

Pepinini

Minerals Limited



Report for the Quarter Ending 30 September, 2014

28 October 2014

Highlights during the quarter

- ◆ **Spinifex Range Project (West Musgrave)** – Western Australia, purchase of a two year option from Phosphate Australia to explore two exploration licences considered highly prospective for Nickel, Copper and PGE mineralization located near the Nebo-Babel Nickel-Copper Deposit and Succoth Copper Prospect in the West Musgrave Province, WA.
- ◆ **Argentina Project** – South America, Phase 2 exploration results received showing weak IP chargeability responses, low level handheld XRF copper and gold anomalism at El Obsequio Prospect with sample assay of Copper 228 ppm and at La Recompensa Prospect of Gold 39.1ppb.
- ◆ **Entitlement Issue Shortfall** – The shortfall pursuant to the entitlement issue of 24 June 14 closed 22 August 2014. The issue raised \$0.94m and represented a 62% take up.
- ◆ **Curnamona Project** - The Sale and Purchase Agreement conditions precedent were satisfied and the sale completed on 22 September 2014.
- ◆ At the end of the quarter the Company held \$2.5 million in cash.



Project Locations

ARGENTINA Salta Projects

PepinNini has one granted exploration lease(cateo), five granted mining leases(mina) and six applications for mining leases(mina) covering approximately 335 kms² in the Argentine province of Salta. The Salta Projects comprise two separate areas designated as Santa Ines and Chivinar and the Santa Ines Project comprises one granted mining lease, one granted exploration tenement and one mining lease application covering approximately 82 km². The Chivinar Project comprises four granted mining leases and five mining lease applications and covers 253 kms².(see location Figure 1)



Figure 1 – Location of PepinNini’s Santa Ines and Chivinar Projects

Results of Phase 2 exploration at the Santa Ines Project undertaken during the previous quarter were received. The exploration work that had been carried out included mapping, sampling and ground geophysical surveying undertaken to expand on earlier Phase 1 completed in December 2013 which had delineated the El Obsequio(the Gift) and La Recompensa(the Reward) prospects.

The Induced Polarization (IP) geophysical surveying completed at the El Obsequio and La Recompensa Prospects comprised both north-south and an east-west survey lines for a total 11 line km (Figure 2). The chargeability values ranged from 2 to 6mV/V across the entire survey and the resistivity values were generally high. The results detected weak responses at El Obsequio which are probably sourced by narrow chargeable bodies (veins). The IP survey did not identify any significant chargeability responses at La Recompensa Prospect. The soil sampling, rock chip sampling and detailed mapping had expanded the investigations from El Obsequio Prospect across to La Recompensa Prospect. The results from handheld XRF multi-element analysis of soil samples and laboratory multi element geochemical analysis of rock chip samples confirmed weak coincident copper and gold anomalism in the vicinity of El Obsequio Prospect, with maximum value of 228 ppm Cu and 13.7 ppb Au present in soil samples. The anomalism reinforces positive results returned from stage 1 field activities, from which PepinNini reported maximum concentrations of 3.25% Cu, 0.8g/t Au, 91.1 ppm Mo 12.5 g/t silver, in rock chip samples. No encouraging geochemical distributions were identified from soil geochemical sampling over La Recompensa Prospect, although a single sample did contain 39.1ppb Au.

Detailed geological mapping was finalised from field observations across parts of the prospect areas not concealed by young volcanic cover.

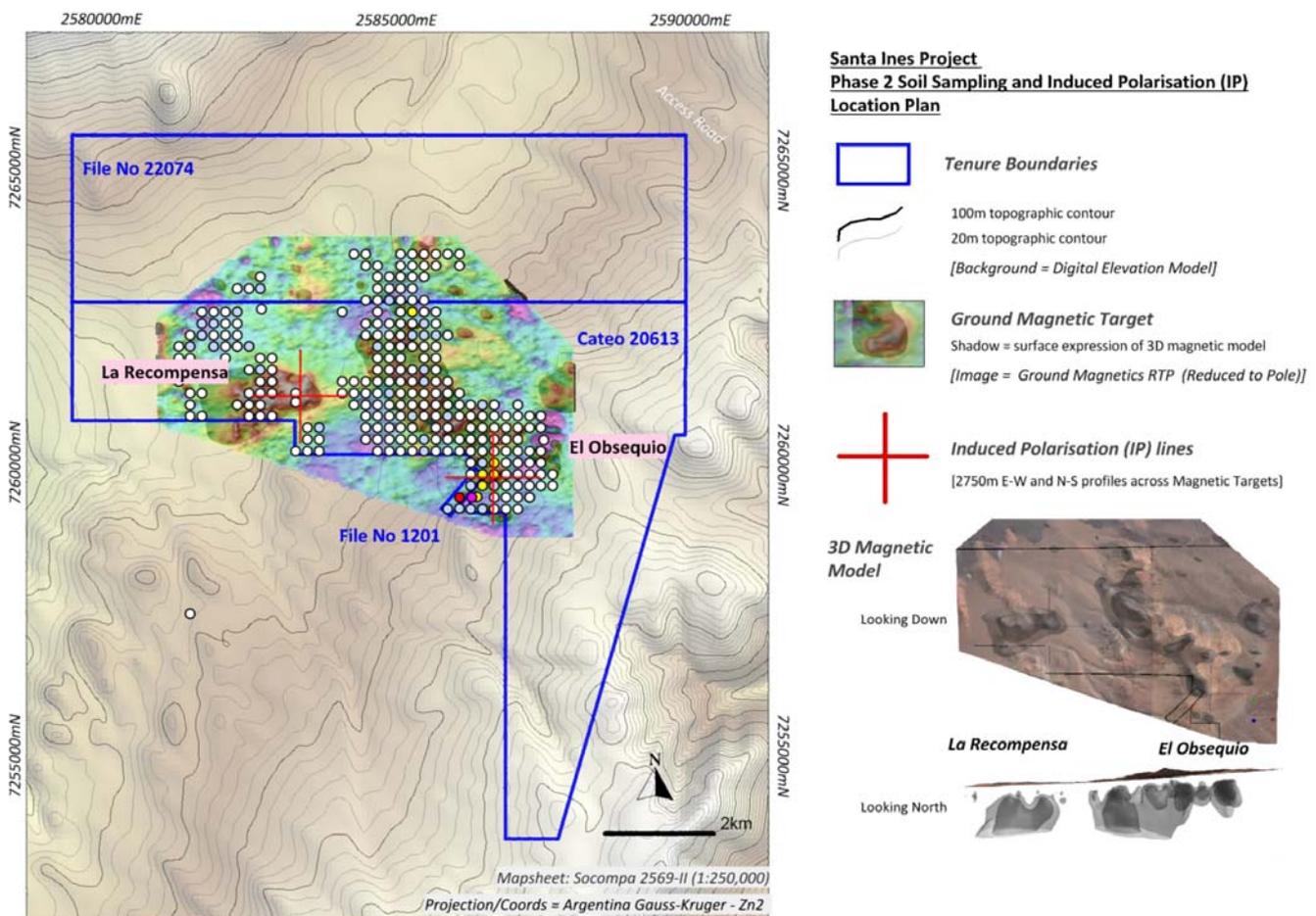


Figure 2 - Phase 2 Induced Polarisation(I) Locations Plan

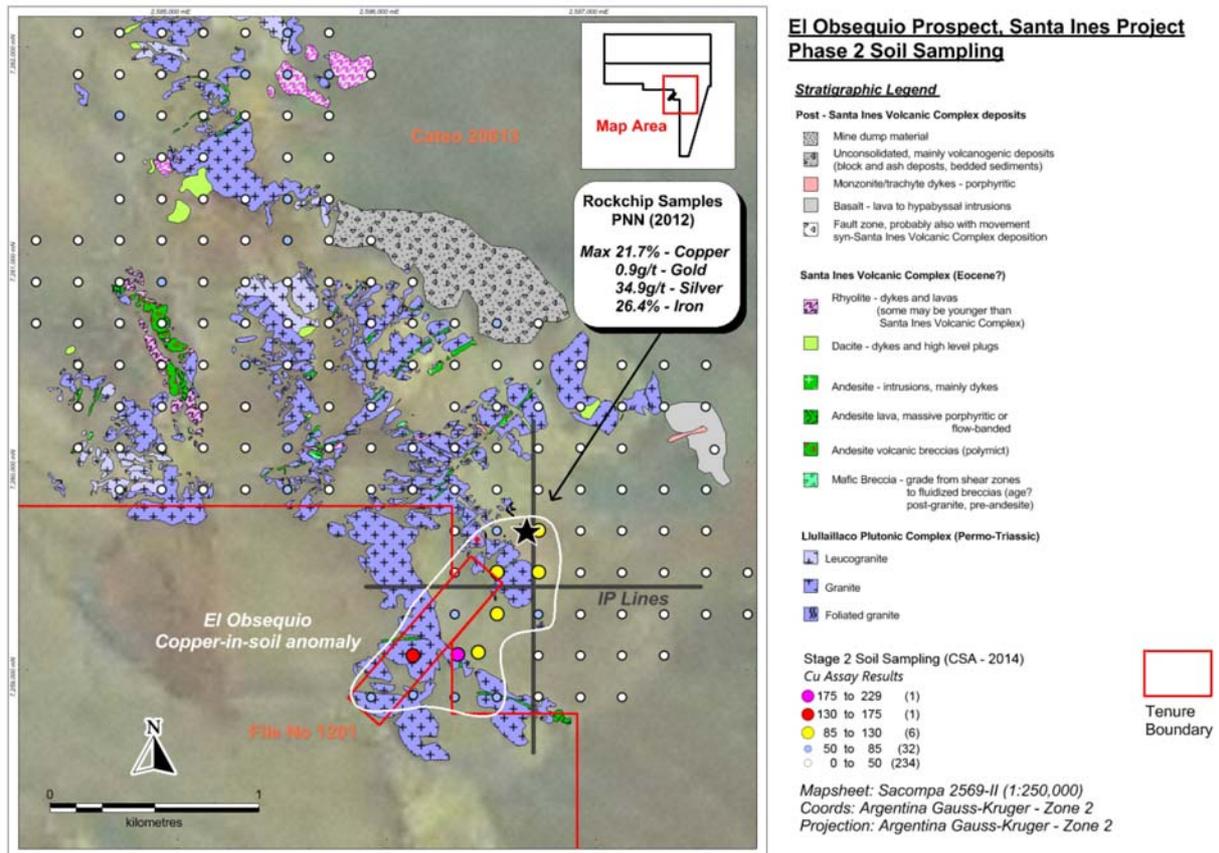


Figure 3 Phase 2 Soil Sampling El Obsequio Prospect

Musgrave Province Projects

Caroline Project (South Australia)

PepinNini's Musgrave Project comprises 3 exploration licences and 4 exploration licence applications (100% PNN) covering 8,222 km², and three Joint Venture tenements with Rio Tinto Exploration covering 1,387 km² (PepinNini earning 51%) See Figure 4.

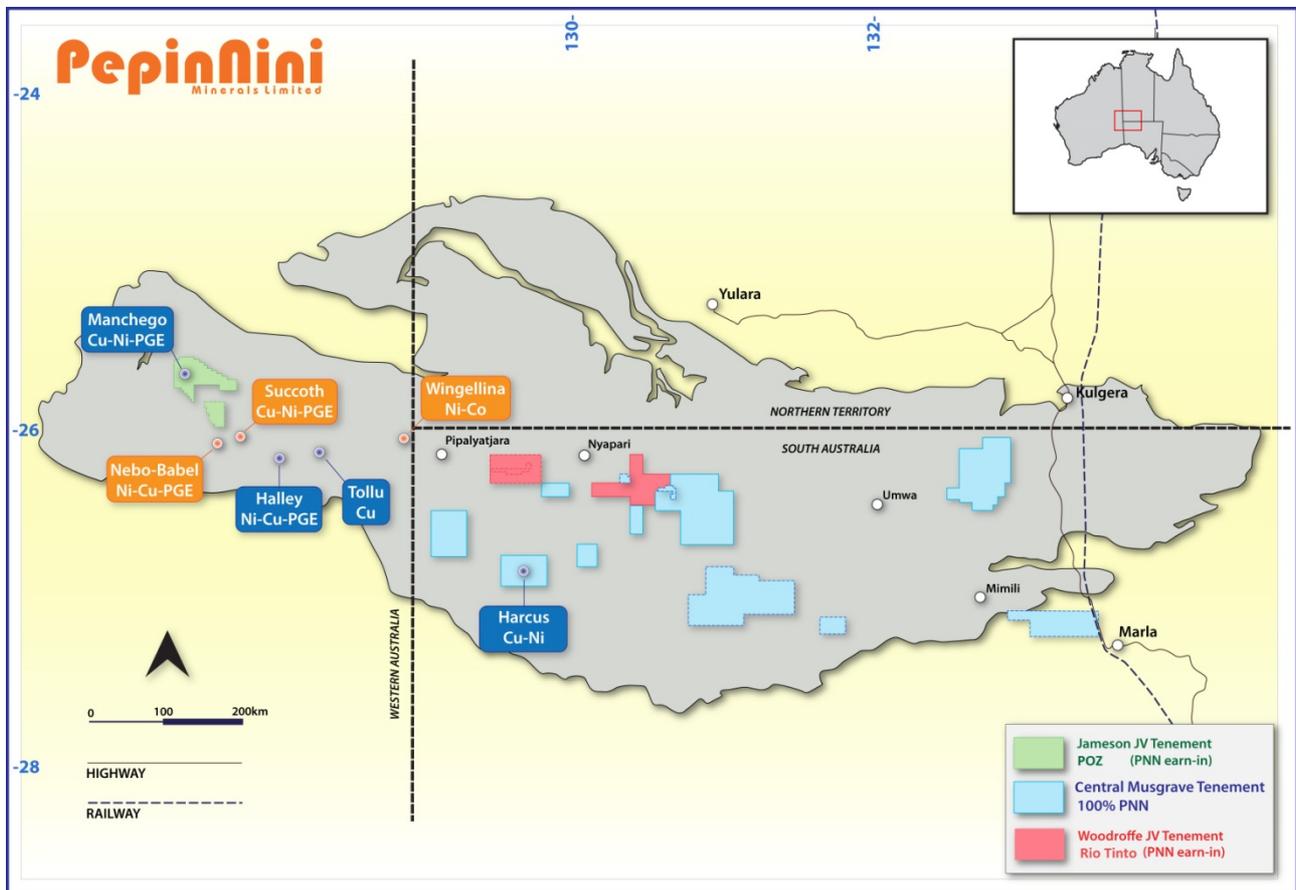


Figure 4 Location of PepinNini Minerals Musgrave Project, South Australia and Western Australia

During the last quarter, PepinNini announced the details of the Research & Development (R&D) collaboration with the Minerals Down Under (MDU) division of the CSIRO. Planning for these activities has been ongoing. The collaboration will involve the collection and interpretation of geophysical datasets and will accelerate targeting within the Company's Caroline Project, which is prospective for nickel-sulphide(NiS) mineralisation analogous to the Nebo-Babel deposits (ASX: CZI) in the west Musgrave Province.

The Company has previously identified three NiS prospects within the Caroline Project (100% PNN) named Scott, Wandila and Fowlers (See Figure 5). The mineral potential of these prospects is enhanced by the recognition of discrete magnetic features coincident to intersections of major structure and gravity lineaments. The interpretations reinforce the potential for prospective mafic feeder dykes within the project area. Planning of the airborne electromagnetic surveying to potentially detect the presence of NiS mineralisation within and around these high-priority prospects is ongoing.

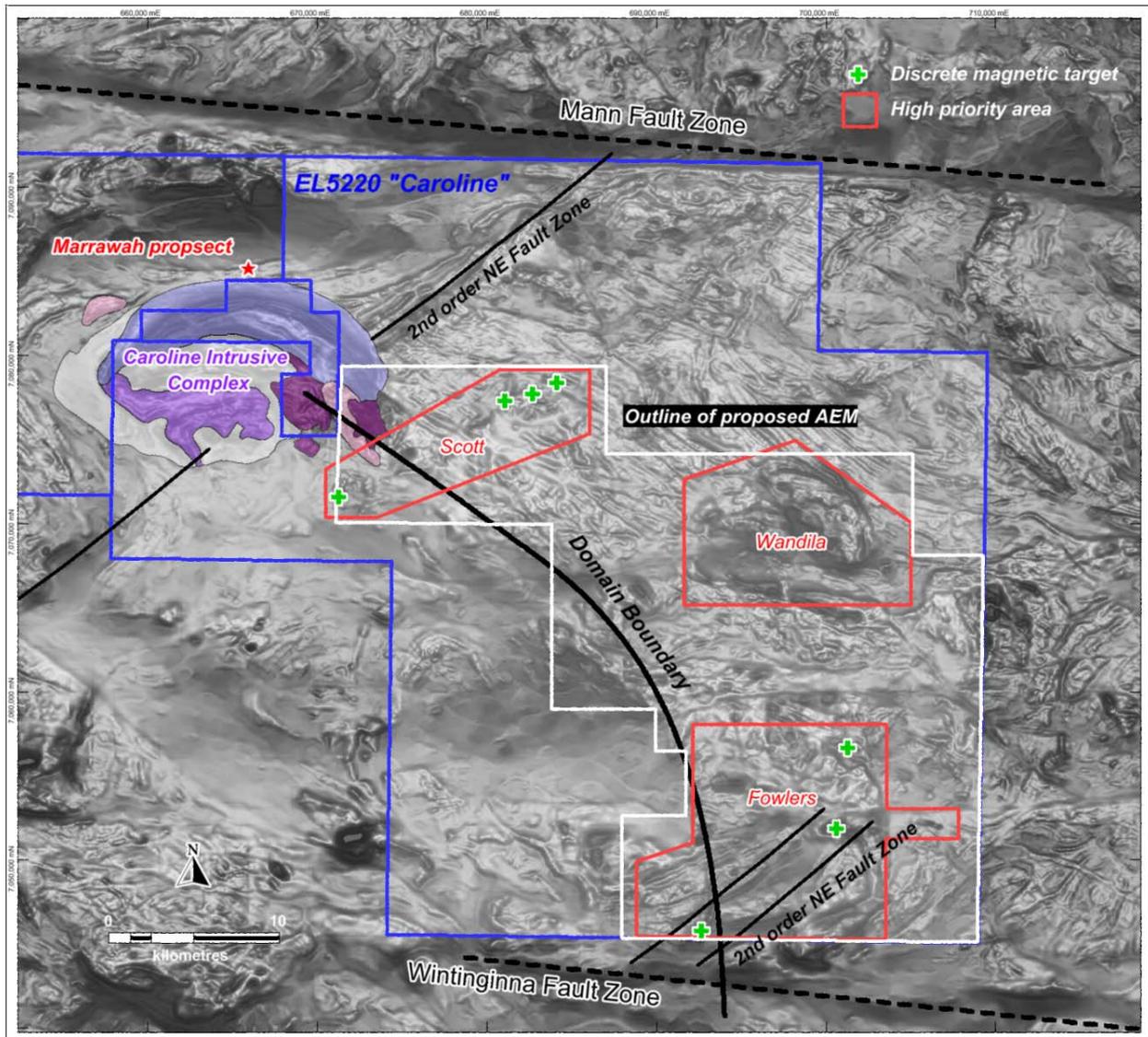


Figure 5: Location of Nickel Sulphide (NiS) geological prospects within PepinNini’s Caroline Project, central Musgrave Region South Australia.

NiS prospects are located near intersections of east-west crustal lineaments and a south-east trending curvilinear domain boundary. The identification of discrete magnetic targets highlights the potential for mafic feeder dykes within the project area. An airborne electromagnetic survey is planned for Q4 2014 and will investigate the presence of massive NiS in the project area.

Spinifex Range Project (Western Australia)

The Company announced on 10 September that it had purchased the option to explore the Spinifex Project in the West Musgrave Province of Western Australia from Phosphate Australia Ltd (ASX:POZ). The agreement has secured a two year option to acquire, for an additional consideration of \$500,000, an 80% share of the project which covers one exploration licence E69/2864 and one exploration licence application E69/3191 totaling 785.7km² (See Figure 6).

During the two year option period the Company will assess the potential for Ni-Cu-V-Ti-PGE minerals and should it choose to complete the purchase an 80%:20% joint venture would be established between PNN and POZ respectively to develop the project.

The tenement holding is strategically located within a key trend of geological formations that have an established endowment of Ni-Cu-PGE mineralisation, the most significant being Cassini Resources Ltd (ASX: CZI) Nebo-Babel (446Mt @ 0.33% Ni and 0.35% Cu) which is 14km to the south of tenement E69/3191.

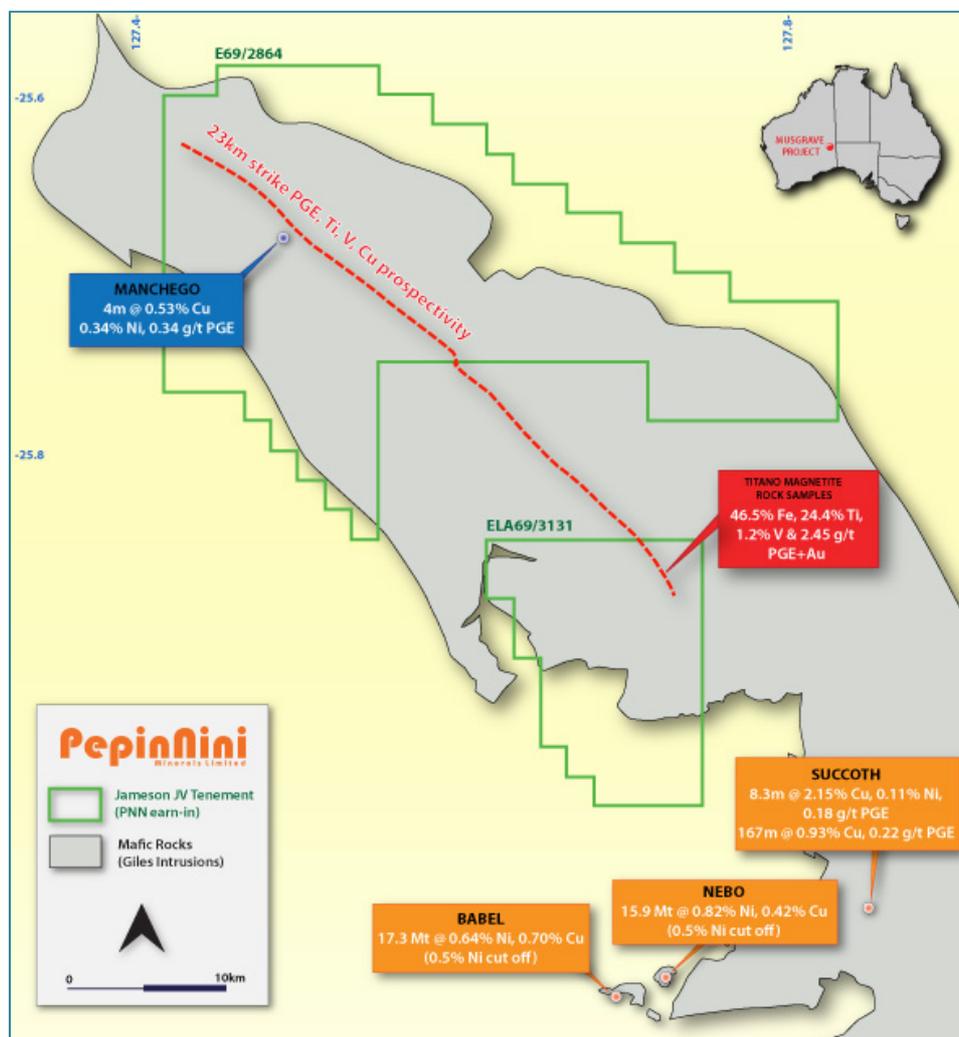


Figure 6 - Location of Spinifex Range Project, WA

Spinifex Range contains known Ni-Cu sulphide and titanium-vanadium-platinum group element (Ti-V-PGE) mineralisation associated with mafic rocks within the Jameson Intrusion. It is also known to host Cu mineralisation at the Manchego Prospect, where drilling by Anglo American Exploration intercepted fertile mafic rocks yielding 4m @ 0.53% Cu, 0.34% Ni and 0.34 g/t PGE. The mineralisation at Manchego extends

over an area approximately 350 x 400 metres remaining open in all directions. (As reported by POZ to ASX 28 October 2013 and 3 January 2014)

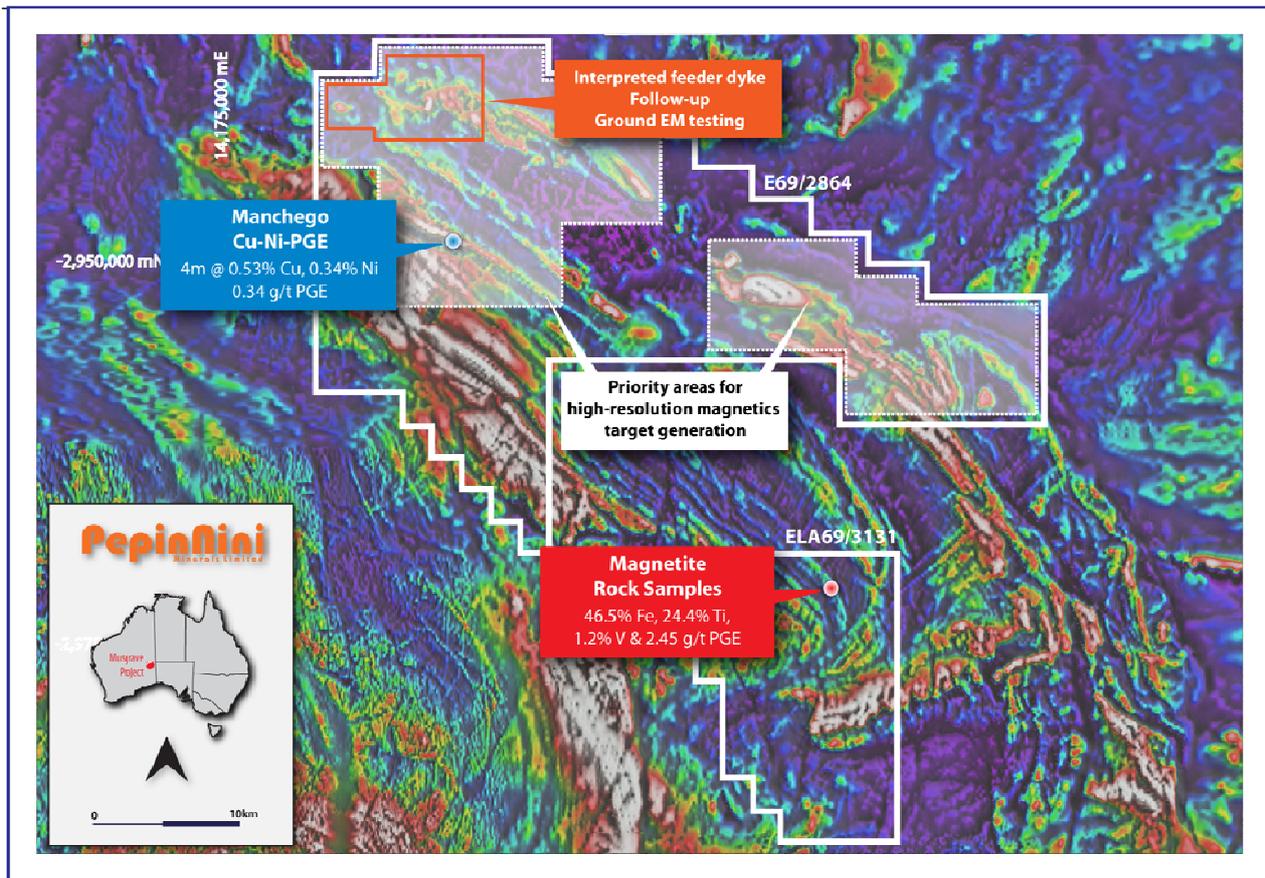


Figure 7: Spinifex Range work program location plan on colour gridded airborne magnetics (Geoscience Australia)

PepinNini considers that Spinifex Range contains the key ingredients for a significant mineralised system and the technical team has identified a number of additional geological environments considered highly prospective for Nickel-Copper mineralisation. The most encouraging of these geological targets is located in the North West part of E69/2864 some 7km north of the Manchego Prospect. (Figure 7)

The company will initially focus on geological and geophysical mapping to locate prospective host environments and is planning to undertake high-resolution airborne magnetics surveying across the licence to clarify and better define the conceptual targets. This work will be followed by ground electromagnetic studies, capable of identifying conductive material such as massive Ni-Cu sulphide at depth, and drilling.

The process to obtain statutory approvals for the intended work program has begun with the aim of commencing exploration activities during Q1 2015.

Curnamona Province Projects(South Australia)

During the quarter PepinNini Minerals Ltd announced the signing of a Sale and Purchase Agreement for its 40% interest in the Uranium and Mineral Resources Joint Venture between PepinNini Resources Curnamona Pty Ltd, a wholly owned subsidiary of PepinNini Minerals Ltd, and Sinosteel Uranium SA Pty Ltd. Under the Sale and Purchase Agreement Sinosteel Uranium SA Pty Ltd is the purchaser and the purchase consideration is \$2.3m. The sale completed on 22 September 2014.

Robinson Range Iron Ore Project(Western Australia)

The Robinson Range Project comprises seven tenements that cover approximately 700km². PepinNini has a 50% interest in the iron ore contained within three tenements and a 40% interest in the iron ore contained within the other four tenements and manages exploration on behalf of the Joint Venture partners. PNN Area C is located within exploration tenement E51/1033 held by PepinNini Robinson Range Pty Limited (40%), Resource and Investment NL (ASX:RNI) (40%) and Fe Limited (ASX:FEL) (20%).

The joint venture has delineated an Inferred Mineral Resource for PNN Area C as follows; (*PNN ASX Release 6th June, 2012*);

Table 1 Inferred Mineral Resource Estimate for PNN Area C (June, 2012)

Million Tonnes	Cut Off %Fe	Density SG	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	TiO ₂ %	LOI %
17.7	45	3.6	49.7	13.3	8.5	0.06	0.04	0.29	5.4
4.3	52	3.8	55.2	8.5	6.5	0.06	0.05	0.21	4.7

This information was prepared and first disclosed under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

No iron ore field activities were undertaken on the project during the quarter.

Queensland Uranium & Gold Projects

PepinNini Minerals holds five tenements in North Queensland which are considered prospective for uranium and gold and cover 415km². No field activities were undertaken during the quarter.

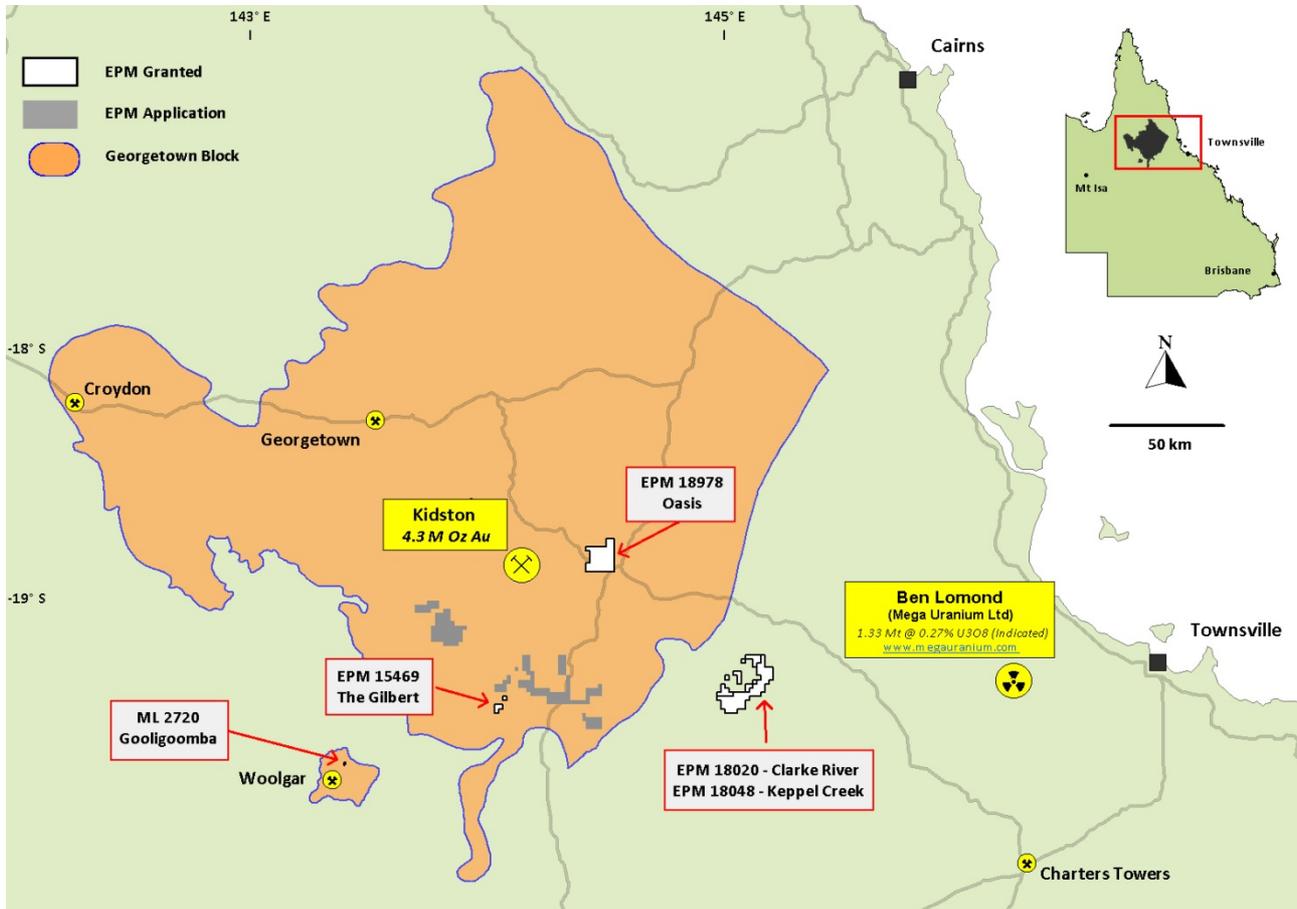


Figure 8 - Queensland Tenement Regional Location Plan

TENEMENT SCHEDULE

Australia

Tenement	Tenement Name	Area Km ²	PepinNini Interest	Grant Date
South Australia				
EL 4375	Bimbowrie	843	0%	sold
EL 4587	Mt Harcus	1,607	100%	25.10.10
EL 4749	Outalpa	201	0%	sold
EL 4780	Pine Ridge	1,382	100%	13.10.11
EL 4784	Scott Hill	521	0%	sold
RL 126	Crocker Well	748ha	0%	sold
EL 5185	Woodroffe	764	Earning 51%	24.09.12
EL 5220	Mt Caroline	1,918	100%	25.02.13
EL 5462	Kalabity	822	0%	sold
EL 4965	Mt Victor	1,218	0%	sold
ELA 278/82	Jalukana	77	Earning 51%	application
ELA 491/94	Aparatjara	537	Earning 51%	application
ELA 118/96	Anerinna Hills	2,415	100%	application
ELA 185/96	Willugudinna	823	100%	application
ELA 367/09	Mt Caroline West	46	100%	application
ELA 368/09	Hanging Knoll	34	100%	application
Queensland				
ML 2720	Gooligoomba	83ha	100%	01.10.84
EPM 15469	The Gilbert	13	100%	07.03.07
EPM 18020	Clarke River	187	100%	04.02.13
EPM 18048	Keppel Creek	41	100%	31.03.11
EPM 18979	Oasis	147	100%	17.08.12
Western Australia				
E52/1964	-	33	50%	01.11.07
E52/1910	-	204	50%	10.08.06
E52/1723	-	60	50%	01.12.04
E52/1672	-	106	40%	22.09.05
E52/1670	-	27	40%	23.11.04
E52/1613	-	91	40%	29.03.06
E51/1033	-	161	40%	22.09.05
E69/2864	Manchego	600	Earning 80%	07.03.12
E69/3191	Manchego	185	Earning 80%	application
TOTAL (24)		11,450		

Argentina

Tenement	Type	Province	Application	Granted	Applied Area Ha	Title Holder
Santa Ines II	Mina	Salta	05-Jul-13	27-Jun-13	3,892	PNN SA 100%
Santa Ines X	Mina	Salta	08-Nov-13	Not yet	379	PNN SA 100%
Santa Ines VII	Mina	Salta	15-Apr-13	28-Nov-13	3,500	PNN SA 100%
Santa Ines XI(tbc)	Mina	Salta	12-Mar-14	Not yet	525.6	PNN SA 100%
Santa Ines IV	Mina	Salta	25-Jun-12	09-Oct-13	3,598	PNN SA 100%
Santa Ines III	Mina	Salta	15-Mar-12	11-Jul-13	1,055	PNN SA 100%
Santa Ines V	Mina	Salta	25-Jun-12	Not yet	2,643	PNN SA 100%
Santa Ines VI	Mina	Salta	26-Jun-12	Not yet	3,500	PNN SA 100%
Santa Ines IX	Mina	Salta	30-Jul-13	Not yet	3,417	PNN SA 100%
Santa Ines	Cateo	Salta	13-Oct-10	17-Aug-12	3,133	PNN SA 100%
Mina Santa Ines	Mina	Salta	27-Sep-10	20-Sep-11	18	PNN SA 100%
Santa Ines VIII	Mina	Salta	18-Jul-13	Not yet	3,000	PNN SA 100%
					28,661	

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Phil Clifford BSc MAusIMM. Phil Clifford is the Technical Director of PepinNini Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Phil Clifford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information please contact:

Rebecca Holland-Kennedy
Managing Director, PepinNini Minerals Limited
Phone: (08) 8218 5000

Note: Additional information on PepinNini Minerals Limited can be found on the website: www.pepinnini.com.au

Mining exploration entity quarterly report

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

PepinNini Minerals Limited

ABN

55 101 714 989

Quarter ended ("current quarter")

Sep 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	105	105
1.2 Payments for (a) exploration & evaluation	(498)	(498)
(b) development		
(c) production		
(d) administration	(325)	(325)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid/refund	-	-
1.7 Other (provide details if material)	11	11
Net Operating Cash Flows	(705)	(705)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(110)	(110)
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects	2,300	2,300
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	2,190	2,190
1.13 Total operating and investing cash flows (carried forward)	1,485	1,485

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	1,485	1,485
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	500	500
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	500	500
	Net increase (decrease) in cash held	1,985	1,985
1.20	Cash at beginning of quarter/year to date	553	553
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,538	2,538

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	89
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

- | | |
|---|---------------|
| 1. Chairman, Managing Director, Administration Director and non-executive directors' Remuneration |\$80,809 |
| 2. Chairman, Managing Director, Administration Director and non-executive directors' Superannuation | \$8,209 |

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	200	200
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

Mining exploration entity quarterly report

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	450
4.2	Development	
4.3	Production	
4.4	Administration	200
Total		650

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.			
	Current quarter \$A'000	Previous quarter \$A'000	
5.1	Cash on hand and at bank	188	153
5.2	Deposits at call	2,350	400
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		2,538	553

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EL4784 EL5462 EL4375 EL4749 EL4965 RL126	Sale of tenement share 40%	0%
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

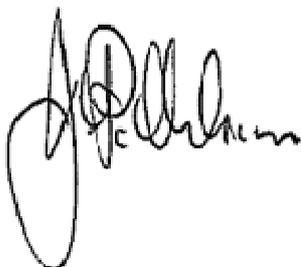
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	170,047,389	170,047,389	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	26,315,789	26,315,789	1.9c	1.9c
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	27,058,105 2,500,000 2,500,000 1,600,000 2,500,000 2,500,000 2,500,000	27,058,105 0(employee) 0(employee) 0(employee) 0(employee) 0(employee) 0(employee)	<i>Exercise price</i> 5c 4c 6c 12.5c 5c 6c 7c	<i>Expiry date</i> 30 Jun 15 1 Jun 16 1 Jun 16 1 Jun 16 31 Dec 15 30 Jun 16 31 Dec 16
7.8 Issued during quarter				
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Mining exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

..... Date: ...Monday 27th October 2014

Print name: Justin Nelson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

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+ See chapter 19 for defined terms.