PepinNini
Minerals Limited

ABN 55 101 714 989

Financial Report
for the year ended
30 June 2016

Contents

Corporate governance statement

PepinNini Minerals Limited (the Company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

The relationship between the board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

A description of the Company's main corporate governance practices is set out in the Corporate Governance Statement which is available on the company's website at http://www.pepinnini.com.au/about-us/corporate-governance/. The corporate governance statement is current as at 30 June 2016 and has been approved by the Board. All of these practices, unless otherwise stated, were in place for the entire year.

Directors' report

The directors of PepinNini Minerals Limited ("PepinNini" or the "Company") submit herewith the annual financial report of the consolidated group consisting of PepinNini Minerals Limited and the entities it controlled (the Group) at the end of, or during, the year ended 30 June 2016. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

Directors

The following persons were Directors of PepinNini Minerals Limited during the whole of the financial year and up to the date of this report:

- Rebecca Holland-Kennedy
- Robert (Wei) Sun
- Phil Clifford
- Sarah Clifton-Brown

Principal activities

During the year the principal continuing activities of the Group consisted of exploration for:

- Nickel
- Copper
- Gold
- Lithium
- Zinc
- Uranium
- Other mineral commodities.

Dividends

No dividends have been paid for the year ended 30 June 2016 or 30 June 2015.

No further dividends have been declared up to the date of this report.

Review of operations

Operations this year have involved carefully managing cash flow for exploration activities on projects felt to have potential for discovery and divestment of non-core projects and projects assessed as having limited potential. The Directors have carefully monitored commodity prices and investor interest and sought projects able to be obtained at costs which allow for exploration activity to add value using the company's exploration skill expertise, knowledge and equipment, with the aim of honouring our core objective of rewarding shareholders new and old by increasing the fundamental value of the Company.

Several active projects at the commencement of the reporting period failed to meet threshold milestones and have been cut from the project portfolio. Those projects include the Spinifex Range Project in the West Musgrave (WA) which has nevertheless provided useful information for the Company's Central Musgrave Project and the Clarke River - Keppel Creek Projects in the Drummond Basin (Northern Qld).

Exploration momentum of the Company's flagship Central Musgrave Project has been delayed by the repeated postponement of the collaborative airborne electromagnetic survey first announced by the company in June 2014 for various reasons which relate to the scale of the survey which is very large and the large number of disparate parties involved in the collaboration each with separate requirements for approval and implementation. The collaboration of PepinNini, CSIRO, Geoscience Australia and South Australian Department of State Development is now confirmed and the survey scheduled for August 16. The survey will provide data for some time to come for target testing over the large area held by the Company as the Central Musgrave Project.

In the search for better exploration projects the company has evaluated a number of farm-in, joint venture or direct purchase opportunities in copper, nickel, platinum group elements, gold, silver, zinc and hard rock lithium pegmatite in South Australia, Western Australia, New South Wales, Victoria and Queensland. The commercial terms of these proposals or the perceived prospectivity were not adequately favourable for the company to pursue to completion.

The company has augmented its portfolio with several low cost tenement applications across ground that became available in the Central Musgrave Region (SA), and across an untested diamond target in the western Amadeus Basin (WA).

Most recently the board has initiated the development of a Lithium Brine exploration project in the north west of Argentina near to the company's Santa Ines Copper-Gold Project which lies within the globally recognised 'Lithium Triangle' known to straddle the boarders of Chile, Bolivia and Argentina. The company was successful in making application for and grant of 8 mining licences with potential for Lithium Brine occurrences.

As at the 30 June 2016 the group held a 100% interest in twelve exploration licences or applications covering approximately 14,281 km2 and is earning an interest (draft extension agreement in review) in further 1,188km^2 in the South Australian portion of the Musgrave Province, the Western Australian part of the Amadeus Basin, and the Georgetown Inlier region of North Queensland. The company has also expanded its tenure position in the Argentine province of Salta and now holds sixteen granted Mina (mining leases) covering a total area of approximately 35,210 ha (352.1 km^2) prospective for either copper-gold deposits or lithium brine resources.

1. Musgrave Province Nickel/Copper Project

PepinNini remains committed to undertaking exploration programs targeting nickel-copper-cobalt sulphide, platinum group elements, and base metal mineralisation in the Musgrave Province of central Australia. It has expanded its tenement holdings in South Australia (SA) in anticipation of regional geophysical data acquisition and continues to negotiate an extension to the farm-in arrangements across a small group of tenement applications held by Rio Tinto Exploration. The company has withdrawn from the option to purchase agreement across the Spinifex Range project located within the Western Australia (WA) part of the Musgrave Province after evaluating exploration results. During the period the three designated projects across the Musgrave Province were:

- Central Musgrave Project (SA)
- Rio Tinto (Woodroffe) Joint Venture Project (SA)
- Spinifex Range Project (WA)

The Central Musgrave project now incorporates two granted exploration licences (EL5220, EL5735) and eight exploration licence applications (ELA118/96, ELA185/96, ELA367/09, ELA368/09, ELA189/15, ELA190/15, ELA191/15 & ELA197/15) covering 14,003 km^2 since the company opportunistically applied for four additional licences which became available during the period. The licences and applications are held 100% by PepinNini subsidiary NiCul Minerals Limited.

In January 2016 the Farm-in and Joint Venture Agreement (The Woodroffe Joint Venture Project) with Rio Tinto Ltd subsidiary Rio Tinto Exploration Pty Limited expired with PepinNini unable to meet the expenditure to earn equity as the ELAs were not able to be granted as a result of delays to land access beyond its control. PepinNini and Rio Tinto are negotiating a restructured agreement which is due to be finalised shortly, the extended agreement will cover the exploration licence applications which have now been reconfigured into four blocks covering the same 614 km^2 area and a WA exploration licence application in the West Musgrave, Morgan Range ELA 69/3400 which will replace Woodroffe EL 5185. The redesign of the application blocks was initiated to accommodate negotiation of the priority area with the Indigenous land custodians by avoiding landforms and areas believed to contain heritage values that have prevented outcomes of all previous access discussions since 1990s and felt to be more culturally sensitive to the traditional owners.

The Spinifex Range Project from which the company has now withdrawn comprised two granted exploration licences (E69/2864, E69/3191) covering 782 km^2 that were held 100% by Phosphate Australia Limited. NiCul Minerals had established an option agreement to explore and potentially purchase 80% of the project within a two year period for a consideration of $500,000. All information gained from this project is able to be applied due to geological continuity with the stratigraphy of the Central Musgrave Project.

During the year, exploration activities have been focused on the Mt Caroline licence EL5220 of the Central Musgrave Project in South Australia and E69/2864 of the Spinifex Range Project in Western Australia.

Central Musgrave Project (SA)

PepinNini has keenly awaited the commencement of regional airborne electromagnetic survey data which was initiated as the key component of the Research and Development (R&D) collaboration with the Commonwealth Science and Industry Research organisation (CSIRO) to trial innovative and previously untried geophysical techniques for mapping of water resources and mineral system environments under cover in the Musgrave Province. The R&D studies' aim to mitigate risks associated with airborne electromagnetic surveying of areas that are characterised by complex regolith cover with no previous exploration history and with widespread conductive palaeo-channel systems that potentially mask the effectiveness of conventional techniques to examine the bedrock geology.

Some studies were completed on available airborne magnetic data whereby expertise within the CSIRO examined remanent or historical magnetism across the region to assist the interpretive mapping of the concealed or inaccessible basement rocks. This innovative study also involved the integration of petrophysical properties, geology and geochemistry from mafic and ultramafic drill samples provided by PepinNini from the Caroline Intrusive Complex to test, generate and apply a specialised filter to regional airborne magnetic data for the identification and prioritisation of targets where no other exploration work has occurred.

A number of circumstances beyond the control of the company occurred during the period that resulted in the reduced capacity of the Anangu Pitjantjatjara Yunkanyatjara organisation to address requests by the company in a timely fashion. Work program proposals have been submitted covering the Southern Dune Fields targets near the southern boundary of Caroline EL5220. Planning for heritage clearance work is advancing with a work area clearance survey tentatively scheduled in September 2016. The PepinNini Field camp remains at the Central Plains area and the survey teams may achieve better survey coverage than previous attempts have permitted.

During the last quarter of 2015 the company was awarded exploration licence applications across four ERA (Exploration Release Areas) covering approximately 7,160 km^2 that were released by DSD following surrender by the previous holder of these areas. The new applications (Katalina ELA189/15, Mount Agnes ELA190/15, Krewinkle Hill ELA191/15, and Ironwood Bore ELA197/15) cover a variety of airborne magnetic features that will be evaluated by the upcoming regional AEM surveying and could potentially develop into priority targets prospective for massive nickel-copper-cobalt sulphides.

Rio Tinto Farm-In-Joint Venture Project (SA)

In January 2016 the extensions to the Woodroffe Farm-in and Joint Venture Agreement with Rio Tinto Exploration expired and since that time the two companies have been endeavouring to finalise an extension or restructure of terms to permit PepinNini the opportunity to advance negotiations with the Anangu Pitjantjatjara Yunkanyatjara landowners with regard to exploration licence application held by Rio Tinto Exploration. A redesign of the application areas to better accommodate land sensitivity issues has been accepted by DSD and will hopefully simplify the negotiation process leading to decisive outcomes with respect to the establishment of Mineral Exploration Access Agreements over the exploration licence applications (ELA211/15. ELA212/15, ELA213/15 and ELA214/15) which cover approximately 614 km^2. EL 5185 Woodroffe will be surrendered by the joint venture partners and replaced by WA West Musgrave tenement Morgan Range covering 600km^2.

The terms of the new agreement have been mutually drafted by the parties and are currently being formulated into a final legal agreement.

Spinifex Range Project (WA)

In February 2016 the company announced that it was withdrawing from the Spinifex Range Project that was being explored for its nickel copper sulphide and platinum group element potential under an Option to Purchase Agreements with Phosphate Australia Limited (ASX.POZ). In September 2014 PepinNini commenced a two year agreement whereby the company could explore the prospective terrains of the west Musgrave Province (WA) covered by two tenements E69/2864 and E69/3191 which encompassed a combined area of totalling 787.5 km^2. Exploration activities including a 7,500 line km detailed airborne magnetic survey, ground electromagnetic surveying, vacuum regolith drill sampling, rock chip sampling and geological mapping were conducted in a program to identify and refine bedrock targets worthy of drill testing. A number of low tenor copper, nickel or PGE prospects were identified as a result of this work but after rigorous assessment it was conceded that the targets were not robust enough to warrant further investigations through expensive bedrock drill testing.

The company withdrew from the project to reduce ongoing financial liabilities against the tenements and Option Agreement following an unsuccessful application for EIS (Exploration Incentive Scheme) co-drilling funds to the Western Australian Department of Mines and Petroleum. All geological information gained is able to be applied to the Central Musgrave Project.

2. West Amadeus Basin - Mozart Diamond / Basemetals Project

An exploration licence application (E69/3444) has been lodged to cover targets considered prospective for diamonds and or base metals in the western parts of the Amadeus Basin (WA). The 131km^2 block covers one very prominent and a small cluster of subtle bullseye magnetic anomalies that could potentially represent kimberlitic intrusions. The recent discovery of numerous kimberlite bodies at the Meteoric Resources - GeoCrystal "Webb Diamond JV Project" located 200km to the north and historical surface microdiamond occurrences at Mount Destruction 50km to the west suggest that these targets may be highly prospective.

The tenement and initial exploration targets are located within 5km of existing graded tracks and are believed to present a realistic and feasible exploration opportunity for the company. The tenement grant process is progressing and steps to negotiate land access agreements have been initiated.

3. North Queensland Project

During the financial year PepinNini continued to re-assess and prioritise the three remaining North Queensland exploration permits which cover 375km^2 and were considered prospective for both uranium and gold. Geological reconnaissance activities were carried out across the two Drummond Basin permits (EPM18020 Clarke River and EPM18048 Keppel Creek) and one Georgetown Inlier permit (EPM18979 Oasis). Investigations resulted in the initiation of follow-up exploration to re-examine anomalous gold identified by previous explorers along the Lynd Shear within the Oasis tenement. Results from the mapping and sampling activities failed to repeat evidence of the gold mineralisation along the shear with field observations suggesting that the structure had little scope to present a target zone of any economic significance.

The Clarke River and Keppel Creek licences were surrendered in December 2015 and the recent decision to surrender the Oasis tenement are rationalisations to reduce unnecessary expenditure liabilities where the prospectivity is weakest. The Oasis Project is known to contain shear hosted uranium mineralisation over a strike extent of 300m with an average grade of 0.1% U_3O_8 as delineated by Esso Exploration and Production Australia Inc (1977-1979), Glengarry (2005-2006), and Mega

Uranium (2007-2010) however the QLD government's attitude to uranium mining and the sustained weak commodity prices for Uranium coupled with the increasing cost to maintain the tenement have resulted in the logical rationalisation of the asset.

4. Argentina - Salta Project

PepinNini has recently expanded its project portfolio in Salta Province, NW Argentina by applying for eight mina (mining licences) covering 15,212 hectares across ground considered prospective for lithium brine. This new lithium brine project adds to the existing copper gold projects at Santa Ines and Chivinar which are two separate areas located on the eastern slopes, the Puna region of the Andes mountains that include eight granted or pending minas (mining leases) covering approximately 19,998 hectares in the same region of Salta.

Salta Province is recognised as one of the most mining-friendly regions in Argentina with an authority where mining rights are well regulated. The geology is prospective for copper-gold porphyries, precious and base-metal epithermal systems and breccia-complexes associated with the Andean volcanic belt, lithium brine ground waters associated with the salt lake deposits, potash, and borate. Several significant copper-gold porphyry and epithermal silver deposits located in area are currently being developed by other companies and over the past eight years a number of companies including FMC(NYSE) and Orecobre (ASX:ORE) have established lithium-potash brine extraction and conversion to Lithium carbonate operations in the region.

Salta Lithium Brine Projects

During May 2016 the company recognised an opportunity to make application for a number of modest mineral concessions being released by the Salta Mining Court across or abutting Salar (Salt Lake) environments within the high elevation Andean cordillera that are felt to be prospective for lithium-potassium enriched subterranean aquifers. Eight of the minas applications were successful with resultant licences granted to the company in perpetuity. Exploration and reconnaissance of each of the areas to assess the prospectivity and opportunities of each commenced in August 16.

Salta Copper-Gold Projects

PepinNini's Salta copper-gold projects include two areas, the Santa Ines Project and the Chivinar Project. The Santa Ines Property is situated approximately 80km to the southeast along the same lineament as BHP's giant Escondida Copper (Cu)-Gold (Au) porphyry (containing 5 billion tonnes at 1% Cu and 0.25 g/t Au) which formed contemporaneously with the Santa Ines Formation event during the Late Eocene-Oligocene.

The company's previous work across the Santa Ines Project has included geological mapping and sampling, geochemical soil sampling and induced polarisation (IP) geophysical surveying. That work identified and investigated two target prospect areas El Obsequio (the Gift) and La Recompensa (the Reward) but constrained evidence of the surface copper and gold mineralisation to the area immediately adjacent to artisanal working from which PepinNini has previously reported maximum concentrations of 3.25% Cu, 0.8g/t Au, 91.1ppm, molybdenum (Mo) 12.5 g/t silver (Ag) in rock samples. No encouraging surface geochemical distributions were identified at the La Recompensa prospect.

Exploratory drilling to test beneath the historic workings and the modelled magnetic bodies at depth is being considered

The company will continue to hold and maintain the tenements and will seek to expand the tenure base of these projects and pursue active project generation in association with data review for Argentina.

5. Project Generation

Throughout the year the Company has sought and assessed a number of project opportunities to strengthen and replace weaker elements of the strategic portfolio. These opportunities have included Farm-in, Joint Venture or purchase proposals involving nickel, copper, PGE, gold, Zinc and pegmatite lithium projects.

Most projects assessed failed to present prospectivity levels or commercial terms that could generate and accrete value to the company in the short to medium term

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

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year, other than that referred to above.

Matters subsequent to the end of the financial year

The regional airborne electromagnetic surveying program under the CSIRO-Geoscience Australia-SA Department of State Development (DSD) R&D collaboration across the Central Musgrave Project commenced on the 15 August 2016.

Field exploration activities commenced on the Salta Lithium Project on 17 August 2016 with pit sampling over three salars.

A private share placement to sophisticated investors completed on 8 July 2016 with the issue of 39million shares at an issue price of 2.75c to raise $1,072,500 before costs representing 14.4% of the Company's post placement undiluted capital and 12.59% of post placement capital on a fully diluted basis.

There has been no other matter or circumstance that has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years, or

b) the results of those operations in future financial years, or

c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group intends to continue actively exploring its tenements for mineral and lithium brine potential. Field exploration and geophysical programs are in the approval and planning process for the Central Musgrave Project as are ground water sampling activities within the Argentinean lithium brine project. The programs are designed to investigate targets with potential for the discovery of a major new mineral deposit or a subsurface brine resource. The company will continue to evaluate and prioritise its current project portfolio and assess new areas for higher potential opportunities.

Environmental regulations

The mining tenure granted to the Group pursuant to the various Mining Acts are granted subject to conditions which include standard environmental requirements. The Group adheres to these conditions and the directors are not aware of any contraventions of these regulations.

Information on directors

The particulars of the directors of the Company during or since the end of the financial year are:

Name	Particulars
Rebecca Holland-Kennedy – Executive Director-Managing Director	Qualifications: BSc(Geology), MAusIMM, BArts(Humanities), GAICD Experience: Rebecca Holland-Kennedy was a founding director of PepinNini Minerals Limited and has been a board member since 2002. She also held the position of company secretary from 2002 to 6 May 2013. She has more than 30 years' experience in exploration company administration and data management. She has held positions with Robertson Research, Macquarie University, NSW Department of Mines and Energy as well as acting as exploration and data management consultant to AGL, Amax, BHP, AGIP, Shell, CRA, Caltex and Meekatharrra Mineral Limited. She is a Director of NiCul Minerals Ltd, PepinNini Robinson Range Pty Ltd, PepinNini QLD Pty Ltd, PepinNini Minerals International Pty Ltd and PepinNini Resources Curnamona Pty Ltd.
Robert (Wei) Sun – Non-Executive Director	Qualifications: M.Econ(Commerce), M.Econ(IEM) Experience: Robert (Wei) Sun was appointed a director of the company on 1 December 2011. He is a resource investment analyst with over 15 years' experience in international trade and the resource industries of China, Canada and Australia. He has held positions as a business manager, resource and project analyst with major Chinese and Australian companies. Robert has exceptional communication skills being able to communicate on a corporate and technical level in Chinese and English. He has maintained a close association with major Chinese companies involved in Mineral Resources and has established contacts within the Asian investment sector. He is a Director of NiCul Minerals Ltd, PepinNini QLD Pty Ltd, PepinNini Minerals International Pty Ltd, and Living Cities Development Group Ltd.
Phil Clifford – Executive Director – Technical Director	Qualifications: BSc(Geology), MAusImm Experience: Phil Clifford was appointed a director of the company on 9 April 2013. Phil Clifford has been Exploration Manager for PepinNini Minerals Limited since 2004 in charge of the South Australian Musgrave and Curnamona Projects and the company's West Australian iron ore joint venture project at Robinson Range. Before joining PepinNini Minerals Limited he was a project geologist and team leader with CRA Exploration and Rio Tinto Exploration for 15 years in projects exploring for magmatic nickel sulphide, PGE's, gold, diamonds, base metals, uranium and coal. He is a Director of NiCul Minerals Ltd and PepinNini Robinson Range Pty Ltd.
Sarah Clifton-Brown Executive Director – Finance Director	Qualifications: BArts(Hon) Accountancy, FCCA, GAICD Experience: Ms Clifton-Brown was appointed a director of the company on 11 December 2014. She is a Fellow of the Association of Chartered Certified Accountants, a graduate member of the Australian Institute of Company Directors and has worked with the Company since May 2013. With over 12 years' experience in Australia and the United Kingdom, she brings to PepinNini Minerals Limited considerable knowledge and expertise in financial reporting, compliance and company management. She is a Director of PepinNini Resources Curnamona Pty Ltd.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship	Stock Exchange
Phil Clifford	-	-	-
Rebecca Holland-Kennedy	-	-	-
Robert (Wei) Sun	Ferrowest Ltd	Oct 2012 to Dec 2015	ASX
	IMX Resources	Mar 2012 to Dec 2014	ASX
Sarah Clifton-Brown	-	-	-

Directors' shareholdings

The following table sets out each director's relevant interest in shares, and rights or options in shares of the Group as at the date of this report.

	PepinNini Minerals Limited	
Directors	Fully paid ordinary shares (Number)	Share options (Number)
Rebecca Holland-Kennedy	90,951,376	-
Phil Clifford	600,000	-
Robert (Wei) Sun	468,792	-
Sarah Clifton-Brown	270,000	600,000

Share options granted to directors and senior management

During the financial year no share options were granted to directors or senior management.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
PepinNini Minerals Limited	300,000	Ordinary	3cps	9 November 2017
PepinNini Minerals Limited	300,000	Ordinary	6cps	9 November 2018
PepinNini Minerals Limited	300,000	Ordinary	10cps	9 November 2019
PepinNini Minerals Limited	100,000	Ordinary	3cps	31 January 2019
PepinNini Minerals Limited	100,000	Ordinary	6cps	31 January 2020
PepinNini Minerals Limited	100,000	Ordinary	10cps	31 January 2021
PepinNini Minerals Limited	200,000	Ordinary	2cps	30 April 2018
PepinNini Minerals Limited	200,000	Ordinary	5cps	30 April 2019
PepinNini Minerals Limited	200,000	Ordinary	8cps	30 April 2020

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

There were no shares or interests issued during or since the end of the financial year as a result of exercise of an option.

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 11 to 17.

Company secretary

Justin Nelson was appointed company secretary 6 May 2013.

Qualifications and experience of Justin Nelson are detailed below.

Mr Nelson was formerly ASX's State Manager, SA and Manager, Listings (Adelaide). He holds a Bachelor of Laws (Jurisprudence), a Graduate Diploma of Applied Corporate Governance and is a Principal with DMAW Lawyers.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board of directors			Corporate governance committee			Audit committee			Remuneration Committee		
Directors	**Held**	Board Member	Attended	Held	Committee Member	Attended	Held	Committee Member	Attended	Held	Committee Member	Attended
Rebecca Holland-Kennedy	9	9	9	-	-	-	2	-	2	-	-	-
Phil Clifford	9	9	9	-	-	-	2	-	-	-	-	-
Robert (Wei) Sun*	9	9	9	-	-	-	2	2	2	-	-	-
Sarah Clifton-Brown	9	9	9	-	-	-	2	2	2	-	-	-

* Robert (Wei) Sun is the independent chair of the Corporate Governance, Audit and Remuneration Committees.

Summary of Financial Position

	2016	2015
Total Current Assets	$693,790	$1,681,121
Total Non-Current Assets	$12,658,865	$14,021,243
Total Current Liabilities	$314,791	$384,086
Total Non-Current Liabilities	$323	$129
Net Assets	$13,037,541	$15,318,148
Equity	$13,037,541	$15,318,148

The reduction in Non-Current assets is a result of impairment of assets greater than the exploration spend capitalised during the year.

The loss of $2,501,656 was mostly due to the impairment of exploration assets of $1,548,126.

Revenue received of $56,715 in the year was due to exploration administration offered to other exploration companies and interest income.

Remuneration report - audited

This remuneration report sets out remuneration information for PepinNini Minerals Limited's directors and other key management personnel of the group.

Role of Remuneration committee

The Remuneration committee is a committee of the board. It is primarily responsible for making recommendations to the board on:

- non-executive director fees
- executive remuneration (directors and other executives) and
- the overarching executive remuneration framework and incentive plan.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. In doing this, the Remuneration Committee seeks advice as required from independent remuneration consultants.

The corporate governance statement provides further information on the role of this committee.

The remuneration report is set out under the following main headings:

(A) Principles used to determine the nature and amount of remuneration

(B) Executive remuneration policy and framework

(C) Use of remuneration consultants

(D) Voting and comments made at the company's 2015 Annual General Meeting

(E) Performance of PepinNini Minerals Limited

(F) Details of remuneration

(G) Service agreements

(H) Share based compensation

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

(A) Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices;

- Competiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

The board has established a remuneration committee which provides advice on remuneration and incentive policies and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and non-executive directors are remunerated for their services as Directors by a fixed sum and not a commission on a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to Shareholders. No share options were awarded to non-executive directors during 2016 (2015: nil). Directors are also entitled to reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any Committee engaged in the Group's business.

Remuneration report (continued)

(A) Principles used to determine the nature and amount of remuneration (continued)

Directors' fees

The company's constitution states that Directors are to be paid out of Company funds as remuneration for their services. At the Annual General Meeting of the company in 2004, it was resolved to fix the annual aggregate amount of fees payable to its Directors for director's duties at $125,000.

Directors' retirement benefits

Any Director may be paid a retirement benefit as determined by the Board, consistent with the Corporations Act and the Listing Rules.

Directors' Voting Obligations

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a Director does vote, his or her vote will be not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a General Meeting if permitted by the Corporations Act.

(B) Executive remuneration policy and framework

In determining executive remuneration, the board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the company to attract and retain key talent
- Aligned to the company's strategic and business objectives and the creation of shareholder value
- Transparent, and
- Acceptable to shareholders.

The executive remuneration framework has three components:

- Base pay and benefits, including superannuation,
- Short-term performance incentives, and
- Long-term incentives through participation in the PepinNini Employee Option Plan

Executive remuneration mix

In accordance with the company's objective to ensure that executive remuneration is aligned to company performance, a percentage (5%) of the employees base pay is available as bonus based on achieving both personal and company key performance indicators. These indicators are decided upon at the beginning of the financial year and assessed at the end of the financial year. The company indicator is a share price target and the executive indicators relate to leadership, teamwork, competency and proficiency.

Base pay and benefits

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed pay increases included in any executives' contracts.

Executives do not receive any benefits.

Superannuation

Employees receive Superannuation Guarantee payments based on the statutory percentage of base salary. No other retirement benefits are provided directly by the group unless approved by shareholders.

Short-term incentives

Executives have the opportunity to earn an annual short term incentive (STI) if predefined targets are achieved. The executive team have an STI opportunity of 5% of TEC. The Company target is share price for the company and is reviewed annually. The executive targets relate to leadership, teamwork, competency and proficiency.

The remuneration committee is responsible for assessing whether KPIs are met. The committee has the discretion to adjust short-term incentives downwards in light of unexpected or unintended circumstances.

Long-term incentives

Long-term incentives are provided to certain employees via the PepinNini Minerals Limited Employee Share Option Plan which was approved by shareholders at the 2011 Annual General Meeting.

Remuneration report (continued)

(B) Executive remuneration policy and framework (continued)

The PepinNini Minerals Limited Employee Share Option Plan is designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if the employees are still employed by the company at the end of the vesting period. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The vesting conditions are determined by the board as a long term employment performance incentive specific to the employee and executive. Once vested, the options are exercisable at points over a period of years determined by the board. Options are granted under the plan for no consideration.

Share trading policy

The trading of shares issued to participants under any of the company's employee equity plans is subject to, and conditional upon, compliance with the company's employee share trading policy. The policy was issued to the ASX and all shareholders on 29 December 2010.

(C) Use of remuneration consultants

No remuneration consultants have been used to review existing remuneration policies.

(D) Voting and comments made at the company's 2015 Annual General Meeting

PepinNini Minerals Limited received 99% of "yes" votes on its remuneration report for the 2015 financial year. The company did not receive any specific feedback at the Annual General Meeting of shareholders of the Company or throughout the year on its remuneration practices.

(E) Performance of PepinNini Minerals Limited

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2016:

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
	$'000	$'000	$'000	$'000	$'000
Revenue	57	225	805	861	1,042
Net (loss) / profit before tax	(2,479)	(6,044)	(3,634)	(1,357)	(1,764)
Net (loss) / profit after tax	(2,502)	(6,045)	(3,641)	(1,181)	(1,346)
Attributable to members of PepinNini Minerals Limited	(2,502)	(6,045)	(3,641)	(1,181)	(1,346)

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Share price at start of year	$0.017	$0.012	$0.02	$0.04	$0.11
Share price at end of year	$0.031	$0.017	$0.012	$0.02	$0.04
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Basic (loss) / earnings per share	(1.1) cps	(3.5) cps	(2.9) cps	(1.0) cps	(1.5) cps
Diluted (loss) / earnings per share	(1.1) cps	(3.5) cps	(2.9) cps	(1.0) cps	(1.5) cps
Short term incentive (% of maximum)	***0.00%***	***0.00%***	***0.00%***	***0.00%***	***0.00%***

The Performance Incentive Program for the 2015/16 year is based on the achievement of Corporate Objectives as well as Individual Objectives. The Corporate objectives include QHSE (quality, health, safety and environmental) targets. The performance measures do not take into account the performance of the Company over more than the current year. The payment of the short term incentive is at the discretion of the Board. The short-term incentive (Cash Bonus) as a percentage of the maximum available and the earnings per share for the current year and the previous four years are set out in the table above.

Remuneration report (continued)

(F) Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures)* and specified executives of PepinNini Minerals Limited and the PepinNini Minerals Limited Group are set out in the following tables. The key management personnel of the Group are the directors of PepinNini Minerals Limited (see page 10 above).

Key management personnel of the Group

2016	Short-term employee benefits				Post employment benefit	Long-term benefits	Termination benefits	Share-based payments	Total
Name	Cash salary and fees	Cash bonus	Non monetary benefits	Other	Super-annuation	Long service leave	Termination benefits	Options	**Total**
	$	$	$	$	$	$	$	$	**$**
Directors									
Rebecca Holland-Kennedy	149,590	-	-	-	14,211	-	-	-	**163,801**
Robert (Wei) Sun	19,968	-	-	-	2,032	-	-	-	**22,000**
Phil Clifford	113,990	-	-	-	10,829	-	-	-	**124,819**
Sarah Clifton-Brown	74,155	-	-	-	7,045	-	-	629	**81,829**
Total Key Management Personnel Compensation (Group)	**357,703**	**-**	**-**	**-**	**34,117**	**-**	**-**	**629**	**392,449**

2015	Short-term employee benefits				Post employment benefit	Long-term benefits	Termination benefits	Share-based payments	Total
Name	Cash salary and fees	Cash bonus	Non monetary benefits	Other	Super-annuation	Long service leave	Termination benefits	Options	**Total**
	$	$	$	$	$	$	$	$	**$**
Directors									
Rebecca Holland-Kennedy	172,373	-	-	-	17,127	-	-	-	**189,500**
Robert (Wei) Sun	35,295	-	-	-	3,705	-	-	-	**39,000**
Phil Clifford(part time from 1 April 2014)	103,134	-	-	-	9,798	-	-	-	**112,932**
Sarah Clifton-Brown	74,291	-	-	-	7,058	-	-	2,225	**83,574**
Murray Bailey (resigned 28 October 2014)	15,598	-	-	-	1,482	-	-	(37,692)	**(20,612)**
Total Key Management Personnel Compensation (Group)	**400,691**	**-**	**-**	**-**	**39,170**	**-**	**-**	**(35,467)**	**404,394**

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration 2016	Fixed remuneration 2015	At risk - STI 2016	At risk - STI 2015	At risk - LTI 2016	At risk - LTI 2015
Executive directors of PepinNini Minerals Limited						
Rebecca Holland-Kennedy	**100%**	**100%**	**-**	**-**	**-**	**-**
Robert (Wei) Sun	**100%**	**100%**	**-**	**-**	**-**	**-**
Phil Clifford	**100%**	**100%**	**-**	**-**	**-**	**-**
Sarah Clifton-Brown (commenced 11 December 2014)	**100%**	**100%**	**-**	**-**	**-**	**-**
Murray Bailey (resigned 28 October 2014)	**-**	**100%**	**-**	**-**	**-**	**-**

No director or member of senior management appointed during the period received any payments during the year other than those detailed above.

Remuneration report (continued)

(G) Service agreements

Rebecca Holland-Kennedy (Executive Director - Managing Director) has a contract for service, details of which are outlined as follows:

- She is required to work five days a week;
- Her current salary inclusive of superannuation is $200,000 per year;
- Her contract commenced on 9 April 2013;
- Termination may be made by either party on providing six months' notice;
- Termination benefits payable upon termination to Mrs Holland-Kennedy are six months' pay.

Rebecca Holland-Kennedy has elected to reduce contracted salary, her salary under this arrangement is set at $182,000 including superannuation.

Phil Clifford (Executive Director – Technical & Exploration Manager) has a contract for service, details of which are outlined as follows:

- He is required to work five days a week;
- His current full time salary inclusive of superannuation is $180,000 per year;
- His contract commenced on 9 April 2013;
- Termination may be made by either party on providing one months' notice;
- Termination benefits payable upon termination to Mr Clifford are three months' pay.

Mr Clifford commenced part-time employment from 1 April 2014 for personal reasons. His salary is pro-rata from his employment contract for three days per week. Pro-rata salary under this arrangement is $106,988 inclusive of superannuation.

Sarah Clifton-Brown (Executive Director – Finance Director) has a contract for service, details of which are outlined as follows:

- She is required to work three and a half days a week;
- Her current salary inclusive of superannuation is $96,000 per year;
- Her contract commenced on 11 December 2014;
- Termination may be made by either party on providing three months' notice;
- Termination benefits payable upon termination to Mrs Clifton-Brown are three months' pay.

Remuneration report (continued)

(H) Share based compensation

Options

An employee share option scheme has been established whereby PepinNini Minerals Limited may, at the discretion of management, grant options over the ordinary shares of PepinNini Minerals Limited to directors and executives as part of a remuneration package offered for employment. The options so issued are for nil consideration and have variable exercise prices and maturity dates, i.e. last date to exercise the options.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date	Number of Options
(1) 8 April 2013	1 June 2013	1 June 2016	$0.04	$0.0104	2,500,000
(2) 8 April 2013	1 November 2013	1 June 2016	$0.06	$0.0047	2,500,000
(3) 8 April 2013	1 June 2014	1 June 2016	$0.125	$0.0005	1,600,000
(4) 10 November 2014	10 November 2014	09 November 2017	$0.03	$0.0068	200,000
(5) 10 November 2014	10 November 2015	09 November 2018	$0.06	$0.0054	200,000
(6) 10 November 2014	10 November 2016	09 November 2019	$0.10	$0.0050	200,000

Options granted under the plan carry no dividend or voting rights.

Each option is convertible into one ordinary share on exercise. Options may be exercised at any time from the date of vesting to the date of their expiry.

Details of options over ordinary shares in the Group provided as remuneration to each director of PepinNini Minerals Limited and each of the key management personnel of the Group are set out below. Further information on the options is set out in note 26 to the financial statements.

(1), (4-6) Options in this series are entitled to beneficial interest at vesting date only if the recipients continue to be employed by the company at that date. (1-3) Employee options expired 1 June 2016.

Holders of the options granted are as follows, (1-3) Philip Clifford (4-6) Sarah Clifton-Brown.

2016 Name	Balance at start of the year (#)	Granted as compensation (#)	Exercised (#)	Other changes (#)	Balance at end of the year (#)	Vested and exercisable (#)	Unvested (#)
Directors of PepinNini Minerals Limited							
Options							
Rebecca Holland-Kennedy	-	-	-	-	-	-	-
Robert (Wei) Sun	-	-	-	-	-	-	-
Phil Clifford	6,600,000	-	-	(6,600,000)	-	-	-
Sarah Clifton-Brown	600,000	-	-	-	600,000	400,000	200,000
Other key management personnel of the Group							
-	-	-	-	-	-	-	-

No options were granted to directors of PepinNini Minerals Limited during the year ended 30 June 2016 (2015: 600,000).

There were 600,000 unissued ordinary shares held by directors of PepinNini Minerals Limited and other key management personnel of the group under option at the date of this report.

No option holder has any right under the options to participate in any other share issue of the Group.

No ordinary shares in the company were issued as a result of the exercise of remuneration options by directors of PepinNini Minerals Limited and other key management personnel of the Group for either the 30 June 2016 or 30 June 2015 financial year.

Remuneration report (continued)

(l) Shareholdings

The number of shares in the company held during the financial year by each director of PepinNini Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2016 Name	Balance at the start of the year \#	Received during the year on the exercise of options \#	Other changes during the year \#	Balance at the end of the year \#
Directors of PepinNini Minerals Limited				
Ordinary shares				
Rebecca Holland Kennedy	55,356,488	-	35,594,888	90,951,376
Robert (Wei) Sun	187,818	-	280,974	468,792
Phil Clifford	401,000	-	199,000	600,000
Sarah Clifton-Brown	67,000	-	203,000	270,000
Other key management personnel of the Group				
Ordinary shares				
-	-	-	-	-

End of Audited Remuneration Report

Indemnification of officers and auditors

PepinNini Minerals Limited has entered into standard deeds of indemnity and access with each of the directors. By these deeds, the Company has undertaken, consistent with the Corporations Act 2001, to indemnify each director in certain circumstances and to maintain directors' and officers' insurance cover in favour of the director for seven years after the director has ceased to be a director. The Company has paid a premium for the period 13 October 2015 to 13 October 2016 to insure the directors and officers of the Company. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, which is permitted under section 300(9) of the Corporations Act 2001.

To the extent permitted by law, the company has agreed to indemnify its auditors, BDO Audit (SA) Pty Ltd as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO Audit (SA) Pty Ltd during or since the financial year.

Proceedings on behalf of the Company

There are no proceedings on behalf of the Company at the date of this report.

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-assurance services

BDO Audit (SA) Pty Ltd did not provide any non-assurance services during the year ended 30 June 2016.

Details of amounts paid or payable to the auditor BDO Audit (SA) Pty Ltd for assurance services provided during the year by the auditor are outlined in note 20 to the financial statements.

Auditor

BDO Audit (SA) Pty Ltd were appointed auditor on 15th January 2016.

Auditor's independence declaration

The auditor's independence declaration is included on page 19 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors

R. A. Holland - Kennedy

Rebecca Holland Kennedy
Managing Director
Adelaide, 15 September 2016

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Fax: +61 8 7324 6111
www.bdo.com.au

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Level 7, 420 King William Street
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Australia

DECLARATION OF INDEPENDENCE
BY MICHAEL HAYDON
TO THE DIRECTORS OF PEPINNINI MINERALS LIMITED

As lead auditor of PepinNini Minerals Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of PepinNini Minerals Limited and the entities it controlled during the period.

Michael Haydon
Director

BDO Audit (SA) Pty Ltd

Adelaide, 15 September 2016

Index

Consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Revenue from Continuing Operations	5	**56,715**	**225,165**
Other Income	5	**5,645**	**2,822**
Expenses			
Depreciation expense	6	(16,763)	(25,479)
Salary & employment costs	6	(362,758)	(387,547)
Operating expenses		(405,330)	(573,871)
Professional fees		(163,783)	(116,074)
Administration expenses		(272)	(1,416)
Legal fees		(44,282)	(150,284)
Impairment of exploration asset		(1,548,126)	(5,016,953)
Total expenses		**(2,541,315)**	**(6,271,624)**
Loss before tax		**(2,478,955)**	**(6,043,637)**
Income tax benefit/(expense)	7	(22,702)	(1,128)
Loss for the year		**(2,501,656)**	**(6,044,765)**
Other comprehensive income		-	-
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Total comprehensive Loss for the year		(2,501,656)	(6,044,765)
Attributable to:			
Members of PepinNini Mineral Limited		(2,501,656)	(6,044,765)
		(2,501,656)	**(6,044,765)**
Earnings per share for loss attributable to the ordinary equity holders of the company:			
Basic loss (cents per share)	25	(1.1)	(3.5)
Diluted loss (cents per share)	25	(1.1)	(3.5)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Current assets			
Cash and cash equivalents	8	415,466	1,248,382
Trade and other receivables	9	251,645	400,655
Prepayments		26,679	32,084
Total current assets		**693,790**	**1,681,121**
Non-current assets			
Exploration expenditure	10	12,635,222	13,494,607
Exploration bonds	10	3,990	12,995
Property, plant and equipment	11	19,653	113,640
Deferred tax Assets	15	-	-
Total non-current assets		**12,658,865**	**13,621,243**
Total assets		**13,352,655**	**15,302,363**
Current liabilities			
Trade and other payables	13	87,880	150,053
Provisions	14	226,911	234,033
Total current liabilities		**314,791**	**384,086**
Non-current liabilities			
Provisions	14	323	129
Total non-current liabilities		**323**	**129**
Total liabilities		**315,114**	**384,215**
Net assets		**13,037,541**	**14,918,148**
Equity			
Issued capital	16	22,278,263	21,708,465
Reserves	17	457,219	405,968
Retained earnings	17	(9,697,941)	(7,196,285)
Total Equity attributable to equity holders of the Company		**13,037,541**	**14,918,148**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the financial year ended 30 June 2016

Consolidated	Fully paid ordinary shares $	Fully paid options $	Prepaid share reserve $	Equity settled employee benefits reserve $	Retained earnings $	Total attributable to equity holders of the Company $
Balance at 1 July 2014	**20,358,696**	**548,735**	**-**	**438,097**	**(1,151,520)**	**20,194,008**
Loss for the year	-	-		-	(6,044,765)	(6,044,765)
Other comprehensive income	-	-		-	-	-
Total comprehensive (loss)/income	**-**	**-**		**-**	**(6,044,765)**	**(6,044,765)**
Issue of shares, net of transactions costs and tax (note 16)	796,146	-		-	-	796,146
Issue of Options	-	4,888		-	-	4,888
Employee share options	-	-		(32,129)	-	(32,129)
Balance at 30 June 2015	**21,154,842**	**553,623**	**-**	**405,968**	**(7,196,285)**	**14,918,148**
Balance at 1 July 2015	**21,154,842**	**553,623**	**-**	**405,968**	**(7,196,285)**	**14,918,148**
Loss for the year	-	-		-	(2,501,656)	(2,501,656)
Other comprehensive income	-	-		-	-	-
Total comprehensive (loss)/income	**-**	**-**		**-**	**(2,501,656)**	**(2,501,656)**
Issue of shares, net of transaction costs and tax (note 16)	569,787	-	52,035	-	-	621,833
Issue of Options	-	-		-	-	-
Employee share options	-	-		(784)	-	(784)
Balance at 30 June 2016	**21,724,640**	**553,623**	**52,035**	**405,184**	**(9,697,941)**	**13,037,541**

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of cash flows
for the financial year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,048,763)	(1,451,057)
Receipts in the course of business (inclusive of GST)		32,985	263,606
Interest and other costs of finance paid		-	-
Net cash (used in) operating activities	24	**(1,015,778)**	**(1,187,451)**
Cash flows from investing activities			
Interest received		14,692	36,017
Research & Development concession received/(paid)		362,061	394,578
Payment for exploration activities		(832,808)	(1,624,345)
Payments for property, plant and equipment		-	-
Proceeds from disposal of property, plant and equipment		39,133	55,306
Proceeds from sale of exploration assets		-	2,300,000
Net cash provided by/ (used in) investing activities		**(416,922)**	**1,161,556**
Cash flows from financing activities			
Proceeds from issues of equity securities		599,132	799,905
Payment of directors loan		-	(200,000)
Net cash provided by financing activities		**599,132**	**599,905**
Net increase / (decrease) in cash and cash equivalents		**(833,568)**	**574,010**
Cash and cash equivalents at the beginning of the financial year		**1,248,382**	**674,372**
Net foreign exchange differences on foreign cash balances		**652**	**-**
Cash and cash equivalents at the end of the financial year	8	**415,466**	**1,248,382**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1 General information

This financial report covers the consolidated financial statements for the consolidated entity consisting of PepinNini Minerals Limited (the "Company" or "Parent") and its controlled entities (the "Group" or the "consolidated entity").

The company's registered office and its principal place of business are as follows:

Registered office:

96 Babbage Road
ROSEVILLE CHASE NSW 2069
☎: +61 (0)2 9417 6212
🖷: +61 (0)2 9417 3043
Email: admin@pepinnini.com.au

Exploration office WA:
56 Kathleen Street
TRIGG WA 6029
☎: +61 (0)8 9246 4829
🖷: +61 (0)8 9246 4829

Exploration office SA:
22A Charlotte Street
SMITHFIELD SA 5114
☎: +61 (0)8 8254 2044
🖷: +61 (0)8 8254 2033

Principal office:
Level 6, 108 King William Street
ADELAIDE SA 5000
☎: +61 (0)8 8218 5000
🖷: +61 (0)8 8218 5717
Email: admin@pepinnini.com.au

PepinNini Minerals Limited was incorporated in Australia and is domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 15 September 2016. The Group has the power to amend and reissue the financial report.

Note 2 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. PepinNini Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where estimates and judgements are significant to the financial statements are disclosed in note 3.

Reclassification

When the presentation or classification of items in the financial report is amended, comparative amounts are reclassified to ensure comparability.

Note 2 Significant accounting policies (continued)

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and the results of all subsidiaries as at 30 June 2016 and the results for all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the group has less than a majority of the voting rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions and balances between Group companies are eliminated in full. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

(ii) Joint arrangement

The proportionate interests in the assets, liabilities and expenses of a joint arrangement activity have been incorporated in the financial statements under the appropriate headings. Details of the joint arrangements are set out in note 23. Interests in joint operations in which the Group is a venturer and has joint control are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with the other venturers) and the Group's share of expenses incurred by or in respect of each joint arrangement. Further details of the joint operations are set out in note 23.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale or the provision of services have been resolved.

Service income

Sales of drilling services are recognised in the accounting period in which the services are rendered.

Interest income

Interest income is recognised using the effective interest method.

Note 2 Significant accounting policies (continued)

Dividend income

Dividends are recognised as revenue when the right to receive the payment is established.

(b) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants for exploration drilling activity within an exploration tenement which has not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves, has been recognised as deferred income and is offset against costs capitalised and will be recognised in profit or loss over the expected useful life of the exploration tenement asset concerned.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes the provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount of tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Note 2 Significant accounting policies (continued)

Tax consolidation legislation

PepinNini Minerals Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The head entity, PepinNini Minerals Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, PepinNini Minerals Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate PepinNini Minerals Limited for any current tax payable assumed and are compensated by PepinNini Minerals Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to PepinNini Minerals Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(d) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Cash and cash equivalents

For the purpose of presentation on the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

Note 2 Significant accounting policies (continued)

(g) Exploration, evaluation and development expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights of tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

a) the exploration and evaluation expenditures are expected to be recouped through successful development and commercial exploitation of the area of interest, or alternatively, by its sale; or

b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits an assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs whether they are directly related to operational activities in a particular area of interest.

A regular review is undertaken of each area of interest to determine whether any impairment indicators exist and therefore the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit/ (loss) in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(h) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation on assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Plant & equipment – 4 to 3 years or 25% to 33%
- Field vehicles – 3 years or 33%

Depreciation for assets used in exploration activities are capitalised rather than being expensed. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(d)). Additionally, if an asset's written down value reduces below $500, it is written off through the statement of profit or loss and other comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

If the effect is material, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability.

Note 2 Significant accounting policies (continued)

(k) Employee benefits

(i) Wages and salaries, annual leave, long service and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised when it is probable that settlement will be required and they are capable of being measured reliably. Amounts recognised are in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(ii) Defined contribution plans

Contributions to defined contribution superannuation plans in respect of administrative employees are expensed as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available. Where an employee is involved in exploration activities, the contributions form part of the exploration and development expenditure capitalised for the period during which they occurred.

(l) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(n) Share-based payments

Share-based compensation is provided to selected employees, non-executive directors and is used to fund certain business transactions with third parties. The fair value of share-based compensation granted is recognised as an expense or asset as appropriate, with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period during which the employees or third party become unconditionally entitled to the stock compensation.

The fair value at grant date is determined using market prices for shares and using a Black-Scholes option pricing model for options. The option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable.

Note 2 Significant accounting policies (continued)

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(p) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is PepinNini Minerals Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each profit and loss item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

(q) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

Note 2 Significant accounting policies (continued)

(r) Parent entity information

The financial information for the parent entity, PepinNini Minerals Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of PepinNini Minerals Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Details of tax consolidation treatment are disclosed in note 2 (c).

Note 2 Significant accounting policies (continued)

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 / IFRS 9 *Financial Instruments* (effective 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The group will not be impacted by the rules around hedge accounting as the group does not have any hedging arrangements.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 Revenue from Contracts with Customers, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The group has not yet decided when to adopt AASB 9 / IFRS 9. In order to apply the new hedging rules, the group would have to adopt AASB 9 and the consequential amendments to AASB 7 and AASB 139 in their entirety.

AASB 15 *Revenue from contracts with customers* (effective 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118, which covers contracts for goods and services, and AASB 111, which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group has not yet considered the impact of the new rules on its revenue recognition policies. It will undertake a detailed assessment in the near future. Expected date of adoption by the Group is 1 July 2018.

AASB 16 *Leases* (effective 1 January 2019)	AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The only exceptions are short-term and low-value leases. The accounting by lessors, however, will not significantly change. The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has operating lease commitments of $81,953. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. It will undertake a detailed assessment in the near future. Expected date of adoption by the Group is 1 July 2019.
AASB 2014-3 *Accounting for acquisitions of interests in joint operations* (effective 1 January 2016)	The amendment to AASB 11 clarifies the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. The Group will apply the amendment from 1 July 2016.
AASB 2015-2 *Disclosure Initiative: Amendments to AASB 101* (effective 1 January 2016)	The amendments clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. The Group will apply the amendments from 1 July 2016.
AASB 2016-2 *IASB issues narrow scope amendments to IAS 7 Statement of cash flows* (effective 1 January 2017)	The amendment to AASB 107 introduces additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment requires disclosure of changes arising from: • cash flows, such as drawdowns and repayments of borrowings, and • non-cash changes, such as acquisitions, disposals and unrealised exchange differences. The Group will apply the amendment from 1 July 2017.

There are no other standards that are not yet effective that are expected to have a material impact on the entity in the current or future reporting periods and unforeseeable future transactions.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future, the results of which, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Reserves and resources

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs (as summarised in note 10) are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine whether any impairment indicators exist and therefore the appropriateness of continuing to carry forward costs in relation to that area of interest.

(ii) Deferred Tax Assets

Deferred tax assets included in note 15 are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4 Financial risk management

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. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis of interest rate, foreign exchange and other price risks.

Risk management is carried out by the board of directors who provide principles for overall risk management.

The Group holds the following financial instruments:

	Consolidated	
	2016	2015
	$	$
Financial assets		
Cash and cash equivalents	415,466	1,248,382
Trade and other receivables	251,645	400,655
	667,111	**1,649,037**
Financial liabilities		
Trade and other payables	(87,880)	(150,053)
	(87,880)	**(150,053)**

(a) Market risk

(i) Commodity Price risk

Financial assets and liabilities held by the group are not subject to commodity price exposure for either the 30 June 2016 and 30 June 2015 financial years.

Note 4 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

As at 30 June 2016 and 30 June 2015, all of the Group's borrowings were non-interest bearing. The following table details the Group's and the Company's exposure to interest rate risk on each class of financial instrument as at 30 June 2016:

Consolidated	30 June 2016		30 June 2015	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$	%	$
Cash	1.07	14,194	1.01	19,944
At call deposits	1.32	192,197	1.26	94,364
Term deposits	2.22	209,075	2.77	1,134,075
Trade and other receivables	N/A	251,645	N/A	400,655
Total financial assets		**667,111**		**1,649,038**
Trade and other payables	N/A	(87,880)	N/A	(150,053)
Total financial liabilities		**(87,800)**		**(150,053)**

An analysis by maturities is provided in (b) below.

Sensitivity analysis – interest rates.

The Group analyses its interest rate exposure on a dynamic basis only for all financial assets and liabilities.

Group sensitivity

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

Consolidated		Interest rate risk			
		+ 1.0%		- 1.0%	
30 June 2016	Carrying amount	Post Tax Profit	Other Equity	Post Tax Profit	Other Equity
	$	$	$	$	$
Financial assets					
Cash	14,194	99	-	(99)	-
At call deposits	192,197	1,345	-	(1,345)	-
Term deposits	209,075	1,464	-	(1,464)	-
Trade and other receivables	251,645	-	-	-	-
Financial liabilities					
Trade and other payables	(87,880)	-	-	-	-
Total increase/ (decrease)		**2,908**	**-**	**(2,908)**	**-**

Note 4 Financial risk management (continued)

(a) Market risk (continued)

Consolidated 30 June 2015	Carrying amount	Interest rate risk + 1.0% Post Tax Profit	Interest rate risk + 1.0% Other Equity	Interest rate risk - 1.0% Post Tax Profit	Interest rate risk - 1.0% Other Equity
	$	$	$	$	$
Financial assets					
Cash	19,944	140	-	(140)	-
At call deposits	94,364	661	-	(661)	-
Term deposits	1,134,075	7,939	-	(7,939)	-
Trade and other receivables	400,655	-	-	-	-
Financial liabilities					
Trade payables and other payables	(150,053)	-	-	-	-
Total increase/ (decrease)		**8,740**	**-**	**(8,740)**	**-**

(iii) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from the United States Dollar and Argentine Peso.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

As at 30 June 2016 and 2015, the Group had immaterial exposure to foreign currency. As a result financial assets and financial liabilities outstanding as at balance date are not sensitive to changes in exchange rates.

Note 4 Financial risk management (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure on trade receivables. For banks and financial institutions, only parties rated by the three rating agencies with a minimum rating of 'A' are accepted. Individual risk limits for customers are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table below:

	Consolidated	
	2016	2015
	$	$
Cash and cash equivalents		
Minimum rating of "A"	415,466	1,248,382
	415,466	**1,248,382**
Trade receivables		
Counterparties without external credit rating	251,645	400,655
Total trade receivables	**251,645**	**400,655**

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial assets

The tables below analyse the Group's financial assets into relevant maturity groupings based on the remaining period at the reporting date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

Group – At 30 June 2016	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (asset)
	$	$	$	$	$	$	$
Trade and other receivables	1,645	250,000	-	-	-	251,645	251,645
Total	**1,645**	**250,000**	**-**	**-**	**-**	**251,645**	**251,645**

Group – At 30 June 2015	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (asset)
	$	$	$	$	$	$	$
Trade and other receivables	655	400,000	-	-	-	400,655	400,655
Total	**655**	**400,000**	**-**	**-**	**-**	**400,655**	**400,655**

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group – At 30 June 2016	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (liability)
	$	$	$	$	$	$	$
Trade and other payables	(87,880)	-	-	-	-	(87,880)	(87,880)
Total	**(87,880)**	**-**	**-**	**-**	**-**	**(87,880)**	**(87,880)**

Group – At 30 June 2015	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (liability)
	$	$	$	$	$	$	$
Trade and other payables	(150,053)	-	-	-	-	(150,053)	(150,053)
Total	**(150,053)**	**-**	**-**	**-**	**-**	**(150,053)**	**(150,053)**

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The carrying value of trade receivables, less the impairment provision, and trade payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The directors consider that the carrying amount of financial assets and liabilities recorded at amortised cost in the financial statements approximates their fair values.

Note 5 Revenue and Other income

The Group's revenue for the year is as follows:

	Consolidated	
	2016 **$**	2015 $
Interest revenue:		
Bank deposits	13,507	37,155
	13,507	**37,155**
Other revenue:		
Drilling services revenue	-	84,175
Other revenue	43,208	103,835
	43,208	**188,010**
	56,715	**225,165**

Other income:		
Gain on sale of assets	5,645	2,822
	5,645	**2,822**

Note 6 Expenses

	Consolidated	
	2016 $	2015 $
Loss before income tax includes the following specific expenses:		
Depreciation (a)		
Exploration field equipment	-	-
Drilling equipment	-	-
Office computer equipment	11,388	14,416
Field vehicles	4,536	6,077
Office equipment	839	4,986
Total depreciation expensed	**16,763**	**25,479**
Depreciation capitalised (a)	**79,914**	**59,442**
Total depreciation	**96,677**	**84,921**
Salary & Employment costs		
Salaries & wages	332,636	387,761
Employee options expense	(784)	(32,129)
Defined contribution superannuation expense	30,906	31,915
	362,758	**387,547**
Operating lease		
Rental expense relating to operating lease	20,782	83,657

(a) During the year, depreciation expense was capitalised as part of exploration expenditure.

Note 7 Income tax expense

	Consolidated	
	2016	2015
	$	$
(a) Income tax expense / (benefit)		
Current tax (benefit) / expense	-	-
Deferred tax (benefit) / expense	22,702	1,128
Adjustment of tax of prior periods	-	-
	22,702	**1,128**
Deferred income tax expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 15)	429,591	1,128
(Decrease) increase in deferred tax liabilities (note 15)	(406,889)	-
	22,702	**1,128**
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(2,478,955)**	**(6,043,637)**
Tax at the Australian tax rate of 30% (2015- 30%)	(743,686)	(1,813,091)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Employee stock compensation	(235)	(9,639)
R&D Non-assessable income	(25,000)	-
Deferred tax assets not recognised as not probable	791,623	1,823,858
Income tax (benefit) / expense	**22,702**	**1,128**
(c) Amounts recognised directly in equity		
Net deferred tax – credited directly to equity (note 16)	22,702	1,128
	22,702	**1,128**

Note 7 Income tax expense (continued)

(d) Tax losses

	Consolidated	
	2016	2015
	$	$
Unused tax losses for which no deferred tax asset has been recognised	11,829,893	10,363,726
Unused capital losses for which no deferred tax asset has been recognised	5,840,532	5,840,532
Potential tax benefit @ 30%	**5,301,128**	**4,861,278**

(e) Reduction to unused tax losses

The Unused tax losses have been reduced by $190,000 as this has been distributed to shareholders through participation in the Exploration Development Incentive (EDI) scheme.

(f) Tax consolidation legislation

PepinNini Minerals Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 September 2006. The accounting policy in relation to this legislation is set out in note 2(c).

Note 8 Cash and cash equivalents

	Consolidated	
	2016 $	**2015 $**
Cash and cash equivalents	413,363	1,243,400
Cash on hand	2,103	4,982
	415,466	**1,248,382**

The Group's exposure to interest rate risk is disclosed in note 4.

Note 9 Trade and other receivables

	Consolidated	
	2016 $	**2015 $**
Current		
Trade receivables	1,645	655
Research & Development tax refund	250,000	400,000
Allowance for doubtful debts	-	-
	251,645	400,655
Goods and services tax recoverable	-	-
Trade and other receivables	**251,645**	**400,655**

(a) Impaired trade receivables

There are no other receivables impaired at 30 June 2016 (2015: nil).

	2016 $	**2015**
At 1 July	-	-
Charged for the year	-	-
Receivables written off during the year	-	-
At 30 June	-	-

(b) Past due but not impaired

As at 30 June 2016, no trade receivables were past due but not impaired (2015: nil). The other classes of receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(c) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 4.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 4 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

Note 10 Exploration expenditure and exploration bonds

	Consolidated	
	2016 **$**	**2015** **$**
Exploration expenditure		
Non-current:		
Balance at the beginning of the year	13,494,607	19,626,854
Exploration expenditure capitalised	938,741	1,584,706
R&D incentive refund offset against capitalised exploration	(250,000)	(400,000)
Disposed tenements	-	(2,300,000)
Impairment of exploration assets (a)	(1,548,126)	(5,016,953)
Balance at the end of the year	**12,635,222**	13,494,607
Environmental bonds		
Non-current:		
Balance at the beginning of the year	12,995	35,750
Amounts capitalised	-	-
Bonds released during year	(9,005)	(22,755)
Balance at the end of the year	**3,990**	**12,995**

(a) Impairment of exploration assets

The impairment loss in the year is a consequence of the downgrading of the capitalised expenditures carried by PepinNini Minerals Limited for the North Queensland Project. This project comprised 2 Drummond Basin licenses (Clarke River EPM18020 and Keppel Creek EPM18048) and 1 Georgetown Inlier license (Oasis EPM18979).

(b) Capitalisation of exploration expenditure

The conditions for capitalisation are detailed in note 2 (g).

Note 11 Property, plant and equipment

	Consolidated					
	Drilling Equipment $	Field Vehicles $	Field Equipment $	Computer equipment $	Office Equipment $	Total $
Year ended 30 June 2015						
Opening net book amount	108,418	28,593	23,699	25,270	5,824	191,804
Additions	-	-	2,035	5,580	-	7,615
Disposals	-	-	(191)	(1,168)	-	(1,359)
Depreciation charge	(38,204)	(15,145)	(11,670)	(14,416)	(4,985)	(84,420)
Closing net book amount	70,214	13,448	13,873	15,266	839	113,640
At 30 June 2015						
Cost	854,851	245,455	224,127	122,726	43,534	1,490,693
Accumulated depreciation	(784,637)	(232,007)	(210,254)	(107,460)	(42,695)	(1,377,053)
Net book amount	70,214	13,448	13,873	15,266	839	113,640
Year ended 30 June 2016						
Opening net book amount	70,214	13,448	13,873	15,266	839	113,640
Additions	-	-	-	2,689	-	2,690
Disposals	-	-	-	-	-	-
Depreciation charge	(64,264)	(9,072)	(11,113)	(11,388)	(839)	(96,677)
Closing net book amount	5,950	4,376	2,760	6,567	-	19,653
At 30 June 2016						
Cost	854,851	200,449	224,127	125,415	43,534	1,448,377
Accumulated depreciation	(848,901)	(196,073)	(221,367)	(118,848)	(43,534)	(1,428,724)
Net book amount	5,950	4,376	2,760	6,567	-	19,653

Note 12 Investments in subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
NiCul Minerals Pty Ltd^*	Australia	100	100
PepinNini Resources Curnamona 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

The proportion of ownership interest is equal to the proportion of voting power held.

* These companies are members of the tax-consolidated group. PepinNini Minerals Limited is the head entity within the tax consolidated group.

^Name change 26 July 2011 from PepinNini Resources Pty Ltd

PepinNini Minerals Limited also has the following interests in joint ventures (refer to note 23):

- The PepinNini Robinson Range Iron Ore Joint Venture agreement ended during the year, this investment had been fully impaired as at 30 June 2015.

Note 13 Trade and other payables

	Consolidated 2016 $	Consolidated 2015 $
Trade payables (i)	64,407	125,633
Sundry creditors and accruals	23,473	24,420
	87,880	**150,053**

(i) Trade payables are non-interest bearing and are usually settled on 30 day terms.

(a) Risk exposure

Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in note 4.

Note 14 Provisions

	Consolidated 2016 $	Consolidated 2015 $
Current - Employee benefits	226,911	234,033
Non-Current - Employee benefits	323	129
	227,234	**234,162**

The current provision for employee benefits relates to annual leave and long service leave entitlements accrued. These amounts are expected to be settled within 12 months of balance date.

The non-current provision for employee benefits relates to long service leave entitlements accrued.

Note 15 Non-current liabilities – deferred tax liabilities / (assets)

	Consolidated	
	2016	2015
	$	$
The net deferred tax liability comprises temporary differences attributable to:		
Deferred tax assets:		
Fundraising costs	29,903	21,669
Provisions and accruals	68,170	70,249
Unused tax losses	7,248,282	7,221,476
Impairment of investment		
Deferred tax assets not recognised	(3,548,968)	(3,109,118)
Deferred tax assets:	**3,797,387**	**4,204,276**
Deferred tax liabilities		
Property, plant and equipment	(6,820)	(35,894)
Exploration expenditure, Resource exploration / potential, Mining information	(3,790,567)	(4,168,382)
	(3,797,387)	**(4,204,276)**
Total net deferred tax liabilities	**-**	**-**

Movements - Consolidated	**Total**
At 1 July 2014	-
Charged/(credited) to the statement of profit or loss and other comprehensive income	1,128
Charged/(credited) directly to equity	(1,128)
At 30 June 2015	-
Charged/(credited) to the statement of profit or loss and other comprehensive income	22,702
Charged/(credited) directly to equity	(22,702)
At 30 June 2016	-

Note 16 Issued and paid up capital

(a) Share capital:

	Consolidated	
	2016 $	2015 $
270,739,774 (2015:195,080,723) fully paid ordinary shares	21,724,640	21,154,842
Fully paid expired options not exercised	553,623	553,623
	22,278,263	**21,708,465**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Movements in share capital:

	2016		2015	
	No.	$	No.	$
Fully paid ordinary shares and fully paid options				
Balance at beginning of financial year	195,080,723	21,708,465	143,731,600	20,907,431
Issue of shares#	75,647,826	619,788	51,315,789	802,500
Share issue costs	-	(72,709)	-	(6,354)
Tax effect on issue costs	-	22,702	-	1,128
Issue of options	-	-	-	-
Options issue costs	-	-	-	-
Options exercised	11,225	17	33,334	3,760
Subtotal				
Transfer of amounts from equity-settled employee benefits expiring	-	-	-	-
Balance at end of financial year	**270,739,774**	**22,278,263**	**195,080,723**	**21,708,465**

In October 2015 $261,000 was raised as part of a Share Purchase Plan at a share price of 1.07cents, funds raised represented a 42% take up of the offer made. In March 2016 $358,787 was raised through a pro-rata entitlements Issue of 2 for 3 with a share purchase price of 0.7cents, funds raised represented a 35% take up of the offer made.

(c) Share options granted under the executive share option plan

During the 2016 and 2015 year, there were no options exercised that were issued under the executive share option plan. As a result of this there was no transfer from the equity-settled employee benefits reserve to issued capital. During the year, PepinNini Minerals Limited issued 900,000 share options (2015: 1,500,000) over ordinary shares under its executive share option plan. For further details on share options issued under the executive share option plan, refer to note 26.

(d) Capital risk management

The Group considers its capital to comprise its ordinary share capital and accumulated losses. The Group's and the parent entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the prior year, the Group monitor capital to ensure the company has appropriate cash and cash equivalents available to meet projected operational, investing and financing cash flow needs.

Note 17 Reserves and retained earnings

(a) Equity Settled Employee Benefits Reserve

The equity-settled employee benefits reserve is used to recognise the fair value at grant date of share options granted to executives and senior employees. The fair value is then expensed over the vesting period of the share options. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

(b) Prepaid Share Reserve

The prepaid share reserve shows cash received for share placement where the shares are not issued before the end of the reporting period.

Note 18 Dividends

	Company	
	2016 $	2015 $
No dividends have been paid for the year ended 30 June 2016 or 30 June 2015	-	-
	-	**-**

There has been no dividend recommended by the directors since year end.

Franked dividends

	Company	
	2016 $	2015 $
Franking credits available for subsequent financial years based on a tax rate of 30% (2015: 30%)	4,709,476	4,709,476
	4,709,476	**4,709,476**

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Note 19 Key management personnel compensation

(a) Directors

The following persons were directors of PepinNini Minerals Limited during the financial year:

- Rebecca Holland-Kennedy – Managing Director
- Robert (Wei) Sun – Director
- Phil Clifford – Director
- Sarah Clifton-Brown - Director

(b) Other key management personnel

There are no employees directing and controlling the activities of the Group, directly or indirectly, during the financial year that would be considered key management personnel.

(c) Key management personnel compensation

	Consolidated	
	2016 $	2015 $
Short-term employee benefits	357,703	400,691
Post-employment benefits	34,117	39,170

Other Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	629	(35,467)
	392,449	**404,394**

Detailed remuneration disclosures are provided in the remuneration report on pages 11 to 17.

(d) Other transactions with key management personnel

No amounts are owed by/to related parties, also there have been no sales and purchases between related parties during the year ended 30 June 2016 and 2015.

Note 20 Remuneration of auditors

	Consolidated	
	2016 $	**2015 $**
Auditor of the parent entity		
BDO Audit (SA) Pty Ltd (2015: Ernst & Young) audit and review of the financial reports	30,000	42,000
BDO Audit (SA) Pty Ltd (2015:Ernst & Young) non-assurance services	-	-
	30,000	**42,000**

Note 21 Commitments for expenditure

	Consolidated	
	2016 $	2015 $
Capital expenditure commitments		
Granted exploration tenement statutory expenditure commitments, payable:		
Not longer than 1 year	61,968	1,385,083
Longer than 1 year and not longer than 5 years	900,000	343,333
Longer than 5 years	-	-
	961,968	**1,728,416**
Operating lease commitments:		
Not longer than 1 year	59,084	56,560
Longer than 1 year and not longer than 5 years	22,869	71,080
Longer than 5 years	-	-
	81,953	**127,640**

The property lease is a non-cancellable lease with a 2.5-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the 2.5-year term for an additional term of 2 years. The lease allows for subletting of all lease areas.

Note 22 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 12.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 19.

(c) Transactions with related parties

As at 30 June 2016, George Holland Pty Ltd, a company of which Rebecca Holland-Kennedy is a director held 8,789,180 shares, (5,321,890 – 2015).
As at 30 June 2016. Kalinda Outlook Pty Ltd, a company of which Rebecca Holland-Kennedy is a director held 82,162,196 shares (2015: 50,034,598)

(d) Terms and conditions

Transactions relating to dividends and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The terms and conditions of the tax funding agreement are set out in note 7(e). All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties.

Outstanding balances are unsecured and are repayable in cash.

Note 23 Interests in joint arrangements

The Group has been a joint operator in the following joint operations:

Name of venture	Resident	Principal activity	Output interest 2016 %	Output interest 2015 %
Robinson Range Iron Ore Joint Venture (JV03)*	Australia	Management and operation of development of iron ore in three tenements in the Robinson Range region(WA)	0%	50%
Jackson Iron Ore Joint Venture (JV04)*	Australia	Management and operation of development of iron ore in four tenements in the Robinson Range region(WA)	0%	40%

During the year the Group was subject to cash calls of $2,642 (2015: $24,750) in accordance with the joint operation agreements.

*2016 interest in Joint Venture is now zero due to the Joint Venture agreement ending during the year.

Note 24 Reconciliation of loss after income tax to net cash outflow from operating activities and non-cash activities

	Consolidated	
	2016	2015
	$	$
Loss for the year before tax	(2,478,955)	(6,043,637)
Non-cash items		
Depreciation expensed	16,763	25,479
(Gain)/loss on disposal of PPE	(14,545)	1,168
Impairment of exploration assets	1,548,126	5,016,953
Employee options expense	(784)	(32,129)
Movement in deferred tax asset	-	-
Foreign Exchange	(655)	-
Items not classified as operating		
Interest income	(13,507)	(37,155)
Changes in net assets and liabilities		
(Increase) / decrease in assets:		
Trade and other receivables	(990)	11,278
Increase / (decrease) in liabilities:		
Trade and other payables	(52,208)	(128,780)
Deferred tax liability	-	-
Provisions	(19,023)	(628)
Net cash outflow from operating activities	**(1,015,778)**	**(1,187,451)**

Note 25 Earnings per share

	Consolidated	
	2016 Cents	2015 Cents
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	(1.1)	(3.5)
Loss from discontinued operation		
Total basic earnings per share attributable to the ordinary equity holders of the company	**(1.1)**	**(3.5)**
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	(1.1)	(3.5)
Loss from discontinued operation	-	-
Total diluted earnings per share attributable to the ordinary equity holders of the company	**(1.1)**	**(3.5)**

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2016	2015
Basic earnings per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
from continuing operations	(2,501,656)	(6,044,765)
	(2,501,656)	**(6,044,765)**
Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company		
used in calculating basic earnings per share	(2,501,656)	(6,044,765)
adjustments made to earnings	-	-
Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**(2,501,656)**	**(6,044,765)**

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	220,539,242	170,285,043
Adjustments for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**220,539,242**	**170,285,043**

(1) Potential ordinary shares are not treated as dilutive as to do so would reduce the loss per share for the 2016 and 2015 financial year. The weighted average number of options that were not included in the calculation was 7,540,443 (2015 – 31,427,449). (2) The Company completed a private placement on 8 July 2016 for 39,000,000 shares which would have significantly increased the amount of weighted average number of ordinary shares used to calculate EPS had these been issued at the end of the reporting period.

Note 26 Share-based payments

PepinNini Minerals Limited has an employee share option scheme. At the discretion of management options are granted over the ordinary shares of PepinNini Minerals Limited to directors and executives as part of a remuneration package offered for employment. The options so issued are for nil consideration and have variable exercise prices and maturity dates, i.e. last date to exercise the options.

Each employee share option converts into one ordinary share of PepinNini Minerals Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
		Cents	Number	Number	Number	Number	Number	Number
Consolidated and company – 2016								
8 Apr 13	1 Jun 16	4.0	2,500,000	-	-	2,500,000	-	-
8 Apr 13	1 Jun 16	6.0	2,500,000	-	-	2,500,000	-	-
8 Apr 13	1 Jun 16	12.5	1,600,000	-	-	1,600,000	-	-
10 Nov 14	9 Nov 17	3.0	500,000	-	200,000	-	300,000	300,000
10 Nov 14	9 Nov 18	6.0	500,000	-	200,000	-	300,000	300,000
10 Nov 14	9 Nov 19	10.0	500,000	-	200,000	-	300,000	-
21 Jan 16	31 Jan 19	3.0	-	100,000	-	-	100,000	100,000
21 Jan 16	31Jan 20	6.0	-	100,000	-	-	100,000	-
21 Jan 16	31 Jan 21	10.0	-	100,000	-	-	100,000	-
29 Apr 16	30 Apr 18	2.0	-	200,000	-	-	200,000	200,000
29 Apr 16	30 Apr 19	5.0	-	200,000	-	-	200,000	-
29 Apr 16	30 Apr 20	8.0	-	200,000	-	-	200,000	-
Weighted average exercise price of options			6.7c	5.4c	6.3c	6.8c	5.9c	3.8c
Consolidated and company – 2015								
8 Apr 13	1 Jun 16	4.0	2,500,000	-	-	-	2,500,000	2,500,000
8 Apr 13	1 Jun 16	6.0	2,500,000	-	-	-	2,500,000	2,500,000
8 Apr 13	1 Jun 16	12.5	1,600,000	-	-	-	1,600,000	1,600,000
1 Jan 14	1 Jan 16	5.0	2,500.000	-	-	2,500,000	-	-
1 Jan 14	1 Jul 16	6.0	2,500,000	-	-	2,500,000	-	-
1 Jan 14	1 Jan 17	7.0	2,500,000	-	-	2,500,000	-	-
10 Nov 14	9 Nov 17	3.0	-	500,000	-	-	500,000	500,000
10 Nov 14	9 Nov 18	6.0	-	500,000	-	-	500,000	-
10 Nov 14	9 Nov 19	10.0	-	500,000	-	-	500,000	-
Weighted average exercise price of vested options at end of the year			6.7c	6.3c		6.0c	6.7c	6.5c

No options were exercised during the year ended 30 June 2016.

The weighted average remaining contractual life of share options outstanding at the end of the period was 32 months (2015:17 months).

Fair value of options granted

900,000 options were granted in the 2016 financial year (2015: 1,500,000). The weighted average fair value of options granted during the year was 0.1 cents (2015: 0.6 cents). The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, and the risk free interest rate for the term of the option. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

In this calculation the risk free interest rate used was 1.52% (2015: 2.66%), the underlying share price at the time of option grant was $0.01 (2015: $0.02) and the volatility used was 79% (2015: 75%).

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2016	2015
	$	$
Options issued under employee share option plan	**(784)**	(32,129)

All of the above expenses are in respect of equity-settled transactions.

Note 27 Business and geographical segments

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 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 consisting of executive and non-executive directors.

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

	2016	2015
Non-Current operating assets	**$**	**$**
Australia	11,120,286	12,296,236
Argentina	1,538,579	1,325,006
Total	**12,658,865**	**13,621,242**

Note 28 Parent entity information

(a) Summary financial information,

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent	
	2016	2015
Statement of Financial Position	**$**	**$**
Current assets	694,068	1,672,644
Total assets	**12,718,610**	**15,217,665**
Current liabilities	(277,212)	(299,388)
Total liabilities	**(277,535)**	**(299,517)**
Shareholders' equity		
Issued capital	22,278,263	21,708,465
Reserves	457,219	405,968
Retained earnings	(10,294,407)	(7,196,285)
Total equity	**12,441,075**	**14,918,148**
Profit or loss for the year	**(3,098,122)**	**(8,873,804)**
Total comprehensive income	**(3,098,122)**	**(8,873,804)**

(b) Changes to comparative amounts

The comparative figures shown for 2015 were changed from the 2015 financial report. Current assets decreased by $1,408,976 resulting from a reclassification of receivables from current to non-current assets to match the current year treatment of those receivables. Total assets decreased, retained earnings decreased, profit or loss for the year decreased, and total comprehensive income decreased by $3,115,685, as a result of a recoverability provision made to intercompany receivables, as the carrying value of those receivables was in excess of the recoverable amount.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2016, the parent entity had nil contractual commitments for the acquisition of property, plant or equipment (30 June 2015: nil).

Note 29 Subsequent Events

The regional airborne electromagnetic surveying program under the CSIRO-Geoscience Australia-SA Department of State Development (DSD) R&D collaboration across the Central Musgrave Project commenced on the 15 August 2016.

Field exploration activities commenced on the Salta Lithium Project on 17 August 2016 with pit sampling over three salars.

A private share placement to sophisticated investors completed on 8 July 2016 with the issue of 39million shares at an issue price of 2.75c to raise $1,072,500 before costs representing 14.4% of the Company’s post placement undiluted capital and 12.59% of post placement capital on a fully diluted basis.

There has been no other matter or circumstance that has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

a) the Group’s operations in future financial years, or

b) the results of those operations in future financial years, or

c) the Group’s state of affairs in future financial years.

Directors' declaration

In accordance with a resolution of the Directors of PepinNini Minerals Limited, I state that:

1. In the opinion of the Directors:
    a. The financial statements and notes of PepinNini Minerals Limited for the financial year ended 30 June 2016 are in accordance with the Corporations Act 2001, including:
        i. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
        ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
    b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2
    c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

On behalf of the Board

Rebecca Holland-Kennedy
Managing Director
Adelaide, 15 September 2016

BDO

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PEPINNINI MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of PepinNini Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PepinNini Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of PepinNini Minerals Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of PepinNini Minerals Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO

BDO Audit (SA) Pty Ltd

Michael Haydon
Director

Adelaide, 15 September 2016

Additional securities exchange information

The shareholder information set out below was applicable as at 31 August 2016.
As at 31 August 2016 there were **309,739,774** fully paid ordinary shares **PNN** held by **1,673** individual shareholders.
All issued ordinary shares carry one vote per share.

A. Distribution of equity securities

	Number of holders	Number of shares
1 – 1,000	212	116,478
1,001 – 5,000	465	1,378,905
5,001 – 10,000	211	1,738,612
10,001 – 100,000	521	20,669,703
100,001 and over	264	285,836,076
	1,673	**309,739,774**
Holding less than a marketable parcel	1,105	6,880,519

B. Substantial shareholders

	Fully paid ordinary shares	
Ordinary shareholders	**Percentage**	**Number**
Kalinda Outlook Pty Ltd	26.53%	82,162,196
Dellta Pty Ltd	6.70%	20,749,789
Total	**33.23%**	**102,911,985**

C. Twenty largest holders of quoted equity securities

	Fully paid ordinary shares	
Ordinary shareholders	**Number**	**Percentage**
Kalinda Outlook Pty Ltd	82,162,196	26.53%
Dellta Pty Ltd	20,749,789	6.70%
Querion Pty Ltd	14,545,455	4.70%
George Holland Pty Limited	8,789,180	2.84%
Mr Luis Fernando Norman Kennedy	6,966,081	2.25%
Protos Pty Ltd	6,500,000	2.10%
Eshan Pty Ltd	5,545,455	1.79%
Mr Martin John Boyd	5,000,000	1.61%
Gardiner Super Pension Fund Pty Ltd	3,518,181	1.14%
ABN Amro Clearing Sydney Nominees Pty Ltd	3,430,118	1.11%
Sinosteel Australia Pty Ltd	3,300,000	1.07%
ACN 164 552 676 Pty Ltd	3,210,318	1.04%
Mr Robert Rehl	2,826,031	0.91%
Psz Nominees Pty Ltd	2,823,881	0.91%
Kalatana Pty Ltd	2,727,273	0.88%
National Nominees Limited	2,687,991	0.87%
M & K Korkidas Pty Ltd	2,582,274	0.83%
Mr John Henderson Manson & Mrs Karen Ann-Marie Manson	2,533,560	0.82%
Yarraandoo Pty Ltd	2,500,000	0.81%
State One Holdings Pty Ltd	2,452,090	0.79%
Total	**184,849,873**	**59.68%**

D. Top holders of unquoted securities

	Employee unquoted options	
Option Holder	**Number**	**Percentage**
Sarah Clifton-Brown	600,000	33.33%
Angus Tod	300,000	16.67%
Leanne Tuite	300,000	16.66%
Nicole Galloway Warland	600,000	33.33%
Total	**1,800,000**	**100.00%**