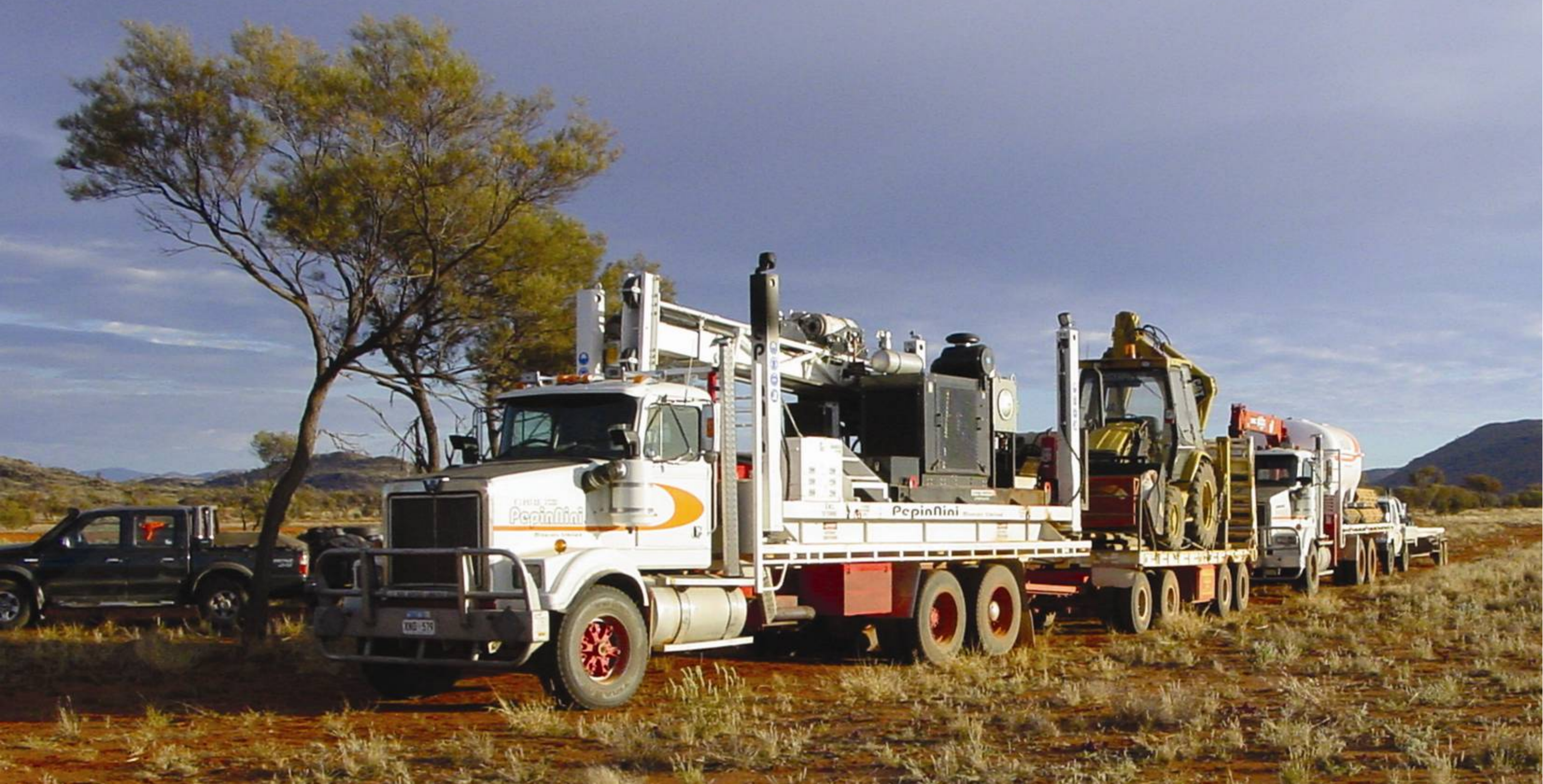
PepinNini Minerals Limited

ABN 55 101 714 989

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 2007



Contents

	Page
Directors’ report	1
Auditor’s independence declaration	4
Independent auditor’s review report	5
Directors’ declaration	6
Condensed consolidated income statement	7
Condensed consolidated balance sheet	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated cash flow statement	10
Notes to the condensed consolidated financial statements	11

Directors' report

The directors of PepinNini Minerals Limited (the Company) submit herewith the financial report of the company and its subsidiaries (the Group) for the half-year ended 31 December 2007. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The following persons were directors of the company during the whole of the half-year and up to the date of this report:

- Mr Norman Kennedy
- Ms Rebecca Holland-Kennedy
- Mr Christopher Lambert
- Mr Albert George Harris

Review of operations

The principal activity of the Group during the reporting period has been exploration for base metals, uranium and gold in South Australia, Queensland and Western Australia. Exploration has progressed in all current project areas and expansion of operations has occurred in Queensland and into Western Australia with acquisition of exploration and mining tenements.

1. Musgrave Province Nickel/Copper Project

Drilling operations commenced within EL3368 targeting Voisey's Bay style magmatic nickel-copper sulphide mineralisation in the Mt Harcus and Mt Moulden Prospect areas. The Company owned diamond rig was mobilised to the Project area and commenced drilling activities on 16th July 2007. Eight cored boreholes have been completed and a ninth is currently underway. A total of 3,188.5 metres of drilling has been completed to date.

Six holes have investigated a variety of targets along the 7km strike length of the Harcus Intrusion. Two holes have been completed to test coincident electromagnetic, magnetic and gravity anomalies at the Harcus North West Prospect. A single stratigraphic hole was drilled at the Moulden Prospect to investigate the large regional scale magnetic anomaly.

Three of the drill holes (2 at Harcus and 1 at Moulden) were completed as part of a collaborative PACE funding program with the South Australian Government.

Drilling at the Harcus and Harcus North West Prospects intersected variable quantities of disseminated sulphide within the mafic intrusive rocks. The sulphide mineralisation is dominated by pyrrhotite (iron sulphide) accompanied by accessory chalcopyrite (copper sulphide) and pentlandite (nickel sulphide).

The stratigraphic hole drilled at Moulden intersected a flat lying sequence of granulite gneiss in a location central to a 10x15km anomalous magnetic feature that has previously been regarded as a large mafic – ultramafic intrusion. The stratigraphic knowledge gained from the drilling of this borehole gives better definition for the distribution of mafic rocks in outcrop across the north east portion of the Moulden Block and will assist in a better understanding of the magnetic signatures of bedrock lithologies across the region.

Geochemical results confirm the presence of elevated copper and nickel in holes DD007HAR001 and DD07HAR007. The best intercepts include;

- DD07HAR001 (42-43m): 1m @ 0.2% Cu, 254 ppm Ni
- DD07HAR001 (88-93m): 5m @ 0.13% Cu, 158 ppm Ni
- DD07HAR007 (482.1-484.5m): 2.4m @ 0.31% Cu, 318 ppm Ni

Zones of elevated chrome and nickel have also been noted associated with cross cutting mafic dykes that are significantly younger than the prospective Giles Complex rocks.

2. Curnamona Province Uranium and Base Metals Project

PepinNini Minerals Limited has a 40% interest in four granted exploration licences and one exploration licence application covering approximately 3,778 sq. kms. of the Curnamona Province of South Australia. A Joint Venture Alliance has been established with Sinosteel Corporation to manage and operate the development of the Crocker Well and Mt Victoria Uranium Deposits and explore for other commodities within the Joint Venture tenements. Under the Joint Venture Agreement Sinosteel Corporation will contribute $11million exploration expenditure over the next 2 years to the project.

Office premises have been established in Adelaide for the Joint Venture Management Company, which will undertake further exploration with a priority objective of preparing a Bankable Feasibility Study for the development of the Crocker Well Uranium Deposit to produce at least 600 tonnes of U3O8 per year for at least 10 years.

Two drilling rigs have been secured to undertake a drilling program of at least 87 resource definition boreholes at Crocker Well. Other prospects within the vicinity of Crocker Well will also be investigated by drilling.

Discussions have been held with consultant groups and South Australian Government Departments to establish guidelines and a timeframe for the development of the Crocker Well Uranium Deposit. Current strategy is aimed at being in production by 2010.

Metallurgical tests aimed at improving the previously reported recoveries for processing the Crocker Well uranium ore are currently being undertaken by ANSTO and Amdel Laboratories.

Independent resource consultants Hellman & Schofield have been commissioned to upgrade sufficient current JORC compliant uranium resource at Crocker Well from an Inferred category to an Indicated and Measured category to allow for a Definitive Feasibility Study to be undertaken for the development of the project.

Bateman Engineering has been appointed to undertake the Definitive Feasibility Study (DFS).

URS Australia has been appointed to undertake the Regulatory Approvals and Baseline Studies using Kellogg Brown & Root (KBR) as sub consultants.

3. North Queensland Project

On 8th November, 2007 the Company announced widespread copper, gold, silver and lead mineralization had been identified in rock chip samples collected during an initial regional reconnaissance survey of EPM 15440. Some of the more significant assays include:

- •65.1g/t gold, 435g/t silver, 9.98% copper
- •3.6g/t gold, 653g/t silver, 20.30% copper
- •5.65g/t gold, 42g/t silver, 5.72% copper
- •0.7g/t gold, 22g/t silver, 16.90% copper
- •3.72g/t gold, 732g/t silver, 13.8% copper, 1.07% lead
- •0.6g/t gold, 637g/t silver, 11.25% copper, 3.4% lead
- •0.27g/t gold, 165g/t silver, 10.8% lead
- •1.63g/t gold, 957g/t silver, 64.7% lead.

During December the Company entered into a heads of agreement with Australian Gold Holdings Limited (AGH) and its subsidiaries Uranium Capital Limited and Goldrox Limited to acquire eleven tenements in north Queensland. Subject to due diligence on the tenements PepinNini will pay AGH $150,000 and issue 900,000 shares in PepinNini Minerals Limited for the tenements. The acquisition will significantly increase the area currently held under exploration tenure by PepinNini in North Queensland and is consistent with the Company's strategy to target uranium, gold and base metal mineralisation in the region.

Following completion of the transaction PepinNini Minerals will have established a significant presence in North Queensland with 20 exploration tenements and 1 mining lease covering approximately 2,273 sq kms.

4. Peak Hill Gold Project and Robinson Range Iron Ore Project

On December 20th the Company announced it had acquired substantial gold mine assets in the Peak Hill Gold Field of Western Australia through the purchase of 51% of the issued capital of Eagle Gold Mines Limited and its 1.2Mtpa Fortnum Gold Mine processing plant and associated infrastructure. Eagle Gold has an extensive package of mining and exploration tenements covering approximately 2,500 sq. kms. and established gold Indicated (670,000 ozs) and Inferred (335,000 ozs) resources of 12.8 million tonnes at 2.5 g/t Au, representing approximately 1 million ounces, most of which are within 30 kms of the Fortnum gold processing plant. PepinNini Minerals has also entered into a Farm-In Agreement to explore for iron ore in seven tenements held by Eagle Gold in the Robinson Range area of Mid West, WA.

5. Corporate

At the Annual General meeting held in the Company office at Level 1, 117 King William St, Adelaide on 30th November it was announced that a fully franked special dividend of five cents per share would be distributed to all shareholders of the Company. In accordance with Company policy to reward shareholders for their investment in PepinNini Minerals Limited the Directors believe shareholders should share directly in the financial success of the Company over the preceding year. The record date to determine dividend entitlements was 10th December, 2007 and the dividend was paid on 17th December, 2007.

The recent market reaction to global financial conditions produced a share price for PepinNini Minerals Limited that the Directors believe does not reflect the value or potential of the Company. It has highlighted an opportunity to maximize benefits to shareholders through effective management of our share capital given our current surplus cash position. To ensure that the Company can take advantage of the situation in the event that it continues and any similar situations occurring in the future the Directors have decided to instigate an on market share buy back scheme aimed at acquiring up to 4.9 million shares in the Company.

Further information relating to the Company's projects and future directions has been made publicly available on the company's web site at www.pepinnini.com.au

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 4 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Norman Kennedy
Managing Director
Sydney, 11th March 2008

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78B
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

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

11 March 2008

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 review of the financial statements of PepinNini Minerals Limited for the half-year ended 31 December 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gerard Belleville

Gerard Belleville
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78B
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of PepinNini Minerals Limited

We have reviewed the accompanying half-year financial report of PepinNini Minerals Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year as set out on pages 6 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PepinNini Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PepinNini Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gerard Belleville

Gerard Belleville
Partner
Chartered Accountants
Melbourne, 11 March 2008

Member of
Deloitte Touche Tohmatsu

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; and

(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 consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Norman Kennedy
Managing Director
Sydney, 11th March 2008

Condensed consolidated income statement for the half-year ended 31 December 2007

	Consolidated	Company
	Half-year ended	Half-year ended
	31 Dec 2007 $	31 Dec 2006 $
Continuing operations		
Revenue	1,071,758	90,975
Expenses		
Depreciation expense	8,154	13,842
Salary and employment costs	389,006	49,980
Operating expenses	492,125	126,144
Professional fees	70,539	168,784
Finance cost expense	41,266	1,223
Revaluation of financial liabilities at fair value through profit and loss	217,337	-
Administration expenses	15,935	16,500
Legal fees	32,160	6,343
Other expenses	-	5,497
Total expenses	**1,266,522**	**388,313**
Loss before tax	(194,764)	(297,338)
Income tax expense	(88,673)	-
Profit/(loss) for the period from continuing operations	**(283,437)**	**(297,338)**
Attributable to:		
Members of PepinNini Minerals Limited	(156,721)	(297,338)
Minority interest	(126,716)	-
	(283,437)	**(297,338)**
Earnings per share for profit from continuing operations attributable to members of PepinNini Minerals Limited		
Basic (cents per share)	(0.24)	(0.57)
Diluted (cents per share)	(0.24)	(0.57)

Notes to the condensed consolidated financial statements are included on pages 11 to 13.

Condensed consolidated balance sheet
as at 31 December 2007

	Consolidated	
	31 Dec 2007 $	30 June 2007 $
Current assets		
Cash and cash equivalents	25,757,698	33,381,787
Trade and other receivables	1,958,544	212,267
Other financial assets	187,246	105,000
Total current assets	**27,903,488**	**33,699,054**
Non-current assets		
Exploration expenditure capitalised	14,704,166	3,138,371
Property, plant and equipment	9,961,477	1,023,551
Total non-current assets	**24,665,643**	**4,161,922**
Total assets	**52,569,131**	**37,860,976**
Current liabilities		
Trade and other payables	732,594	437,978
Deferred income	-	176,225
Current tax liabilities	6,157,694	6,457,694
Provisions	62,611	42,081
Total current liabilities	**6,952,899**	**7,113,978**
Non-current liabilities		
Deferred tax liabilities	3,616,068	665,852
Financial liabilities	7,125,795	-
Rehabilitation provision	1,850,895	-
Total non-current liabilities	**12,592,758**	**665,852**
Total liabilities	**19,545,657**	**7,779,830**
Net assets	**33,023,474**	**30,081,146**
Equity		
Issued & paid up capital	13,964,266	12,666,719
Reserves	231,809	137,392
Retained earnings	13,659,939	17,277,035
Parent entity interest	**27,856,014**	**30,081,146**
Minority interest	5,167,460	-
Total equity	**33,023,474**	**30,081,146**

Notes to the condensed consolidated financial statements are included on pages 11 to 13.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2007

	Attributable to members of PepinNini Minerals Limited					
	Issued and paid up capital $	Employee benefits reserve $	Retained earnings $	Total $	Minority interest $	Total Equity $
Company						
Balance at 1 Jul 2006	4,938,055	137,631	(946,847)	4,128,839	-	4,128,839
Loss for the period	-	-	(297,338)	(297,338)	-	(297,338)
Total recognised income and expense	-	-	(297,338)	(297,338)	-	(297,338)
Recognition of share-based payments	-	21,047	-	21,047	-	21,047
Shares issued under share option plan	160,000	-	-	160,000	-	160,000
Shares issued	6,900,000	-	-	6,900,000	-	6,900,000
Share issue costs	(731,164)	-	-	(731,164)	-	(731,164)
Balance at 31 Dec 2006	11,266,891	158,678	(1,244,185)	10,181,384	-	10,181,384
Consolidated						
Balance at 1 Jul 2007	12,666,719	137,392	17,277,035	30,081,146	-	30,081,146
Profit for the period	-	-	(156,721)	(156,721)	(126,716)	(283,437)
Total recognised income and expense	-	-	(156,721)	(156,721)	(126,716)	(283,437)
Recognition of share-based payments	-	231,809	-	231,809	-	231,809
Options converted to ordinary shares	137,392	(137,392)	-	-	-	-
Issue of shares under share option plan (Note 4)	1,265,155	-	-	1,265,155	-	1,265,155
Payment of dividends (Note 3)	-	-	(3,460,375)	(3,460,375)	-	(3,460,375)
Share issue costs	(105,000)			(105,000)		(105,000)
Minority interest on acquisition of subsidiary	-	-	-	-	5,294,176	5,294,176
Balance at 31 Dec 2007	13,964,266	231,809	13,659,939	27,856,014	5,167,460	33,023,474

Notes to the condensed consolidated financial statements are included on pages 11 to 13.

Condensed consolidated cash flow statement
for the half-year ended 31 December 2007

	Notes	Consolidated	Company
		Half-year ended	
		31 Dec 2007 $	31 Dec 2006 $
Cash flows from operating activities			
Payments to suppliers and employees		(852,328)	(278,400)
Interest and other costs of finance paid		-	(1,223)
Net cash (outflow) from operating activities		**(852,328)**	**(279,623)**
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	5	(4,269,287)	-
Payment for exploration activities		(1,083,712)	(608,793)
Payments for property, plant and equipment		(112,298)	(59,717)
Deposits taken for the sale project equity		-	2,500,000
Interest received		888,756	90,870
Net cash (outflow) inflow from investing activities		**(4,576,541)**	**1,922,360**
Cash flows from financing activities			
Proceeds from issues of shares		1,265,155	7,060,000
Payment for capital raising costs		-	(744,968)
Dividends paid to company's shareholders	3	(3,460,375)	-
Net cash used in financing activities		**(2,195,220)**	**6,315,032**
Net (decrease)/increase in cash and cash equivalents		(7,624,089)	7,957,769
Cash and cash equivalents at the beginning of the period		33,381,787	1,423,761
Cash and cash equivalents at the end of the period		**25,757,698**	**9,381,530**

Notes to the condensed consolidated financial statements are included on pages 11 to 13.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and 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 accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

PepinNini Minerals Limited completed sale of 60% of certain tenements to Sinosteel Corporation in June 2007. In conjunction with this sale the company set up a number of subsidiaries. This event gave rise to the consolidated group from June 2007. Previously PepinNini Minerals Limited was a standalone entity. For the income statement, statement of changes in equity and cash flow statement the comparatives are presented as the company because at that time there was no consolidated group.

As a result of PepinNini Minerals Limited's acquisition of Eagle Gold Mines Limited (as per note 5), the consolidated group now holds financial liabilities. The accounting policy for financial liabilities is recorded below.

Financial liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivatives

Derivatives and derivatives embedded in financial assets or liabilities are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives currently held do not qualify for hedge accounting.

Changes in the fair value are therefore recognised immediately in the income statement and are included in other income or other expenses.

Financial risk management

The aforementioned financial liabilities, including embedded derivatives, expose the group to financial risks such as market risk (including currency risk, and commodity price risk). Currency and commodity price risk arise from financial liabilities that are exposed to commodities price variances (gold price) and the US dollars which is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Board of Directors who provides principles for overall risk management, as well as policies covering specific areas, such as currency risk, commodity price risk , and investment of excess liquidity.

2. Segment information

The Group operates wholly within the Mineral Industry in Australia.

3. Dividends

During the period, PepinNini Minerals Limited made the following dividend payments:

	Half-year ended 31 Dec 2007		Half-year ended 31 Dec 2006	
	Cents per share	Total $	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend	5	3,460,375	-	-

4. Issuances, repurchases and repayments of equity securities

During the half-year reporting period, PepinNini Minerals Limited issued 5,825,155 ordinary shares for $1,265,155 on exercise of 5,825,000 share options issued to original shareholders from fully paid options and under its executive share option plan. As a result of this share issue, $137,392 was transferred from the equity-settled employee benefits reserve to issued capital.

PepinNini Minerals Limited issued 500,000 share options (2006: nil) over ordinary shares under its executive share option plan during the half-year reporting period. These share options had a fair value at grant date of $231,809. (2006: $nil).

5. Acquisition of subsidiary

On 19 December 2007, the Group acquired 51% of the issued share capital of Eagle Gold Mines Limited for cash consideration of $5,500,000. Eagle Gold Mines Limited own gold production equipment and JORC compliant gold resources in the Peak Hill Goldfield of Western Australia and intends to be a gold producer within 18 months. In addition Eagle Gold Mines Limited holds exploration tenements in the Robinson range area of Western Australia which are highly prospective for iron ore and manganese and exploration is planned for early 2008. This transaction has been accounted for using the acquisition method of accounting.

The acquired business contributed no revenues and a net loss of $258,603 to the Group for the period from 19 December 2007 to 31 December 2007. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated loss for the half year ended 31 December 2007 would have been $1,078,531 and $1,340,457 respectively.

The net assets acquired in the business combination, and the goodwill arising, are as follows:

	Acquiree's carrying amount before business combination $	Fair value adjustments $	Fair value $
Net assets acquired:			
Cash and cash equivalents	1,240,978	-	1,240,978
Trade and other receivables	1,650,760	-	1,650,760
Property, plant and equipment	9,000,000	-	9,000,000
Exploration expenditure capitalised	10,705,667	-	10,705,667
Trade and other payables	(513,335)	-	(513,335)
Financial liabilities	(6,867,192)	-	(6,867,192)
Rehabilitation provision	(1,850,895)	-	(1,850,895)
Deferred tax liabilities	(2,561,542)	-	(2,561,542)
Net assets	10,804,441	-	10,804,441
Minority interests			(5,294,176)
Net identifiable assets acquired			5,510,265
Purchase consideration			
Cash paid			5,500,000
Direct costs relating to the acquisition			10,265
Total purchase consideration			5,510,265
Fair value of net identifiable assets acquired			5,510,265
Consideration net of cash acquired			4,269,287

5. Acquisition of subsidiary (continued)

The initial accounting for the acquisition of Eagle Gold Mines Limited has only been provisionally determined at reporting date. For tax purposes, the tax values of Eagle Gold Mines Limited assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

The assets and liabilities of Eagle Gold Mines Limited were acquired shortly before the Company acquired it's interest in Eagle Gold Mines Limited. Accordingly, the assets and liabilities were recorded at fair value by Eagle Gold Mines Limited and no adjustment is required at the date of acquisition by the Company.

The transaction gave rise to the Company recognizing financial liabilities related to borrowings and an associated embedded derivative. These have been recognised in accordance with the accounting policy detailed in note 1.

Commitments for expenditure

Eagle Gold Mines Limited has an extensive package of mining and exploration tenements covering approximately 2,500 sq. kms. Granted Exploration tenement statutory expenditure commitments for Eagle Gold Mines Limited are:

Statutory expenditure commitments not later than one year	$2,106,117
Statutory expenditure commitments later than one year but less than five years	$4,353,573

6. Jointly controlled operations and assets

PepinNini Minerals Limited completed sale of 60% of certain tenements to Sinosteel Corporation in June 2007. In conjunction with the 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.

During the half year period Minerals Limited incurred no expenditure or costs in relation to this venture due to an agreement with the Sinosteel Corporation, JV partner, who is incurring these items for the first two years of the venture.

7. Subsequent events

(a) Share buy-back

PepinNini Minerals Limited notified the ASX on 20 August 2007 of the company's intention to buy-back up to 4.9 million shares in the company for a period of up to 12 months. The buy-back of shares was dependent on share price. The buy-back commenced 22 January 2008 and continued to 12 of February 2008. 1.5 million shares were purchased on the market for a total of $1,366,638 which represents an average price of 91 cents. On the 26 February 2008 these shares were cancelled. The current total number of shares on issue for the company is 67,707,499 fully paid ordinary shares.

(b) Government refund under the South Australian Government's PACE funding partnership

On 11 February 2008 PepinNini Minerals Limited was awarded a PACE initiative grant of $100,000 as part of the South Australian government's Plan for Accelerated Exploration Initiative. The funding is to contribute towards drilling costs for exploration within the company's Musgrave Tenements in the Ananju Pitjantjatjarra Yankanjatjarra lands of South Australia. The Drilling is to be completed by June 2009.

(c) Share-based payments

PepinNini Minerals Limited granted 600,000 employee incentive options on 21 February 2008 and exercisable as follows:

i. 200,000 at a price of $1.30 per option converted after 30th June, 2008
ii. 200,000 at a price of $1.80 per option converted after 30th June, 2009
iii. 200,000 at a price of $2.30 per option converted after 30th June, 2010

The options have a common expiry date of 31 January, 2011.

(d) Assets acquired

Due diligence was undertaken in January 2008 for the potential purchase of eleven tenements prospective for Uranium, Copper and Gold in Queensland for the purchase price of $150,000 cash and the issue 900,000 ordinary shares in the company. The due diligence investigations were to the satisfaction of PepinNini Minerals Limited and currently the tenement transfers are underway. Until the tenements are transferred there are no exploration expenditure commitments.