



PepinNini

Minerals Limited

ABN 55 101 714 989

Financial report for the half year
ended 31 December 2014

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Directors' report

The directors of PepinNini Minerals Limited (PepinNini) submit herewith the financial report of the company and its subsidiaries (the Group) for the half-year ended 31 December 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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

- Ms Rebecca Holland-Kennedy
- Mr Robert Wei Sun
- Mr Phil Clifford

Mr Murray Bailey resigned as a Director-Chairman on 28th October 2014

Ms Sarah Clifton-Brown was appointed as Finance Director on 11th December 2014

Review of operations

The principal activity of the Group during the reporting period has been exploration for base metals, uranium, iron ore and gold in South Australia, Queensland, Western Australia and Argentina.

1. Musgrave Province Nickel/Copper Project

PepinNini is currently undertaking exploration programs designed to target nickel-copper sulphide mineralisation and base metal mineralisation in the Musgrave Province, South Australia. PepinNini has four granted exploration licences (EL4780, EL5185, EL5220, EL4587) covering 5,669 km² and six exploration licence applications (ELA118/96, ELA185/96, ELA278/82, ELA491/94, ELA367/09, ELA368/09) covering 3,932 km². PepinNini subsidiary NiCul Minerals Limited (formerly PepinNini Resources Pty Ltd) is earning a 51% interest in EL5185 and ELA278/82 and ELA491/94 under a Farm-in and Joint Venture Agreement with Rio Tinto Ltd subsidiary Rio Tinto Exploration Pty Limited.

During the period, NiCul Minerals Ltd entered into a two year option agreement for a total sum of \$150,000 from Phosphate Australia Ltd (ASX:POZ) to explore the Spinifex Range Project, in the West Musgrave Province of Western Australia. 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 totalling 785.7 km².

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.

During the period E69/3191 was granted and NiCul undertook detailed 7,500 line kilometre aeromagnetic survey to enhance bedrock mapping and assist recognition of potential nickel-copper sulphide target environments.

2. Curnamona Province Uranium and Base Metals Projects

PepinNini Resources Curnamona Pty Ltd signed a Sale and Purchase Agreement with Sinosteel Uranium SA Pty Ltd for its 40% interest in the Uranium and Mineral Resources Joint Venture in July 2014 and completed the sale in September 2014. The purchase consideration was \$2.3million.

3. North Queensland Project

During the reporting period PepinNini maintained four tenements and one mining lease prospective for Gold and Uranium. The directors have decided to surrender one tenement, The Gilbert, EPM 15469 which the Company felt had been adequately explored and that economic potential was absent so ongoing maintenance of the tenement not justifiable. Subsequent to the end of the reporting period a Sale and Purchase Agreement was signed for the sale of Mining Lease ML2720 Gooligoomba, that the Directors feel, is a non-core asset. The remaining three tenements are prospective for Uranium which the Directors feel is a strategic commodity for the Company to hold given the change in legislation in Queensland which allows for the exploration and mining of Uranium and the market forecast for increase in the price of this commodity.

4. Robinson Range Iron Ore Project

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.

The joint venture has delineated an Inferred Mineral Resource for PNN Area C of 17.7million tonnes grading 49.7% Fe in the Inferred Category including 4.3 million tonnes grading 55.2% Fe in the Inferred Category as announced on 6 June

2012. PepinNini Minerals Limited is continuing its divestment strategy for non-core assets with this project. The Mineral Resource was defined under JORC Code 2004 and has not been restated under JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

5. Argentina Salta Project

PepinNini has nine granted minas (mining lease) and four applications for a cateo to mina conversion covering approximately 280 kms² in the Argentine province of Salta. The Salta Project comprises two separate areas designated as Santa Ines and Chivinar.

During December 2013 to April 2014 PepinNini Minerals Ltd undertook two phases of field exploration within the Santa Ines project. Two prospects were delineated El Obsequio(the Gift) and La Recompensa(the Reward) using mapping, sampling and subsequent ground geophysics. Results from El Obsequio 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. Evaluation of exploration data is continuing for both projects.

6. Project Generation

The Directors feel there is potential for acquisition of strategic prospects in both Australia and Argentina consequently active project generation has been undertaken during the period for Nickel-Copper Sulphide exploration prospects in Australia and in Argentina for Copper-Gold prospects.

7. Shortfall to Non-renounceable entitlements issue of shares

The shortfall to the entitlements issue of 24 April 2014(PepinNini Annual Report 2014) closed on 22 August 2014. The issue, under a prospectus, was for two shares for every three shares held by eligible shareholders at Record Date (1 May 2014). The issue offered 23,294,559 shares to raise up to \$1.5m. The issue price was \$0.019 per share.

The offer closed on 22 May 2014 and the shortfall became available for the three months following. \$500,000 representing 46% of the shortfall was sold to a new investor on 19th August 2014.

The entitlement issue raised \$942,597.03 with the issue of 49,610,348 shares. This represented a 62% take up of the entitlements on offer. Costs totalling \$25,276 were deducted from the equity with share capital increased by \$917,320.

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.

Further information relating to the Company's projects and future directions has been made publicly available on PepinNini'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

A handwritten signature in black ink that reads "Rebecca Holland-Kennedy". The signature is written in a cursive style with a large initial 'R'.

Rebecca Holland-Kennedy
Managing Director

26 February 2015



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Auditor's Independence Declaration to the Directors of PepinNini Minerals Limited

In relation to our review of the financial report of PepinNini Minerals Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mark Phelps'.

Mark Phelps
Partner
Adelaide
26 February 2015



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Independent Review to the members of PepinNini Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of PepinNini Minerals Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 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 2014 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 and the entities it controlled during the half-year, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



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 2014 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*.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mark Phelps'.

Mark Phelps
Partner
Adelaide
26 February 2015

Directors' declaration

In accordance with a resolution of the directors of PepinNini Minerals Limited and its Controlled Entities, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(ii) complying with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Rebecca Holland-Kennedy

Managing Director

26 February 2015

**Consolidated statement of comprehensive income
 for the half-year ended 31 December 2014**

	Consolidated	Consolidated
	Half-year ended	Half-year ended
	31 Dec 2014	31 Dec 2013
	\$	\$
Continuing operations		
Revenue	188,389	119,398
Other Income	-	54,499
Expenses		
Depreciation expense	14,294	8,828
Salary and employment costs	172,967	99,503
Operating expenses	311,947	238,063
Professional fees	82,586	38,818
Impairment of exploration asset	1,307,314	-
Impairment of interest in Joint Venture	45,553	-
Legal fees	121,700	38,259
Other expenses	1,052	-
Total expenses	2,057,413	423,471
Loss before tax	(1,869,024)	(249,574)
Income tax benefit	-	-
Loss for the period from continuing operations	(1,869,024)	(249,574)
Loss for the period	(1,869,024)	(249,574)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>	-	-
<i>Items that will not be reclassified to profit or loss</i>	-	-
Total comprehensive loss for the half-year	(1,869,024)	(249,574)
Earnings per share for loss attributable to members of PepinNini Minerals Limited		
Basic (cents per share)	(1.28)	(0.21)
Diluted (cents per share)	4 (1.28)	(0.21)

Notes to the consolidated financial statements are included on pages 12 to 14.

**Consolidated statement of financial
position as at
31 December 2014**

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Current assets		
Cash and cash equivalents	2,116,411	674,372
Trade and other receivables	5,601	336,929
Other assets	91,067	54,309
Assets held for sale	40,000	-
Total current assets	2,253,079	1,065,610
Non-current assets		
Exploration expenditure	8 16,744,950	19,626,854
Exploration bonds	8 15,495	35,750
Property, plant and equipment	168,365	191,804
Total non-current assets	16,928,810	19,854,408
Total assets	19,181,889	20,920,018
Current liabilities		
Trade and other payables	173,159	298,741
Provisions	216,367	220,598
Total current liabilities	389,526	519,339
Non-current liabilities		
Provisions	3,710	6,671
Borrowings	7 -	200,000
Total non-current liabilities	3,710	206,671
Total liabilities	394,326	726,010
Net assets	18,788,653	20,194,008
Equity		
Issued capital	4 21,404,854	20,907,431
Reserves	404,343	438,097
Retained earnings	(3,020,544)	(1,151,520)
Total equity attributable to equity holders of the parent	18,788,653	20,194,008

Notes to the consolidated financial statements are included on pages 12 to 14

Consolidated statement of changes in equity for the half-year ended 31 December 2014

	Attributable to members of PepinNini Minerals Limited			
	Issued and paid up capital	Reserves (Equity settled employee benefits reserve)	Retained earnings	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2014	20,907,431	438,097	(1,151,520)	20,194,008
Loss for the period	-	-	(1,869,024)	(1,869,024)
Other comprehensive Income	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2014	-	-	(1,869,024)	(1,869,024)
Issue of shares, net of transactions costs and tax (note 4)	497,423	-	-	497,423
Employee share options	-	(33,754)	-	(33,754)
Balance at 31 December 2014	21,404,854	404,343	(3,020,544)	18,788,653

Consolidated statement of changes in equity for the half-year ended 31 December 2013

	Attributable to members of PepinNini Minerals Limited			
	Issued and paid up capital	Reserves (Equity settled employee benefits reserve)	Retained earnings	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2013	19,931,989	392,768	2,489,591	22,814,348
Loss for the period	-	-	(249,574)	(249,574)
Other comprehensive Income	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2013	-	-	(249,574)	(249,574)
Issue of shares, net of transactions costs and tax (note 4)	548,735	-	-	548,735
Employee share options	-	7,337	-	7,337
Balance at 31 December 2013	20,480,724	400,105	2,240,017	23,120,846

Notes to the consolidated financial statements are included on pages 12 to 14.

Consolidated cash flow statement for the half-year ended 31 December 2014

	Consolidated	
	Half-year ended	
	31 Dec 2014	31 Dec 2013
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,008,060)	(518,625)
Receipts in the course of business	173,746	273,503
R&D tax refund	325,000	
Net cash used in operating activities	(509,314)	(245,122)
Cash flows from investing activities		
Payment for exploration activities	(705,155)	(940,263)
Payments for property, plant and equipment	-	(9,340)
Proceeds on disposal of property, plant and equipment	44,369	146,390
Proceeds on disposal of exploration asset	2,300,000	-
Interest received	14,716	11,594
Net cash provided/(used) in investing activities	1,653,930	(791,619)
Cash flows from financing activities		
Proceeds from issue of shares	500,000	587,580
Transaction costs for issue of shares	(2,577)	(38,845)
Proceeds from directors loan	-	200,000
Repayment of directors loan	(200,000)	-
Net cash provided by financing activities	297,423	748,735
Net decrease in cash and cash equivalents	1,442,039	(288,006)
Cash and cash equivalents at the beginning of the period	674,372	945,493
Cash and cash equivalents at the end of the period	2,116,411	657,487

Notes to the consolidated financial statements are included on pages 12 to 14.

Notes to the 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* (AASB 134). 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 and any public announcements by PepinNini during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for when required by accounting standards. 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 adopted are consistent with those of the previous financial year end and corresponding interim reporting period.

The Group has considered new accounting standards applicable for the current period; none of the changes are likely to have an impact on the financial report.

2. Segment information

The Group applies AASB 8 Operating Segments which requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The chief operating decision-makers have been identified as the board of directors.

The operating segments are identified by management based on the nature of the product sold. Discrete financial information about operating businesses is reported to the board of directors on at least a monthly basis. The Group operates in one segment, being mineral exploration and development.

3. Dividends

During the period, PepinNini Minerals Limited paid no dividends:

	Half-year ended 31 Dec 2014		Half-year ended 31 Dec 2013	
	Cents per share	Total \$	Cents per share	Total \$
Fully paid ordinary shares				
Final dividend	-	-	-	-

4. Issuances, repurchases and repayments of equity securities

During the half-year reporting period, PepinNini Minerals Limited issued 26,315,789 shares from the sale of the shortfall of a rights issue. PepinNini raised \$497,423, net of capital raising costs of \$2,577.

PepinNini Minerals Limited did not issue any shares on the exercise of share options issued under its executive share option plan (2013 – no share options exercised). As a result of this there was no transfer from the equity-settled employee benefits reserve to issued capital.

PepinNini Minerals Limited did not purchase or cancel any ordinary shares during the period (2013 – no ordinary shares purchased or cancelled).

Potential ordinary shares are not treated as dilutive as to do so would reduce the loss per share for the Half year ended 31 December 2014 and 2013. The weighted average number of options that were not included in the calculation was 33,317,196.

5. Investments in subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest	
		December 2014	June 2014
		%	%
PepinNini Resources Curnamona Pty Ltd	Australia	100%	100%
NiCul Minerals Limited (formerly PepinNini Resources Pty Ltd)	Australia	100%	100%
PepinNini Robinson Range Pty Ltd	Australia	100%	100%
PepinNini Minerals International Pty Ltd	Australia	100%	100%
PepinNini QLD Pty Ltd	Australia	100%	100%
PepinNini Sociedad Anonima	Argentine Republic	100%	100%

6. Interests In Joint Arrangements

PepinNini has an interest in the following joint arrangements:

Name of venture	Resident	Principal activity	Output interest	
			December 2014	June 2014
			%	%
Uranium Resources and Mineral Resources Joint venture	Australia	Management and operation of development of Crocker Well And Mt Victoria uranium deposits and exploration for other commodities	0%	40%
Robinson Range Iron Ore JV03 Joint Venture	Australia	Management and operation of development of iron ore in three tenements in the Robinson Range region	50%	50%
Robinson Range Iron Ore JV04 Joint Venture	Australia	Management and operation of development of iron ore in four tenements in the Robinson Range region	40%	40%

PepinNini Minerals Limited has assessed the classification of the joint arrangements under AASB 11 *Joint Arrangements* (effective 1 January 2013). Based on the contractual terms of the agreements, all joint arrangements that PepinNini Minerals Limited has interests in are classified as Joint Operations.

7. Related Parties

The following table details the balances with related parties as at 31 December 2014 and June 2014:

		Amounts owed by related parties	Amounts owed to related parties
		\$	\$
Key management personnel of the Group:			
Directors' interests	31 December 2014	-	-
	30 June 2014	-	\$200,000

The related party loan was repaid during the half year to Rebecca Holland-Kennedy. There have been no sales and purchases between related parties during the six months ended 31 December 2014.

8. Exploration Expenditure

During the half year ended 31 December 2014 exploration expenditure of \$705,155 was capitalised (\$648,091 in the six months ended June 2014)

An impairment expense has been recognised at 31 December 2014, this is in relation to an impairment of \$537,565 being the difference between the carrying value of Gooligoomba and the sale and purchase agreement signed 2 February 2015, also a tenement relinquishment was auctioned during the period resulting in and impairment expense of \$769,749.

The sale of PepinNini's interest in PepinNini Resources Curnamona completed in the period resulting in a decrease in the exploration asset of \$2,300,000.

9. Subsequent Events

Subsequent to 31 December 2014 on 2 February 2015 a Sale and Purchase Agreement(SPA) for Queensland Mining Lease ML2720 Gooligoomba was signed, the purchase consideration is \$40,000 and a non-refundable deposit of \$5,000 has been paid.

No other matters or circumstances have arisen since 31 December 2014 that has significantly affected, or may substantially affect:

- (a) the Group's operations in future years, or
- (b) the results of the operations in future financial years, or
- (c) the Group's state of affairs in future financial years.