

# Pepinini Minerals Limited



## Report for the Quarter Ending 31 December, 2014

23 January 2015

### *Highlights during the quarter:*

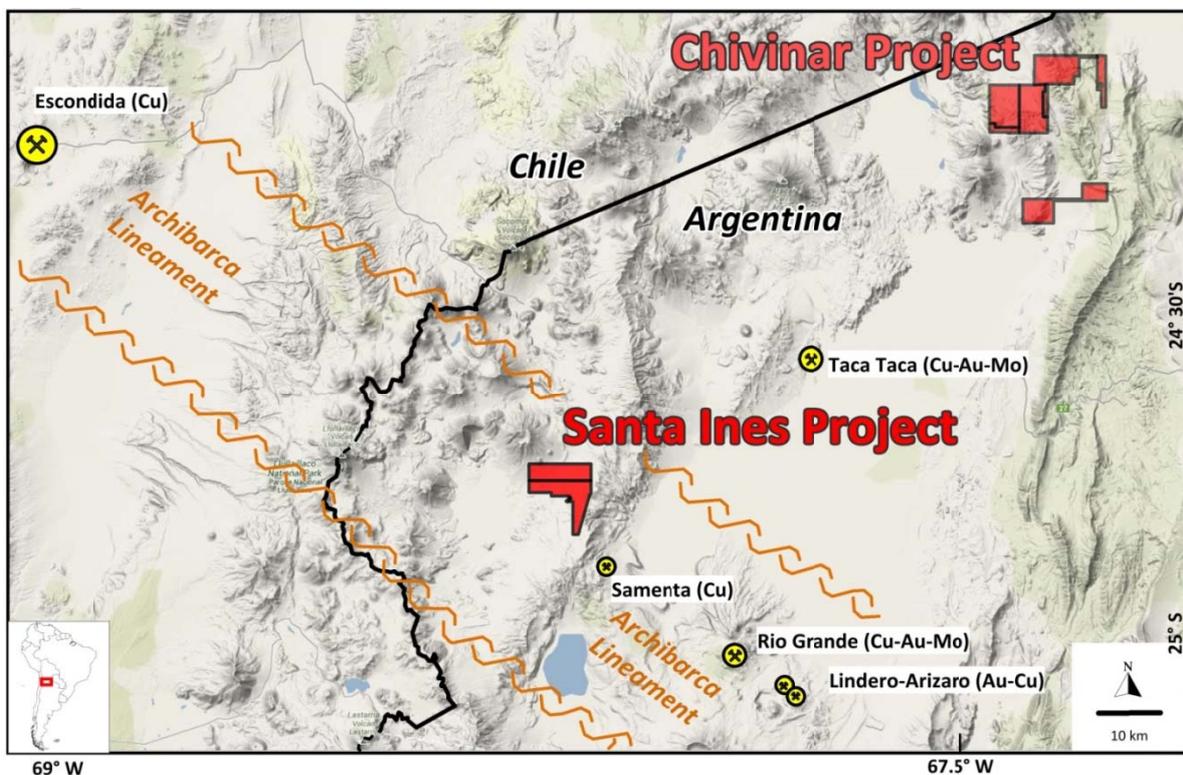
- ◆ **Spinifex Range Project (West Musgrave)** – completion of detailed 7,500 line kilometre aeromagnetic survey to enhance bedrock mapping and assist recognition of potential nickel-copper sulphide target environments.
- ◆ **Director Changes** – Murray Bailey resigned as a non-executive Director on 28 October 2014 and Sarah Clifton-Brown was appointed an executive Director of the Company on 11 December 2014. Sarah brings extensive financial, business management and analytical skills.
- ◆ At the end of the quarter the Company held \$2.1 million in cash.



## Project Locations

### ARGENTINA Salta Projects

PepinNini (PNN) has nine granted mining leases (mina) and four applications for mining leases (mina) covering approximately 230 kms<sup>2</sup> 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 two granted mining lease and two mining lease applications covering approximately 68 km<sup>2</sup>. The Chivinar Project comprises seven granted mining leases and two mining lease applications and covers 162 kms<sup>2</sup> (see location Figure 1).



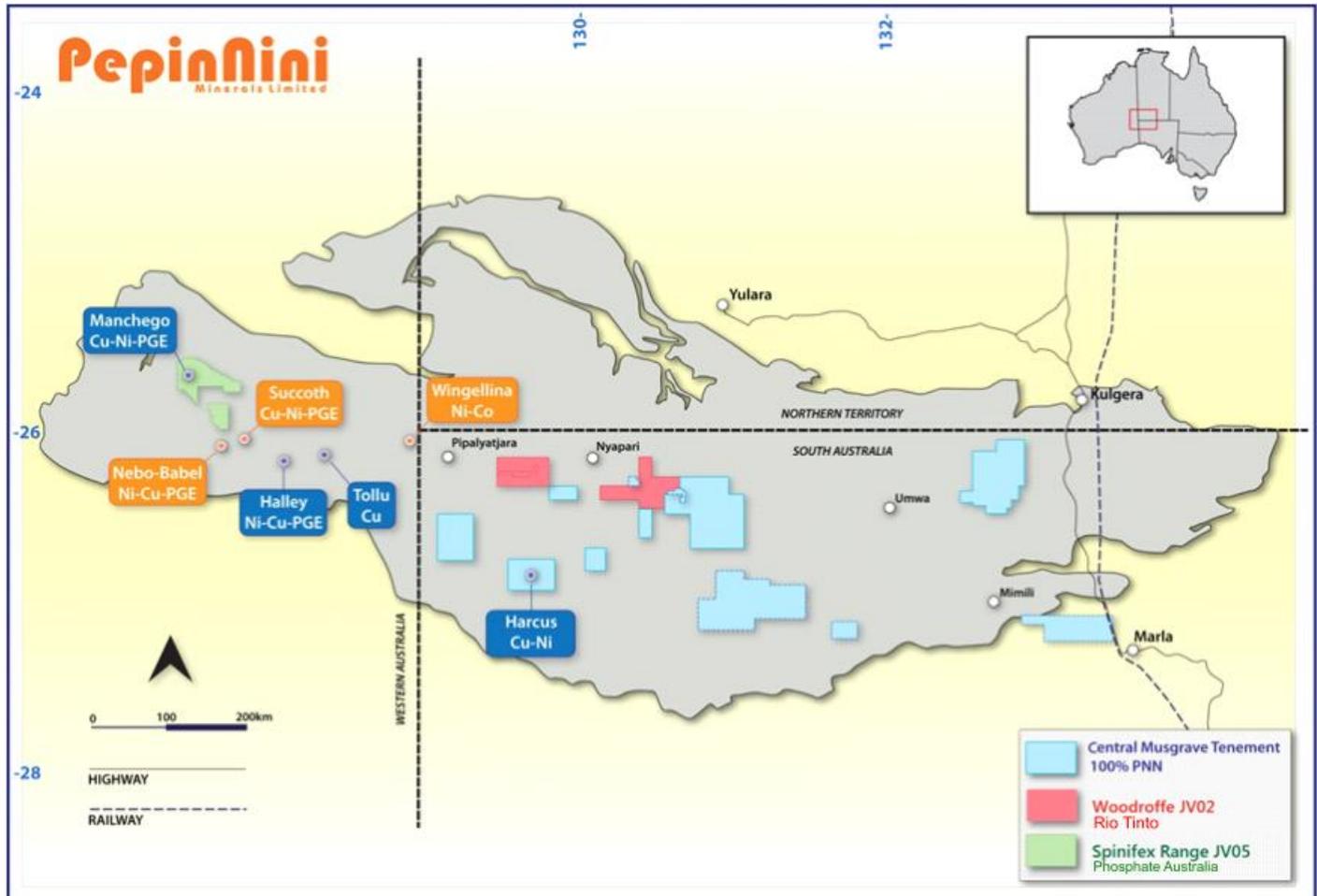
**Figure 1 – Location of PNN's Santa Ines and Chivinar Projects**

No field work was carried out at the either of the project areas during the quarter. The Company is continuing to assess available target opportunities for further exploration work within the tenement holdings.

## Musgrave Province Projects

### Caroline Project (South Australia)

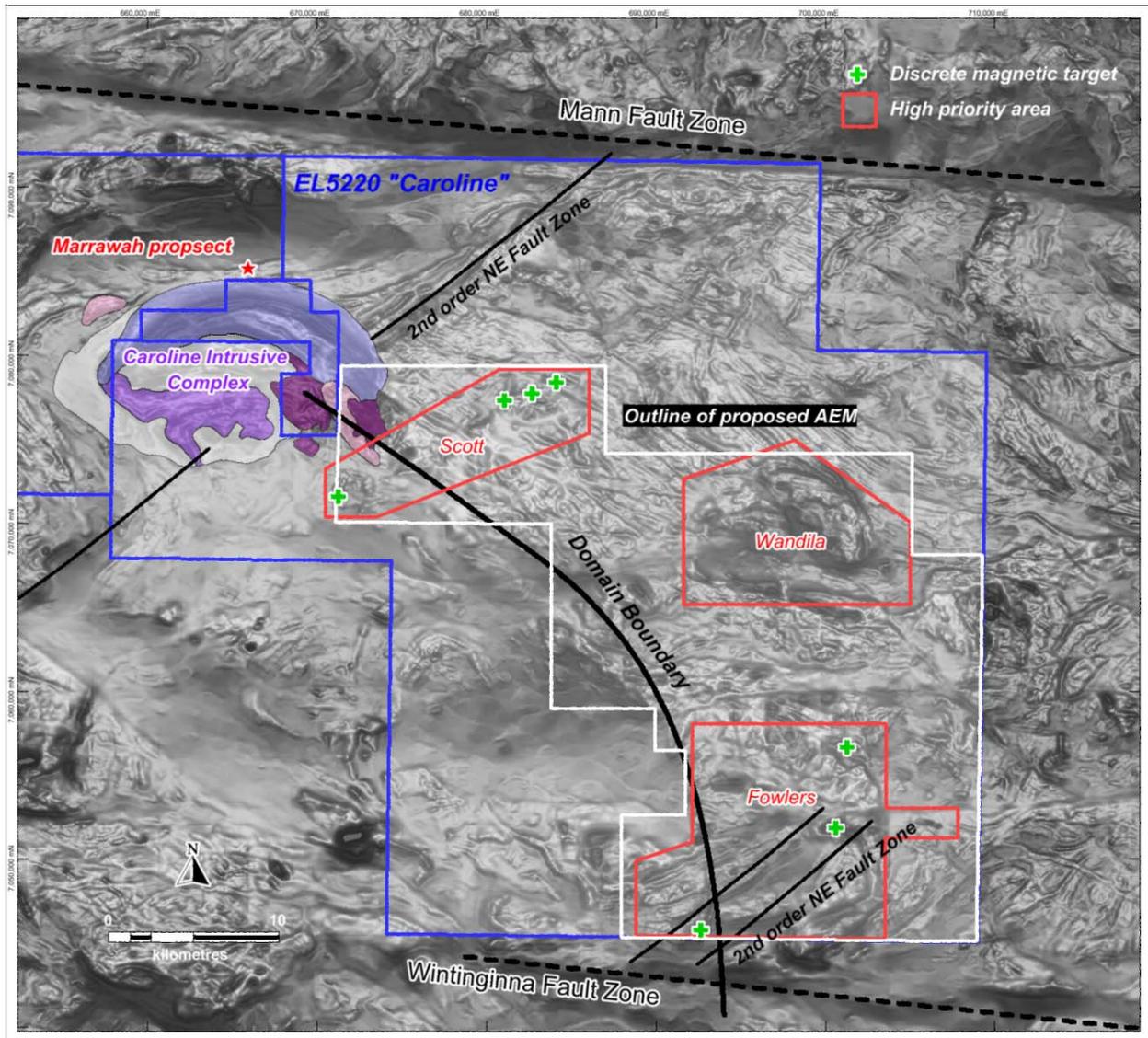
PNN's Musgrave Project comprises 3 exploration licences and 4 exploration licence applications (100% PNN) covering 8,225 km<sup>2</sup>, and three Joint Venture tenements with Rio Tinto Exploration covering 1,378 km<sup>2</sup> (PNN earning 51%) (see Figure 2).



**Figure 2** PNN's Musgrave Project locations, South Australia and Western Australia

The research and development (R&D) collaboration with the Minerals Down Under (MDU) division of the CSIRO which will involve the collection and interpretation of geophysical datasets is continuing (AEM – aerial electromagnetic data). Efforts to source suitable geophysical systems and plan logistics are being lead by CSIRO. The project will accelerate targeting within the Company's Caroline Project, which is prospective for nickel-copper sulphide mineralisation analogous to the Nebo-Babel deposits held by Cassini Resources Ltd (ASX: CZI) in the west Musgrave Province.

Three broad prospect areas (Scott, Wandila and Fowlers) are currently awaiting investigation in the southern part of the Caroline Project (100% PNN) (see Figure 3). The mineral potential of these prospects is underpinned by the recognition of discrete magnetic features coincident to intersections of major structure and gravity lineaments. Heritage Clearance surveying to seek access to these areas has been partially successful with some areas approved for the re-commencement of on-ground exploration activity in 2015. Further heritage survey work will be required across the southern-most areas of interest where surveying was not completed during the recent heritage process.



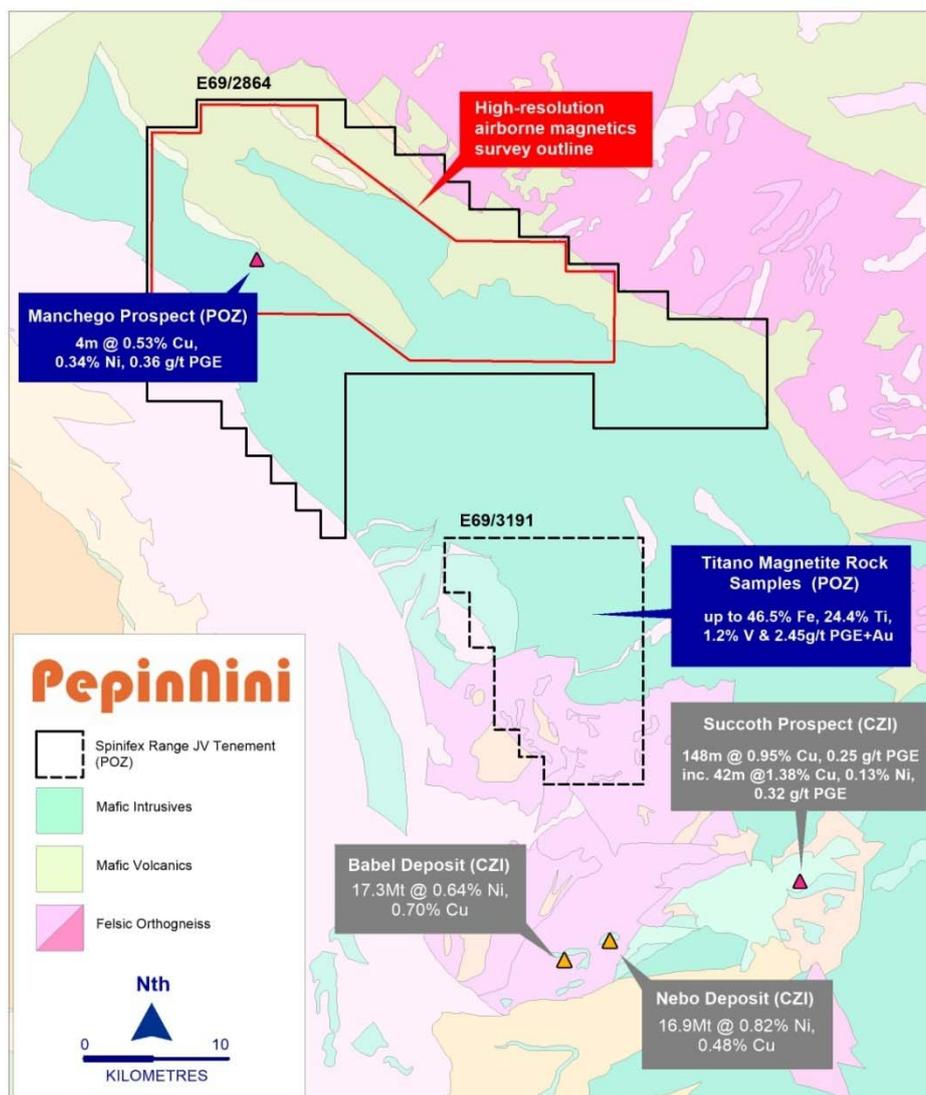
**Figure 3:** Location of Nickel Sulphide (NiS) geological prospects within PNN's Caroline Project, central Musgrave Region South Australia.

## Spinifex Range Project (Western Australia)

During the previous quarter the Company announced the commencement of an option agreement with Phosphate Australia Ltd (ASX:POZ) to explore the Spinifex Range Project in the West Musgrave Province of Western Australia. The project area is recognized for its potential for Ni-Cu-V-Ti-PGE minerals associated with large mafic intrusions. The agreement secures a two year period for the Company to investigate and potentially acquire an 80% share of exploration licenses E69/2864 and E69/3191 which cover an area totalling 785.7km<sup>2</sup> (See Figure 4). Should it choose to complete the purchase an 80%:20% joint venture would be established between PNN and POZ to develop the project.

The tenements are strategically located within a trend of geological formations that have an established endowment of Ni-Cu-PGE mineralisation, the most significant of these being the Nebo-Babel nickel-copper deposit (446Mt @ 0.33% Ni and 0.35% Cu) located 14km to the south of tenement E69/3191 which is currently being investigated by Cassini Resources Ltd (ASX: CZI) and was previously held by BHP.

The Spinifex Range Project contains strong evidence of Nickel-Copper (Ni-Cu) sulphide and titanium-vanadium-platinum group element (Ti-V-PGE) mineralisation associated with mafic rocks of the Jameson Intrusion. The project is also known to host Cu mineralization within fertile mafic lithologies at the Manchego Prospect, where historic diamond drilling intercepted a 4m zone yielding 0.53% Cu, 0.34% Ni and 0.36 g/t PGE.



**Figure 4** Location of Spinifex Range (E69/2864) airborne magnetic survey with regional geology and Ni-Sulphide occurrences

During December a detailed aeromagnetic survey was completed across part of exploration licence E69/2864 to examine a number of geological environments considered to be highly prospective for nickel and copper mineralisation (Figure 4). The survey acquired approximately 7,500 line kilometres of data that will be utilised to improve the interpretation of the structural features and potential host rock distributions within the project area. The new data will improve geophysical mapping of the basement rock architecture and will assist the identification and refinement of priority targets to be investigated on-ground by electromagnetic surveying, surface sampling, mapping, and potentially vacuum drilling. Data from the survey has been received and processing, interpretation and target ranking activities are underway.

The process for obtaining land access and statutory approvals for the intended work program has commenced with the aim of initiating exploration activities in the first quarter (Q1) of 2015.

## Robinson Range Iron Ore Project (Western Australia)

The Robinson Range Project comprises seven tenements that cover approximately 679 km<sup>2</sup>. PNN 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 6<sup>th</sup> June, 2012*);

**Table 2** Inferred Mineral Resource Estimate for PNN Area C (June, 2012)

Million Tonnes	Cut Off %Fe	Density SG	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	TiO <sub>2</sub> %	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 and Gold Projects

PNN holds five tenements in North Queensland which are considered prospective for uranium and gold and cover 415km<sup>2</sup>. No field activities were undertaken during the quarter.

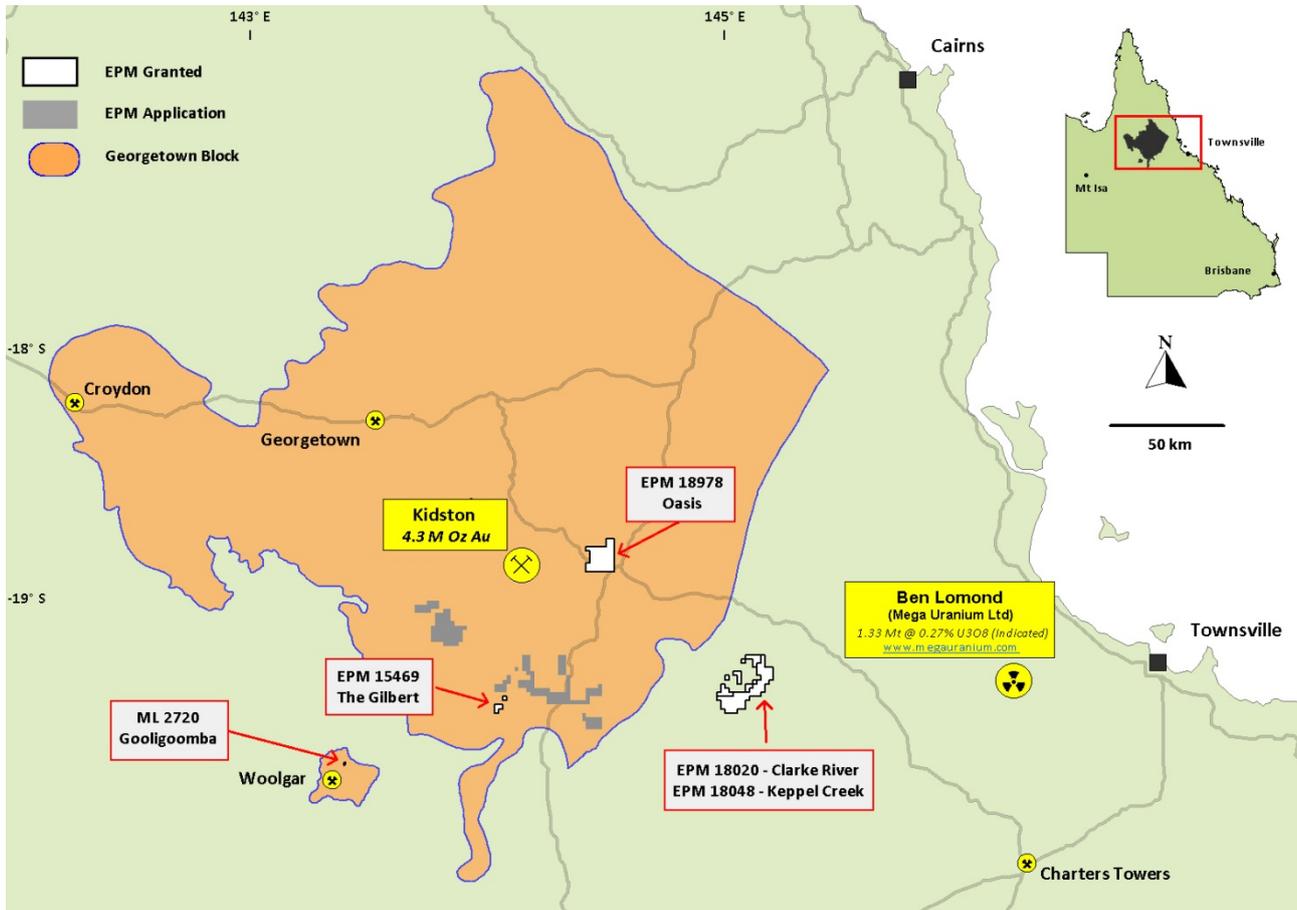


Figure 5 - Queensland Tenement Regional Location Plan

## TENEMENT SCHEDULE

### Australia

Tenement	Tenement Name	Area Km <sup>2</sup>	PepinNini Interest	Grant Date
<b>South Australia</b>				
EL 4587	Mt Marcus	1,607	100%	25/10/10
EL 4780	Pine Ridge	1,382	100%	13/10/11
EL 5220	Mt Caroline	1,918	100%	25/2/13
EL 5185	Woodroffe	764	Earning 51%	24/9/12
ELA 278/82	Jalakana	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
<b>Queensland</b>				
ML 2720	Gooligoomba	0.83	100%	1/10/84
EPM 15469	The Gilbert	13	100%	7/3/07
EPM 18020	Clarke River	187	100%	4/2/13
EPM 18048	Keppel Creek	41	100%	31/3/11
EPM 18979	Oasis	147	100%	17/8/12
<b>Western Australia</b>				
E51/1033		161	40%	22/9/05
E52/1613		91	40%	29/3/06
E52/1670		27	40%	23/11/04
E52/1672		106	40%	22/9/05
E52/1723		61	50%	1/12/04
E52/1910		200	50%	10/8/06
E52/1964		34	50%	1/11/07
E69/2864		619	Earning 80%	7/3/12
E69/3191		167	Earning 80%	13/10/14
<b>Total - 24</b>		<b>11,458</b>		

### 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	Mina	Salta	12-Mar-14	Not yet	525.6	PNN SA 100%
Santa Ines IV	Mina	Salta	25-Jun-12	10-Sep-13	3,598	PNN SA 100%
Santa Ines III	Mina	Salta	15-Mar-12	7-Nov-13	1,055	PNN SA 100%
Santa Ines V	Mina	Salta	25-Jun-12	10-Sep-14	2,643	PNN SA 100%
Santa Ines VI	Mina	Salta	26-Jun-12	21-Nov-13	3,500	PNN SA 100%
Santa Ines IX	Mina	Salta	30-Jul-13	20-Aug-14	3,417	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	28-Aug-14	3,000	PNN SA 100%
Santa Ines XII	Mina	Salta	11-Oct-14	Not yet	511	PNN SA 100%
Santa Ines XIII	Mina	Salta	11-Oct-14	Not yet	3,311	PNN SA 100%
<b>Total 13</b>					<b>29,349.6</b>	

*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 PNN Minerals Limited can be found on the website: [www.pepinnini.com.au](http://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")

Dec 2014

## Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	30	135
1.2 Payments for (a) exploration & evaluation	(452)	(950)
(b) development		
(c) production		
(d) administration	(204)	(529)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	14
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid/refund	395	395
1.7 Other (provide details if material)	0	11
<b>Net Operating Cash Flows</b>	<b>(219)</b>	<b>(924)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		(110)
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		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)		
<b>Net investing cash flows</b>		<b>2,190</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(219)</b>	<b>1,266</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(219)	1,176
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		500
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(200)	(200)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	<b>(200)</b>	<b>300</b>
	<b>Net increase (decrease) in cash held</b>	<b>(419)</b>	<b>1,566</b>
1.20	Cash at beginning of quarter/year to date	<b>2,538</b>	553
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>2,119</b>	<b>2,119</b>

**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	<b>106</b>
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	.....\$96,256
2. Chairman, Managing Director, Administration Director and non-executive directors' Superannuation	\$9,535

**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

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**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		
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
<b>Total</b>		<b>650</b>

## 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	<b>119</b>	<b>188</b>
5.2	Deposits at call	<b>2,000</b>	<b>2,350</b>
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		<b>2,119</b>	<b>2,538</b>

## 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	E52/1910 E52/1723 Cateo 40464	Expired under renewal Expired under renewal Expired – converted to Mina application	40% 50% 100% 0%
6.2	Interests in mining tenements acquired or increased	E52/1672 Mina 22372 Mina 22373	Renewal granted Application from Cateo Application from Cateo	40% 0% 0% 100% 100%

+ 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	<b>170,047,389</b>	<b>170,047,389</b>	<b>N/A</b>	<b>N/A</b>
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	<b>27,058,105</b>	<b>27,058,105</b>	<i>Exercise price</i>	<i>Expiry date</i>
	<b>2,500,000</b>	<b>0(employee)</b>	<b>5c</b>	<b>30 Jun 15</b>
	<b>2,500,000</b>	<b>0(employee)</b>	<b>4c</b>	<b>1 Jun 16</b>
	<b>1,600,000</b>	<b>0(employee)</b>	<b>6c</b>	<b>1 Jun 16</b>
			<b>12.5c</b>	<b>1 Jun 16</b>
7.8 Issued during quarter	<b>500,000</b>	<b>0(employee)</b>	<b>3c</b>	<b>9 Nov 17</b>
	<b>500,000</b>	<b>0(employee)</b>	<b>6c</b>	<b>9 Nov 18</b>
	<b>500,000</b>	<b>0(employee)</b>	<b>10c</b>	<b>9 Nov 19</b>
7.9 Exercised during quarter				
7.10 Expired during quarter	<b>2,500,000</b>	<b>0(employee)</b>	<b>5c</b>	<b>31 Dec 15</b>
	<b>2,500,000</b>	<b>0(employee)</b>	<b>6c</b>	<b>30 Jun 16</b>
	<b>2,500,000</b>	<b>0(employee)</b>	<b>7c</b>	<b>31 Dec 16</b>
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

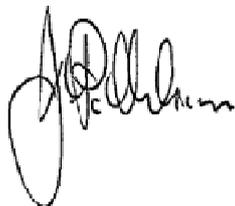
+ See chapter 19 for defined terms.

## Mining exploration entity quarterly report

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### 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: ...Friday 23<sup>rd</sup> January 2015

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.