



## Report for the Quarter Ending 31 March, 2007

30<sup>th</sup> April, 2007

### **Highlights**

- ◆ Signing of a legally binding Investment CoOperation Agreement on 7<sup>th</sup> February, 2007 reinforcing the intention of Sinosteel Corporation and PepinNini Minerals Limited to establish a strategic alliance for the joint participation and co-operation in the possible development and operation of the Crocker Well and Mt Victoria Uranium Deposits and other commodities in the Curnamona Province of South Australia
- ◆ Notification on 3<sup>rd</sup> April, 2007 that the Foreign Investment Review Board (FIRB) have no objections in terms of the Government's foreign investment policy to Sinosteel Corporation acquiring a 60 percent interest in the Curnamona Province assets of PepinNini Resources Curnamona Pty Limited a wholly owned subsidiary of PepinNini Minerals Limited.
- ◆ Signing a Joint Venture Agreement and a Management Agreement in Beijing on 9th April, 2007 at a ceremony attended by representatives from both Sinosteel Corporation and PepinNini Minerals as well as Chinese and Australian Government officials. Under the Joint Venture Agreement an unincorporated joint venture has been formed to manage and operate the development of the Crocker Well and Mt Victoria Uranium Deposits and other commodities in the Curnamona Province.
- ◆ Identification of a broad coherent zone of anomalous copper and nickel in soil across the Marcus mafic-ultramafic intrusion potentially related to massive nickel-copper sulphide mineralisation.
- ◆ Acquisition of an additional exploration licence EL 3536 Pine Ridge covering 1,382 km<sup>2</sup> in the Musgrave Province of South Australia.
- ◆ Purchase of a new Longyear LF90D conventional diamond drilling rig to accelerate the exploration of nickel copper sulphide targets identified within EL 3536 and EL 3368 located in the Musgrave Province of South Australia.

## Musgrave Province Project - Nickel

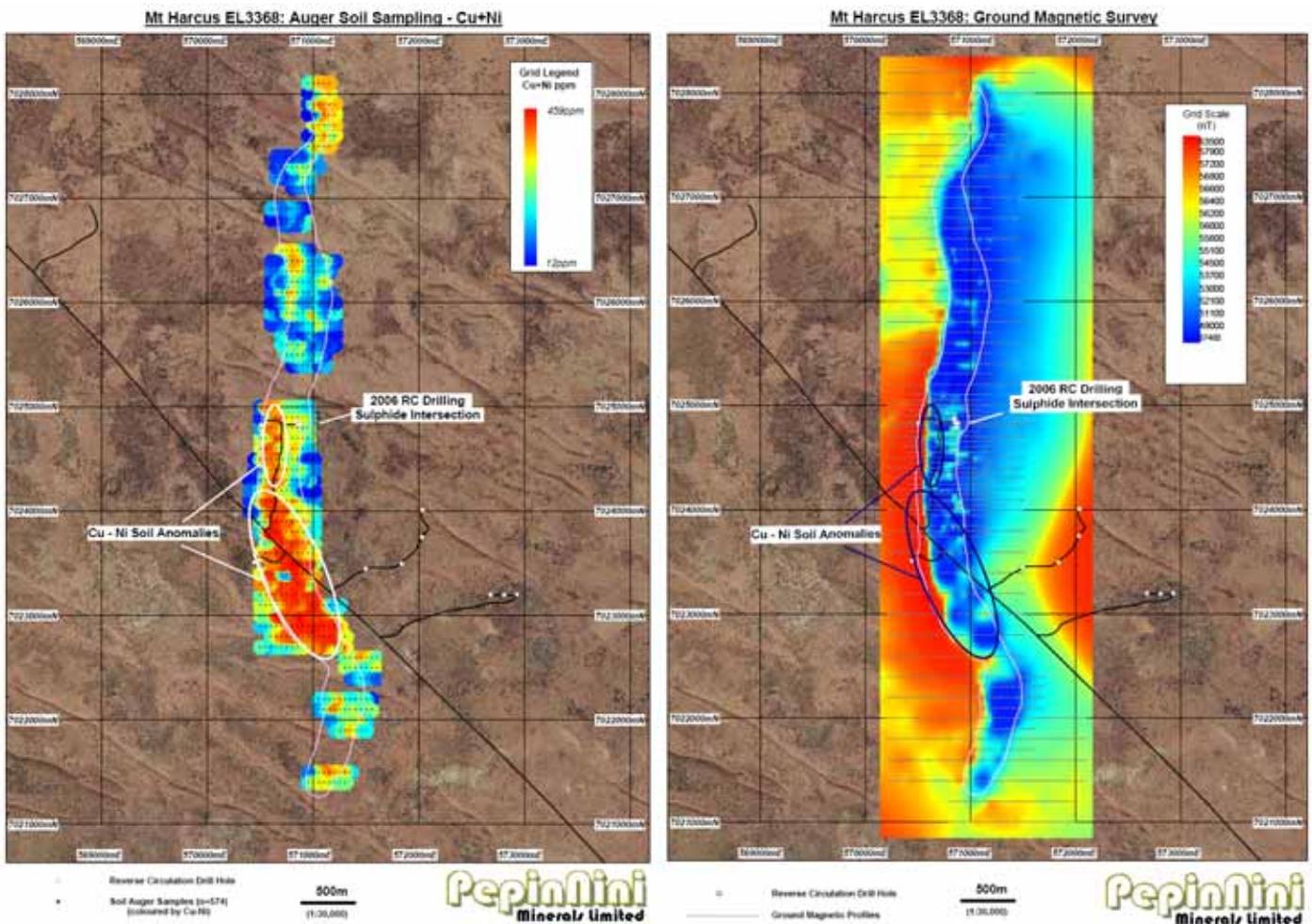
Extensive ground magnetic surveying and soil auger sampling undertaken during November 2006 as part of continuing exploration of the Harcus layered mafic-ultramafic intrusion located within EL 3368 has identified a broad coherent zone of anomalous copper and nickel in soil.

The results from the soil auger sampling survey show a primary anomalous region covering approximately 1.4km of the 7km long Harcus Intrusion. The anomalous zone is an average 250-300m in width and represents a large and easily accessible target within the intrusion that is potentially related to massive nickel-copper sulphide mineralisation.

A narrow linear anomaly of elevated nickel and copper also extends approximately 800m to the north of the main anomalous zone indicating a potential mineralised layer within the intrusive body. This weaker zone of soil anomalism is proximal and approximately 250 metres from mixed sulphides intersected during shallow RC drilling of the intrusion in May 2006.

The magnetic data has provided improved resolution of the contacts and varied internal features of the intrusion and the soil geochemistry has highlighted a significant section of the intrusion where copper and nickel geochemistry is anomalous.

At least ten deep diamond drill holes are planned to test beneath the geochemical and ground magnetic anomalies. The holes will also test extensions to the massive sulphide occurrence intersected by reverse circulation drilling during 2006.



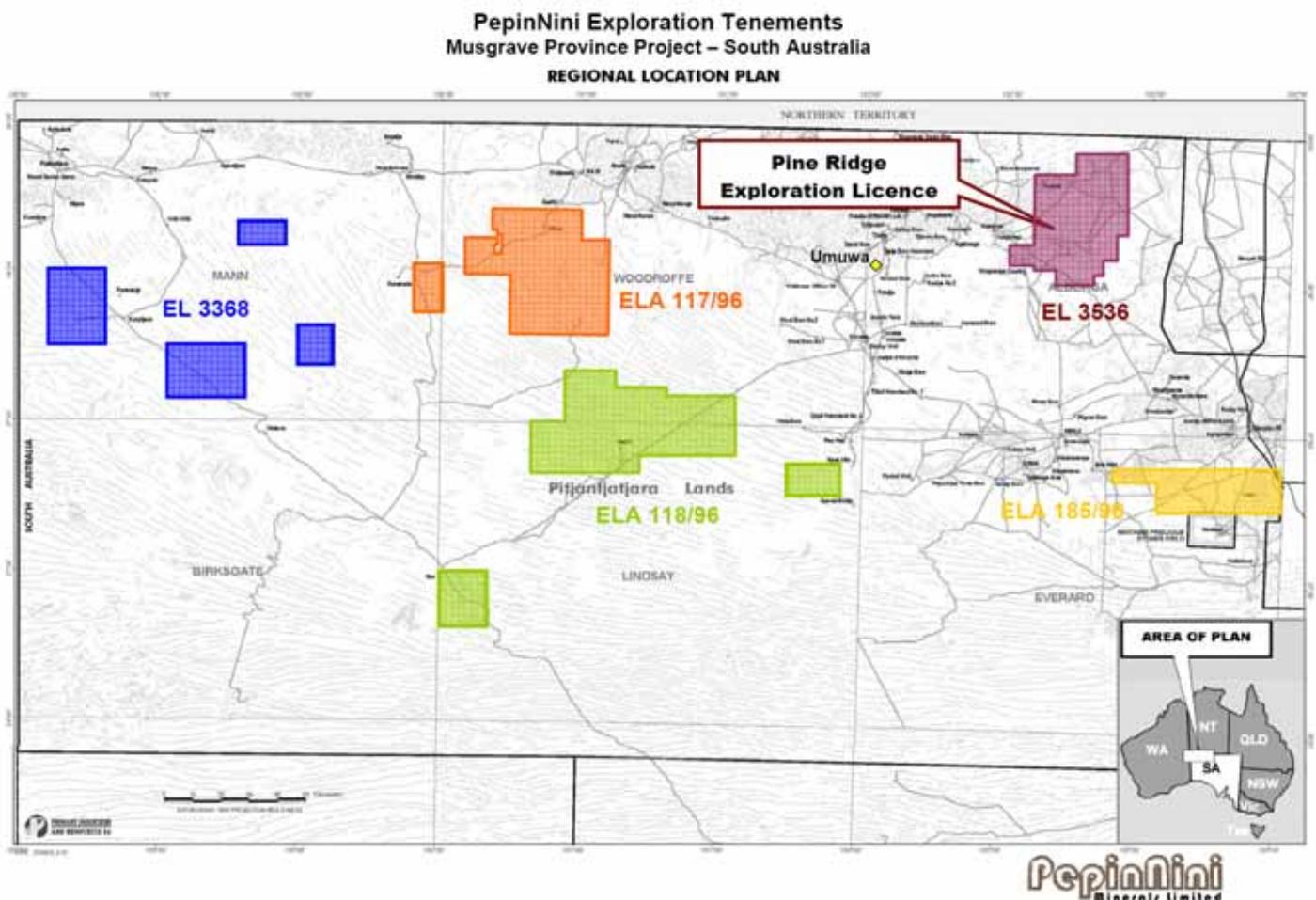
In accordance with its strategy to expand and accelerate activities in the Musgrave Province of South Australia PepinNini has acquired an additional exploration licence EL 3536 Pine Ridge from Rio Tinto Exploration Pty Limited (Rio Tinto). The acquisition is subject to Ministerial approval of the transfer of the tenement and the approval of Anangu Pitjantjatjara, the Traditional Owners of the Land.

EL3536 covers 1,382 km<sup>2</sup> of the eastern portion of the poorly explored Mesoproterozoic Musgrave Province of South Australia. The basement rocks covered by the licence are considered prospective for Broken Hill style base metal deposits, Olympic Dam style Iron Oxide Copper Gold (IOCG) deposits, and Voisey's Bay style magmatic Nickel-Copper sulphide deposits.

Investigations by the South Australian Department of Minerals and Energy (SADME) during the 1960's and early 1970's identified at least seventeen prospect locations with indications of nickel and/or copper mineralisation.

Rio Tinto has held the exploration licence since 1999 and has spent in excess of A\$1.1 million on airborne magnetics, airborne electro-magnetics, ground geophysics, sampling and drilling. The magnetic data reveals fractionated Mesoproterozoic granites (Pitjantjatjara Supersuite) in the northern parts of the tenement suggesting good potential for IOCG (Olympic Dam) mineralisation styles, whilst the high grade Mesoproterozoic metasediments and metavolcanics (Birksgate Complex) are analogous to the Willyama Supergroup rocks which host the world class Ag-Cu-Pb-Zn deposits of Broken Hill.

PepinNini intends to initially focus exploration on the Nickel-Copper potential of known ultramafic bodies and will expand the regional investigation to generate valid iron oxide copper gold (IOCG) and base metal (Broken Hill Style) targets.

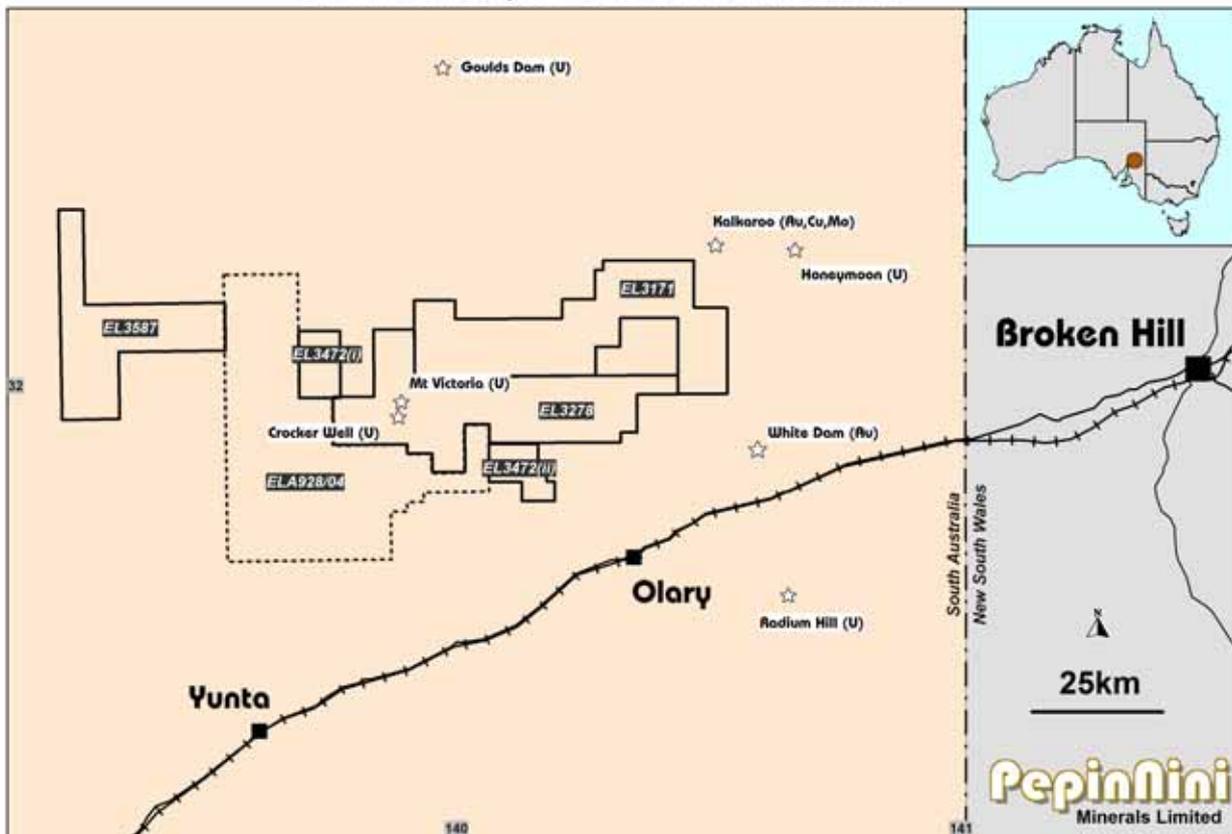


## Curnamona Province Project

The Curnamona Province Project consists of four granted exploration licences and an exploration licence application covering 3,778sq kms and includes:

- An Advanced Uranium Project at Crocker Well with an Inferred JORC Compliant Resource of 19,800,000 lbs of  $U_3O_8$  using a cut-off grade of 250ppm. (14,850,000 lbs using a cut-off grade of 300ppm)
- 26 additional known primary uranium prospects within granted tenements yet to be explored. High grade surface samples (greater than 2.4%  $U_3O_8$ ) have been reported from newly discovered Becaroo and Anomaly A Prospects
- Potential for secondary palaeochannel style deposits as well as unconformity related uranium mineralisation
- More than 30 priority base metal (copper, lead, zinc) targets ready to drill.

Curnamona Project - Tenement Location Plan



### Sinosteel Corporation Strategic Alliance

On the 7<sup>th</sup> February, 2007 Sinosteel Corporation and PepinNini Minerals Limited signed in Beijing a legally binding Investment CoOperation Agreement in accordance with the non-binding Memorandum of Understanding executed last September. The Agreement reinforced both parties intention to establish a strategic alliance for the joint participation and co-operation in the possible development and operation of the Crocker Well and Mt Victoria Uranium Deposits and other

commodities in the Curnamona Province of South Australia. It also facilitates an application to the Chinese Government for approval of the alliance.

Notification has been received from the Foreign Investment Review Board (FIRB) that in terms of the Australian Government's foreign investment policy they have no objections to Sinosteel Corporation acquiring a 60 percent interest in the Curnamona Province assets of PepinNini Resources Curnamona Pty Limited a wholly owned subsidiary of PepinNini Minerals Limited.

At another ceremony attended by representatives from both Companies as well as Chinese and Australian Government officials in Beijing on 9<sup>th</sup> April Sinosteel Corporation and PepinNini Minerals Limited signed a Joint Venture Agreement and a Management Agreement. Under the Joint Venture Agreement an unincorporated joint venture has been formed to manage and operate the development of the Crocker Well and Mt Victoria Uranium Deposits and other commodities in the Curnamona Province of South Australia.

Under a Sale Agreement also signed in Beijing on the 9<sup>th</sup> April, 2007, Sinosteel will pay PepinNini A\$28.5 million (less payments of A\$3.5 million already received) for a 60% stake in the Curnamona Province project following South Australian Ministerial approval for the transfer of the tenements and formal approval by the Chinese Government for the transaction. In addition Sinosteel will contribute A\$11 million exploration expenditure over a 2 year period for uranium and other commodities within the Project tenements.

The Joint Venture Management Company will be based in Adelaide and will undertake further exploration with the objective of preparing a Bankable Feasibility Study for the development of the Crocker Well Uranium Deposit to produce at least 600 tonnes of U<sub>3</sub>O<sub>8</sub> per year for at least 10 years. It is the intention of the Joint Venture to get into production as soon as possible to take advantage of the current uranium market.



**Signing Ceremony – Beijing – 9<sup>th</sup> April, 2007**

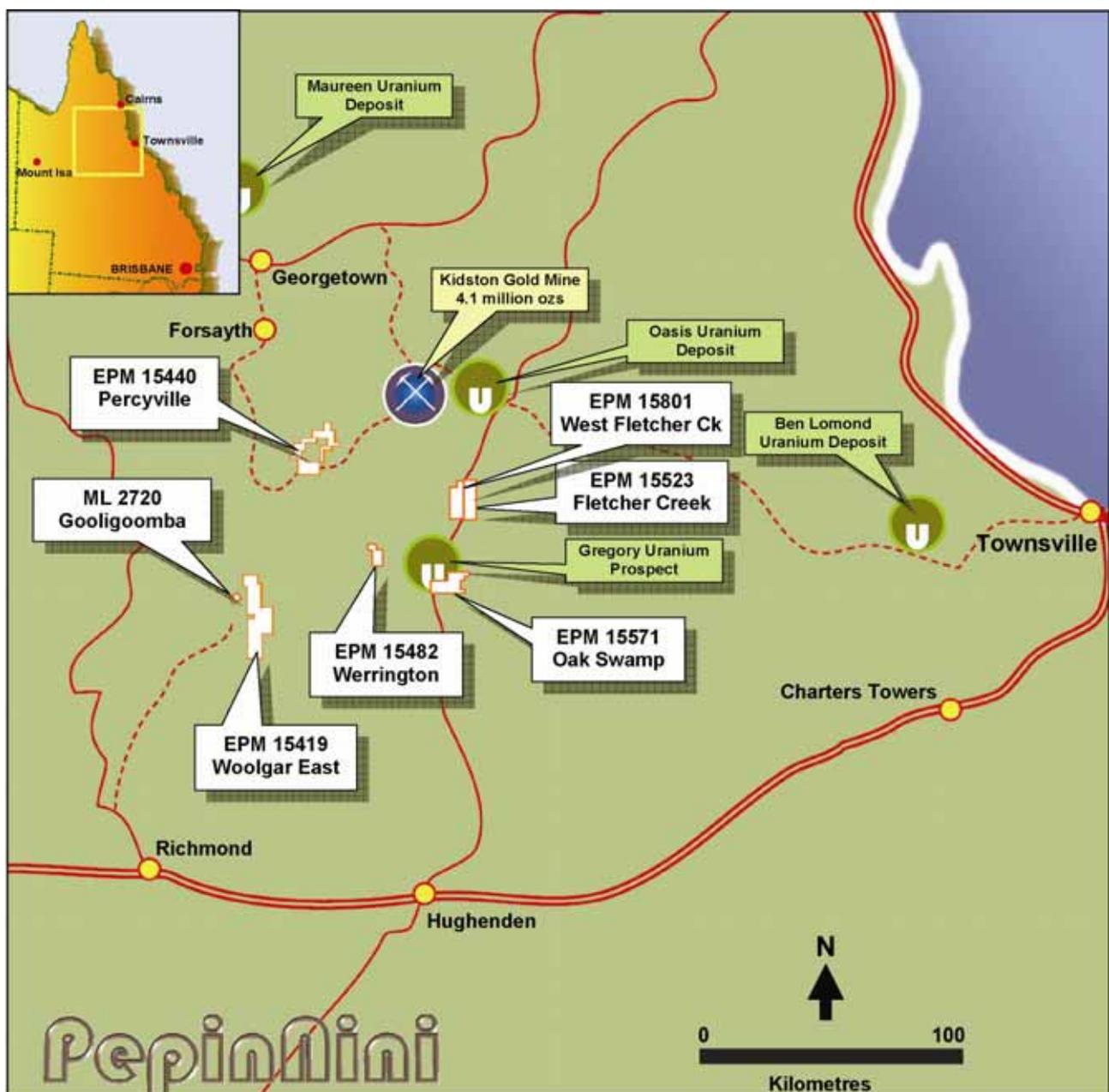
Representatives from Sinosteel Corporation, PepinNini Minerals Limited, Chinese Government and Australian Government.

## Georgetown Inlier/Woolgar Goldfield Project

PepinNini has established a substantial presence in the Georgetown Inlier/Woolgar Goldfield region in north Queensland with 100% interest in seven tenements covering more than 900 square kilometres of prospective ground. Uranium occurrences which have been inadequately tested by previous explorers and favorable geological settings for uranium mineralization occur in all of the application areas. The uranium targets are hard rock volcanic type deposits similar to the nearby Maureen and Ben Lomond Uranium Deposits. Ben Lomond represents one of the highest value per tonne uranium resources in Australia with an average grade of 0.25%  $U_3O_8$  and molybdenum credits of 0.15%.

In addition to the uranium potential the new application areas have potential to host large intrusion related gold deposits such as the nearby Kidston Gold Deposit from which 4.1 million ozs were produced.

There are numerous gold prospects located within the PepinNini tenements as well as tungsten, lead, zinc and copper prospects.



## **Purchase of Drilling Rig**

To ensure continuous exploration of our projects the Company has purchased a new drilling rig to be dedicated to investigating the nickel copper sulphide targets already identified within our Musgrave Province tenements. Initially the drilling rig will be used to undertake a number of test holes at the Crocker Well Uranium Deposit.

The Longyear LF90D conventional diamond drilling rig is scheduled to arrive from Canada in early May and is specifically suited to exploration of the nickel targets being investigated by PepinNini in the Musgrave Province. Support equipment including a water truck and backhoe have also been purchased. Specialist drilling management company Fullbore Pty Limited has been contracted to operate and maintain the rig.



*The information in this report that relates to Exploration Results is based on information compiled by Norman Kennedy BSc MAusIMM. Norman Kennedy is the Chairman and Managing 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 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Norman Kennedy 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:**

Mr Norman Kennedy  
Managing Director, PepinNini Minerals Limited  
Phone: (02) 9417 6212

**Note:** Additional information on PepinNini Minerals Limited can be found on the website:  
[www.pepinnini.com.au](http://www.pepinnini.com.au)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

<b>PepinNini Minerals Limited</b>
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ABN

<b>55 101 714 989</b>
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Quarter ended ("current quarter")

<b>March 2007</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (... 9. months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	<b>(253)</b>	(994)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	<b>91</b>	182
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - Drilling Refund PACE – SA Govt		
<b>Net Operating Cash Flows</b>	<b>(410)</b>	(1,624)
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	<b>(11)</b>	(11)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	<b>(191)</b>	(263)
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) – Fee for exclusivity period extension - Sinosteel Corporation purchase of Crocker Well Uranium project – South Australia	<b>1,000</b>	2,000
<b>Net investing cash flows</b>	<b>798</b>	1,726
1.13 Total operating and investing cash flows (carried forward)	<b>388</b>	102

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	<b>388</b>	102
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	<b>90</b>	8,650
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) – issue expenses paid		(316)
	<b>Net financing cash flows</b>	<b>90</b>	8,334
	<b>Net increase (decrease) in cash held</b>	<b>478</b>	8,436
1.20	Cash at beginning of quarter/year to date	<b>9,381</b>	1,423
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>9,859</b>	9,859

**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	107
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Within Item 1.2	
1. Managing Director and non-executive directors' remuneration & expenses	\$72,410
2. Office, accounting & secretarial services & exploration expenses paid to an entity related to Directors	\$ 34,347

**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.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	600
4.2	Development	
<b>Total</b>		600

**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>90</b>	154
5.2 Deposits at call	<b>9,769</b>	9,227
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>9,859</b>	9,381

**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	Nil		
6.2	Interests in mining tenements acquired or increased	EPM 15482	0	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>	58,799,166	37,086,666	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		c
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>	9,908,333 500,000	Nil Nil	<i>Exercise price</i> 20cents 40cents	<i>Expiry date</i> 9 Dec 2007 31 Dec 2007
7.8 Issued during quarter				
7.9 Exercised during quarter	300,000	300,000	30cents	30cents
7.10 Expired during quarter				
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.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

.....

Date: **30 April 2007..**

Print name:

..... **Rebecca Holland-Kennedy**.....

## 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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