumulated depreciation/ amortisation and impairment						
Balance at beginning of the year	-	(16,158)	(2,780)	(6,490)	-	(25,428)
Disposals	-	-	-	-	-	-
Depreciation expense	(35,101)	(23,741)	(10,950)	(3,737)	(769)	(74,298)
Balance at the end of the year	**(35,101)**	**(39,899)**	**(13,730)**	**(10,227)**	**(769)**	**(99,726)**
Net book value						
As at the beginning of the year	-	27,469	14,315	4,978	-	46,762
As at the end of the year	**791,059**	**137,711**	**46,811**	**36,676**	**11,294**	**1,023,551**

Note 13 Property, plant and equipment (cont)

2006	Company					
	Drilling Equipment $	Field Vehicles $	Field Equipment $	Computer Equipment $	Office Equipment $	Total $
Gross carrying amount at cost						
Balance at beginning of the year	-	43,079	6,683	11,468	-	61,230
Additions	-	548	10,412	-	-	10,960
Balance at the end of the year	**-**	**43,627**	**17,095**	**11,468**	**-**	**72,190**
Accumulated depreciation/ amortisation and impairment						
Balance at beginning of the year	-	-	(371)	(3,312)	-	(3,683)
Depreciation expense	-	(16,158)	(2,409)	(3,178)	-	(21,745)
Balance at the end of the year	**-**	**(16,158)**	**(2,780)**	**(6,490)**	**-**	**(25,428)**
Net book value						
As at the beginning of the year	-	43,079	6,312	8,156	-	57,547
As at the end of the year	**-**	**27,469**	**14,315**	**4,978**	**-**	**46,762**

Note 14 Trade and other payables

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Trade payables (i)	375,888	-	375,888	91,883
Goods and services tax payable	28	-	28	12,830
Sundry creditors & accruals	62,062	-	62,062	14,498
	437,978	**-**	**437,978**	**119,211**

(i) Trade payables are non-interest bearing and usually settled on 30 day terms

Note 15 Provisions

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Current				
Employee benefits (i)	42,081	-	42,081	30,904
Number of employees at year end	6	-	6	2

(i) The current provision for employee benefits relates to annual leave entitlements accrued but not expected to be taken within 12 months.

Note 16 Borrowings

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Intercompany loans	-	-	18,297,953	-

Note 17 Contributed Equity

	Consolidated & Company 2007 $	Company 2006 $
Issued & paid up capital		
63,382,499 fully paid ordinary shares (2006 49,499,166)	12,666,719	4,938,055
	12,666,719	**4,938,055**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	Consolidated & Company 2007		Company 2006	
	Number of shares	$	Number of shares	$
Fully paid ordinary shares				
Balance at beginning of financial year	49,499,166	4,938,055	48,382,500	4,725,862
Less: capital raising costs	-	(380,336)	-	(22,307)
Options converted to ordinary shares	5,583,333	42,333	1,116,666	234,500
Shares issued	8,300,000	8,066,667	-	-
Balance at end of financial year	**63,382,499**	**12,666,719**	**49,499,166**	**4,938,055**

Fully paid ordinary shares carry one vote per share, either in person or by proxy, at a meeting of the Company, and carry the right to dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

Options over ordinary shares	Consolidated & Company 2007 Number of options	Company 2006 Number of options
Balance at beginning of financial year	10,908,333	12,024,999
Options exercised during the year	(5,583,333)	(1,116,666)
Balance at end of financial year	**5,325,000**	**10,908,333**

Employee share remuneration details

500,000 options to acquire one ordinary share @30c became exercisable from 1 July 2006

Employee remuneration currently in place:

To Albert Harris, Director

750,000 options to acquire one ordinary share each @ 20 cents — Expiry 9 December 2007

To Phil Clifford, Exploration Manager

500,000 options to acquire one ordinary share @40c exercisable after 30 June 2007 — Expiry 31 December 2007

Employee benefits reserve	Consolidated & Company 2007	Company 2006
Balance at beginning of financial year	137,631	59,581
Employee options exercised	(42,333)	-
Employee option expense	42,094	78,050
Balance at end of financial year	137,392	137,631

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. ,

Note 18 Retained earnings

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Retained earnings at the beginning of the year	(946,847)	-	(946,847)	(537,166)
Net profit/(loss) attributable to members of the company	18,223,882	-	(517,666)	(409,681)
Retained earnings at the end of the year	**17,277,035**	**-**	**(1,464,512)**	**(946,847)**

Note 19 Earnings per share

	Consolidated		Company	
	2007	2006	2007	2006
Basic earnings per share (cents per share)	**32.6**	**-**	**-**	**(0.84)**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Net profit/(loss)	18,223,882	-	-	(409,681)
Weighted average number of ordinary shares for the purposes of basic earnings per share	55,922,225	-	-	48,580,764
Diluted earnings per share (cents per share)	**30.7**	**-**	**-**	**(0.84)**

The earnings and weighted average number of ordinary shares used in the calculation of diluted basic earnings per share are as follows:

Net profit/(loss)	18,223,882	-	-	(409,681)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	59,433,272	-	-	48,580,764

Note 20 Commitments for expenditure

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Granted Exploration tenement statutory expenditure commitments not later than 1 year				
Tenements – 100% PepinNini	495,000	-	415,000	535,000
South Australian Tenements – 40% PepinNini	-	-	-	-
Total statutory expenditure commitments not later than one year	**495,000**	**-**	**415,000**	**535,000**
Later than one year but not later than five years	**2,000,000**	**-**	**2,000,000**	**2,140,000**

Note 21 Jointly controlled operations & assets

	Ownership 2007	Ownership 2006
Operations		
PepinNini Minerals Limited – 100% subsidiaries		
PepinNini Resources Curnamona Pty Ltd	100%	-
PepinNini Resources Pty Ltd	100%	-
PepinNini Minerals Limited – 40% subsidiaries		
Sinosteel PepinNini Curnamona Management Pty Ltd		

The company completed sale of 60% of certain tenements to Sinosteel Corporation in June 2007. In conjuction with this sale, the company has agreed to conduct jointly controlled operations through Sinosteel PepinNini Curnamona Management Pty Ltd, an operation in which it has a 40% interest. At he date of this report there has been no trading activities by this newly formed joint venture arrangement.
At the date of this report the amounts included in the consolidated financial report under their respective categories consisted of:

	Consolidated 2007	Consolidated 2006
	$	$
Non Current Assets		
Exploration Expenditure	836,618	-

Note 22 Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
	$	$	$	$
Cash and cash equivalents	33,381,787	-	33,381,787	1,423,761

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Profit/(loss) for the year	**18,223,882**	**-**	**(517,666)**	**(409,681)**
Non cash items				
Depreciation	74,298	-	74,298	21,745
Employee option expense	42,094	-	42,094	78,050
Expenditure on behalf of subsidiary	-	-	(352,134)	-
Gain on sale of tenements	(27,445,983)	-	-	-
Effect of tax consolidation	350,828	-	(8,091,216)	-
Changes in net assets and liabilities				
(Increase)/decrease in assets:				
Trade and other receivables	(175,791)	-	(175,791)	38,488
Other Financial Assets	(7,076)	-	(7,076)	-
Increase/(decrease) in liabilities:				
Trade and other payables	318,767	-	318,767	8,784
Deferred income	-	-	-	176,225
Deferred tax liability	665,852	-	406,767	-
Current tax liability	6,457,694	-	6,457,694	-
Provisions	11,177	-	11,177	15,650
Net cash from operating activities	(1,484,258)	-	(1,833,088)	(70,738)

Note 23 Financial instruments

1. Interest Rate Risk

The following table details the company's exposure to interest rate risk on each class of financial instrument as at 30 June 2007.

Consolidated

2007		Fixed Interest	Rate			
Financial Instrument	**Floating Interest Rate**	**1 Year or less**	**Over 1 to 5 years**	**Non-interest bearing**	**Total carrying capacity as per the Balance Sheet**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**$**	**%**
Financial Assets						
Cash	73,894	-	-	5,000	78,894	2.9
Trade & other receivables	-	-	-	212,267	212,267	n/a
At call deposits		33,302,893	-	-	33,302,893	6.7
Total Financial Assets	**73,894**	**33,302,893**	**-**	**217,267**	**33,594,054**	
Financial Liabilities						
Trade creditors	-	-	-	390,605	390,605	n/a
Other creditors	-	-	-	33,533	33,533	n/a
Payable – other related parties	-	-	-	13,840	13,840	n/a
Total Financial Liabilities	**-**	**-**	**-**	**437,978**	**437,978**	
2006		**Fixed Interest**	**Rate**			
Financial Assets						
Cash	-	-	-	-	-	-
Trade & other receivables	-	-	-	-	-	-
At call deposits	-	-	-	-	-	-
Total Financial Assets	**-**	**-**	**-**	**-**	**-**	
Financial Liabilities						
Trade creditors	-	-	-	-	-	-
Other creditors	-	-	-	-	-	-
Payable – other related parties	-	-	-	-	-	-
Total Financial Liabilities	**-**	**-**	**-**	**-**	**-**	

Note 23 Financials Instruments (cont)

Company

2007		Fixed Interest	Rate			
Financial Instrument	**Floating Interest Rate**	**1 Year or less**	**Over 1 to 5 years**	**Non-interest bearing**	**Total carrying capacity as per the Balance Sheet**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**$**	**%**
Financial Assets						
Cash	73,894	-	-	5,000	78,894	2.9
Trade & other receivables	-	-	-	373,206	373,206	n/a
At call deposits		33,302,893	-	-	33,302,893	6.7
Total Financial Assets	**73,894**	**33,302,893**	**-**	**378,206**	**33,754,993**	
Financial Liabilities						
Trade creditors	-	-	-	390,605	390,605	n/a
Other creditors	-	-	-	33,533	33,533	n/a
Borrowings	-	-	-	18,297,953	18,297,953	n/a
Payable – other related parties	-	-	-	13,840	13,840	n/a
Total Financial Liabilities	**-**	**-**	**-**	**18,735,931**	**18,735,931**	
2006		**Fixed Interest**	**Rate**			
Financial Assets						
Cash	147,696	-	-	5,000	152,696	3.9
Trade & other receivables	-	-	-	36,476	36,476	n/a
At call deposits	1,271,065	-	-	-	1,271,065	5.4
Total Financial Assets	**1,418,761**	**-**	**-**	**41,476**	**1,460,237**	
Financial Liabilities						
Trade creditors	-	-	-	79,751	79,751	n/a
Other creditors	-	-	-	27,328	27,328	n/a
Payable – other related parties	-	-	-	12,132	12,132	n/a
Total Financial Liabilities	**-**	**-**	**-**	**119,211**	**119,211**	

Fair values

The carrying amounts of all financial assets and liabilities recognised at the balance date approximate their fair values.

Note 24 Share-based payments

Employee share option plan - Company

An employee share scheme has been established where PepinNini Minerals Limited may, at the discretion of management , grant options over the ordinary shares of PepinNini Minerals Limited to directors and executives as part of a remuneration package offered for employment. The options so issued are for nil consideration and have variable exercise prices and maturity dates i.e. last date to exercise the options. The details of the options are outlined below:

Each employee share option converts into one ordinary share of PepinNini Minerals Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Vesting Date	Expiry date	Exercise price Cents	Fair value at grant date $
Mr. A Harris (Director)	1,000,000	15/02/2005	15/04/2007	09/12/2007	20	80,950
Mr. P Clifford (Exploration Manager)	500,000	13/05/2005	30/06/2005	31/12/2007	20	40,200
Mr. P Clifford (Exploration Manager)	500,000	13/05/2005	30/06/2006	31/12/2007	30	32,075
Mr. P Clifford (Exploration Manager)	500,000	13/05/2005	30/06/2007	31/12/2007	40	26,500

Options were priced using a Black Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2007		2006	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	2,500,000	0.26	2,500,000	0.26
Exercised during the financial year (i)	(1,250,000)	0.24	-	-
Balance at end of the financial year (ii)	1,250,000	0.28	2,500,000	0.26
Exercisable at end of the financial year	1,250,000	0.28	1,000,000	0.25

(i) Exercised during the financial year

The following share options granted under the employee share option plan were exercised during the financial year:

2007 Options series	Number exercised	Exercise date
Mr A Harris (20 cent option)	250,000	09/05/2007
Mr P Clifford (20 cent option)	500,000	11/12/2006
Mr P Clifford (30 cent option)	200,000	11/12/2006
Mr P Clifford (30 cent option)	300,000	24/01/2007
Total	**1,250,000**	

(ii) Balance at end of the financial year

2008 Options series	Exercisable Options	Expiry date
Mr A Harris (20 cent option)	750,000	31/12/2007
Mr P Clifford (40 cent option)	500,000	31/12/2007
Total	**1,250,000**	

The share options outstanding at the end of the financial year had a weighted average remaining contractual life of 184 days

Note 25 Key management personnel compensation

Consolidated and Company

a). Details of key management personnel

The directors and other members of key management personnel of the Group during the year were:

Directors

- Norman Kennedy – Managing Director & Chairman
- Rebecca Holland-Kennedy – Director & Company Secretary
- Albert Harris - Director
- Christopher Lambert - Director

Executives

- Philip Clifford – Exploration Manager
- Phillip Sutherland – General Manager(resigned 31 July 2007)

b). Key management personnel compensation

Key management personnel compensation policy

The Company's constitution states that Directors are to be paid out of Company funds as remuneration for their services, such sum as accrues on daily basis as the Company in general meeting determines to be divided among them as agreed, or failing agreement, equally. The Company at its Annual General Meeting in 2004 resolved to fix the annual aggregate amount of fees payable to its Directors at $125,000.

Directors' remuneration for their services as Directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to Shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as Directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business.

Any Director may be paid a retirement benefit as determined by the Board, consistent with the Corporations Act and the Listing Rules.

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a Director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a General Meeting if permitted by the Corporations Act.

The compensation of each member of the key management personnel of the Company is set out below:

2007	Short-term employee benefits			Post-employment benefits		Other long-term employee benefits	Termination benefits	Share-based payment			Total
								Equity-settled			
2007 Directors	Salary & fees $	Bonus $	Other $	Super-annuation $	Other $	$	$	Shares & units $	Options & rights $	Cash-settled $	$
Norman Kennedy	182,000	-	-	18,000	-	-	-	-	-	-	200,000
Rebecca Holland-Kennedy	28,370	-	-	2,942	-	-	-	-	-	-	31,312
Albert Harris (i)	32,500	-	-	-	-	-	-	-	29,678	-	62,178
Christopher Lambert	24,113	-	-	-	-	-	-	-	-	-	24,113
Total Directors remuneration	**266,983**	**-**	**-**	**20,942**	**-**	**-**	**-**	**-**	**29,678**	**-**	**317,603**
Executives											
Phillip Clifford (ii)	131,950	2,000	-	13,050	-	-	-	-	12,416	-	159,416
Philip Sutherland (resigned 31/07/2007)	79,511	-	-	7,228	-	-	-	-	-	-	86,739
Total Executive remuneration	**211,461**	**2,000**	**-**	**20,278**	**-**	**-**	**-**	**-**	**12,416**	**-**	**246,155**
Total Remuneration	**478,444**	**2,000**	**-**	**41,220**	**-**	**-**	**-**	**-**	**42,094**	**-**	**563,758**

(i) 48% of Albert Harris's remuneration in the current year was related to performance

(ii) 9% of Phillip Clifford's remuneration in the current year was related to performance. Phillip Clifford also received a discretionary bonus of $2,000.

Note 25 Key management personnel compensation (cont)

2006	Short-term employee benefits			Post-employment benefits		Other long-term employee benefits	Termi-nation benefits	Share-based payment			Total
								Equity-settled			
2006 Directors	Salary & fees $	Bonus $	Other $	Super-annuation $	Other $	$	$	Shares & units $	Options & rights $	Cash-settled $	$
Norman Kennedy	154,700	-	-	15,300	-	-	-	-	-	-	170,000
Rebecca Holland-Kennedy	26,940	-	-	2,700	-	-	-	-	-	-	29,640
Albert Harris	30,000	-	-	-	-	-	-	-	37,354	-	67,354
Christopher Lambert	-	-	-	-	-	-	-	-	-	-	-
William Murphy (resigned 26/05/06)	28,850	-	-	2,887	-	-	-	-	-	-	31,737
Total Directors remuneration	**240,940**	**-**	**-**	**20,887**	**-**	**-**	**-**	**-**	**37,354**	**-**	**298,731**
Executives											
Phillip Clifford	110,091	-	-	9,908	-	-	-	40,696	-	-	160,695
Total Executive remuneration	**110,091**	**-**	**-**	**9,908**	**-**	**-**	**-**	**40,696**	**-**	**-**	**160,695**

b). Transactions with key management personnel

In the current reporting period Rank Geological Services Pty Ltd received fees totaling $192,252 (2006: $ 154,296) for reimbursement of exploration costs and expenses and for the supply of office and computer facilities, financial administration, geological and technical plan generation, administration and Company secretarial services of Rebecca Holland-Kennedy. The services purchased are made under normal terms and conditions. At reporting date the amount of $13,840 (2006: $12,132) remained payable, forming part of the balance of trade creditors.

c). Contracts for service Management Personel

Mr Norman Kennedy (Managing Director) has a contract for service, details of which are outlined as follows:

He is required to work four days a week

His current salary inclusive of superannuation is $200,000 per year

The contract commenced on 1 June 2004 for an initial period of one year and has been renewed for a further period of three years.

Termination may be made by either party on providing six months notice.

Termination benefits payable upon termination to Mr Kennedy are six months pay.

No other management personnel or director has a contract with the company.

d). Key management personnel equity holdings

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favorable than those the entity would have adopted if dealing at arm's length.

Note 25 Key management personnel compensation (cont)

e). Key management personnel equity holdings

Fully paid ordinary shares of PepinNini Minerals Limited

2007	Balance at beginning of period #	Granted as Remuneration #.	Received on exercise of options or purchased #	Net other change #	Balance at end of period #
Directors					
Norman Kennedy	7,015,000	-	2,000,000	(500,000)	8,515,000
Rebecca Holland-Kennedy	7,015,000	-	2,000,000	(500,000)	8,515,000
Albert Harris	-	-	250,000	-	250,000
Christopher Lambert	-	-	-	-	-
Executives					
Phillip Clifford	165,099	-	1,000,000	(415,099)	750,000
Phillip Sutherland (resigned 31/07/2007)	-	-	-	-	-
Totals	**14,195,099**	**-**	**5,250,000**	**(1,415,099)**	**18,030,000**
2006					
Norman Kennedy	7,015,000	-	-	-	7,015,000
Rebecca Holland-Kennedy	7,015,000	-	-	-	7,015,000
Albert Harris	-	-	-	-	-
William Murphy (resigned)	6,225,000	-	-	(2,310,000)	3,915,000
Executives					
Phillip Clifford	152,000	-	13,099	13,099	165,099
Totals	**20,355,000**	**-**	**13,099**	**(2,296,901)**	**18,110,099**

Share options of key management personnel of PepinNini Minerals Limited

The options held by Albert Harris were held in escrow until 16 April 2007. 500,000 of the options held by Phillip Clifford were exercisable from 30 June 2005.

Note 25 Key management personnel compensation (cont)

e). Key management personnel equity holdings (cont)

Share Options for ordinary shares in Pepinnini Minerals Limited

2007	Balance at beginning of period #	Granted as compen-sation #.	Exercised #.	Net other change #.	Bal at end of period #.	Bal vested at end of period #.	Vested but not exercisable #.	Vested and exercisable #.	Options vested during year #.
Directors									
Norman Kennedy	3,000,000	-	(2,000,000)	-	1,000,000	1,000,000	-	1,000,000	-
Rebecca Holland-Kennedy	3,000,000	-	(2,000,000)	-	1,000,000	1,000,000	-	1,000,000	-
Albert Harris	1,000,000	-	(250,000)	-	750,000	750,000	-	750,000	1,000,000
Christopher Lambert	-	-	-	-	-	-	-	-	-
Executives									
Phillip Clifford	1,500,000	-	(1,000,000)	-	500,000	500,000	-	500,000	500,000
Phillip Sutherland (resigned 31/07/2007)	-	-	-	-	-	-	-	-	-
Totals	**8,500,000**	**-**	**(5,250,000)**	**-**	**3,250,000**	**3,250,000**	**-**	**3,250,000**	**-**
2006									
Directors									
Norman Kennedy	3,000,000	-	-	-	3,000,000	3,000,000	3,000,000	-	-
Rebecca Holland-Kennedy	3,000,000	-	-	-	3,000,000	3,000,000	3,000,000	-	-
Albert Harris	1,000,000	-	-	-	1,000,000	-	-	-	-
William Murphy (resigned)	2,075,000	-	-	-	2,075,000	2,075,000	2,075,000	-	-
Executives									
Phillip Clifford	1,500,000	-	-	-	1,500,000	1,000,000	-	1,000,000	500,000
Totals	**10,575,000**	**-**	**-**	**-**	**10,575,000**	**10,575,000**	**9,575,000**	**1,000,000**	**-**

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan. Further details of the employee share option plan and of share options granted during the 2007 and 2006 financial years are contained in note 24 to the financial statements.

During the financial year, 5,250,000 options (2006: nil) were exercised by key management personnel at an exercise price of $0.20 and $0.30 per option for one ordinary shares in Pepinnini Minerals Limited (2006: zero). No amounts remain unpaid on the options exercised during the financial year at year end.

Note 26 Related party transactions

Transactions between Pepinnini Minerals Limited and its related parties

In the current reporting period Rank Geological Services Pty Ltd received fees totaling $192,252 (2006: $ 154,296) for reimbursement of exploration costs and expenses and for the supply of office and computer facilities, financial administration, geological and technical plan generation, administration and Company secretarial services of Rebecca Holland-Kennedy. The services purchased are made under normal terms and conditions. At reporting date the amount of $13,840 (2006: $12,132) remained payable, forming part of the balance of trade creditors.

During the financial year, there were no other transactions between the company and its other related parties:

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions and balances between the company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

Note 27 Remuneration of auditors

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Previous Auditor William Buck				
Audit or review of the financial report	1,050	-	1,050	26,887
Preparation of the tax return	28,050	-	28,050	13,300
Other non-audit services				
AGM attendance and resignation	3,273	-	3,273	-
Review of Sinosteel agreement	2,887	-	2,887	-
Total remuneration	**35,260**	**-**	**35,260**	**40,187**
Current auditors Deloitte Touche Tohmatsu				
Auditing the financial report	26,500	-	26,500	-
Review of the financial report	12,500	-	12,500	-
Preparation of the tax return	-	-	-	-
Other non-audit services	-	-	-	-
	39,000	**-**	**39,000**	**-**
Total remuneration	**74,260**	**-**	**74,260**	**40,187**

The auditor of PepinNini Minerals Limited is Deloitte Touche Tohmatsu.

Note 28 Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.