

# PepinNini Minerals Limited

**Report for the Quarter Ending 31<sup>st</sup> March, 2013**  
26<sup>th</sup> April, 2013



## **Norman Kennedy**

Norman Kennedy the Managing Director and Chairman of PepinNini Minerals Ltd died on 13<sup>th</sup> March 2013. Norman established PepinNini in 2004 and moved the company into a successful IPO in 2005 and joint venture with Sinosteel Corporation of China in 2007. He continued expansion of the company into a diversified mineral explorer with projects in South Australia, Queensland, Western Australia and Argentina.

The company greatly mourns his loss.

Rebecca Holland-Kennedy has assumed the position of Managing Director and Phil Clifford the position of Technical Director - Exploration Manager, Robert WeiSun continues as an Independent Non-Executive Director for the company.

### ***Highlights during the quarter***

- ◆ **Musgrave Project**, South Australia: Infill vacuum drilling has been ongoing to test soil geochemical distributions across the Alma, Cactus, and Yagen Ni-Cu Prospects. Heritage access issues have been resolved and approval has been granted for the planned ground electro-magnetic surveying activities to commence late April / early May 2013.
- ◆ **Curnamona Project**, South Australia: Drilling of 2,438 metres in the Billeroo Prospect was completed during the quarter. Initial assay results indicate coarse magnetite potential and subsequent Davis Tube Recovery (DTR) results from representative RC drill samples are highly encouraging with high iron grades up to 70.57% Fe, high mass recoveries up to 72.6%, and generally very low levels of silica, alumina, phosphorous and sulphur.
- ◆ **Queensland Project**: The Company completed the sale of six tenements in North Queensland for a total consideration of \$850,000 as part of a strategy to divest non-core assets. Three of the remaining five tenements held by PepinNini in North Queensland cover 415km<sup>2</sup> and are prospective for uranium. The Company is considering options regarding these tenements in view of the Queensland Government announcement on 22<sup>nd</sup> October 2012 lifting its uranium mining ban and subsequent recent consideration of uranium handling facilities at the port of Townsville.
- ◆ At the end of the quarter the Company held \$1.67 million in cash.



## ***Project Locations***

### ***SOUTH AUSTRALIA***

#### ***Musgrave Province Project***

Exploration activities to further examine the magmatic nickel – copper sulphide targets within the Cooperinna Block of EL4587 (100% PepinNini) have continued during the quarter. Infill vacuum drilling has been ongoing at the Yagen, Alma, and Cactus prospects with the aims of extending bedrock mapping beneath shallow cover, and to test the geochemical dispersion patterns across each of the prospect areas. Geochemical analyses of regolith samples have returned maximum values of 260ppm Ni and 350ppm Cu from the Alma Prospect and 470ppm Ni and 130ppm Cu from the Yagen Prospect.

Ground electro-magnetic (EM) survey designs have been refined and geophysical contractors are now scheduled to commence data acquisition activities in late April/early May. The ground EM surveys will be undertaken to refine, model and prioritise the V-TEM targets prior to diamond drill testing

Heritage clearance approvals have been confirmed that will now permit adequate coverage of the V-TEM target areas by the ground geophysics to enable better detection of bedrock anomalies.

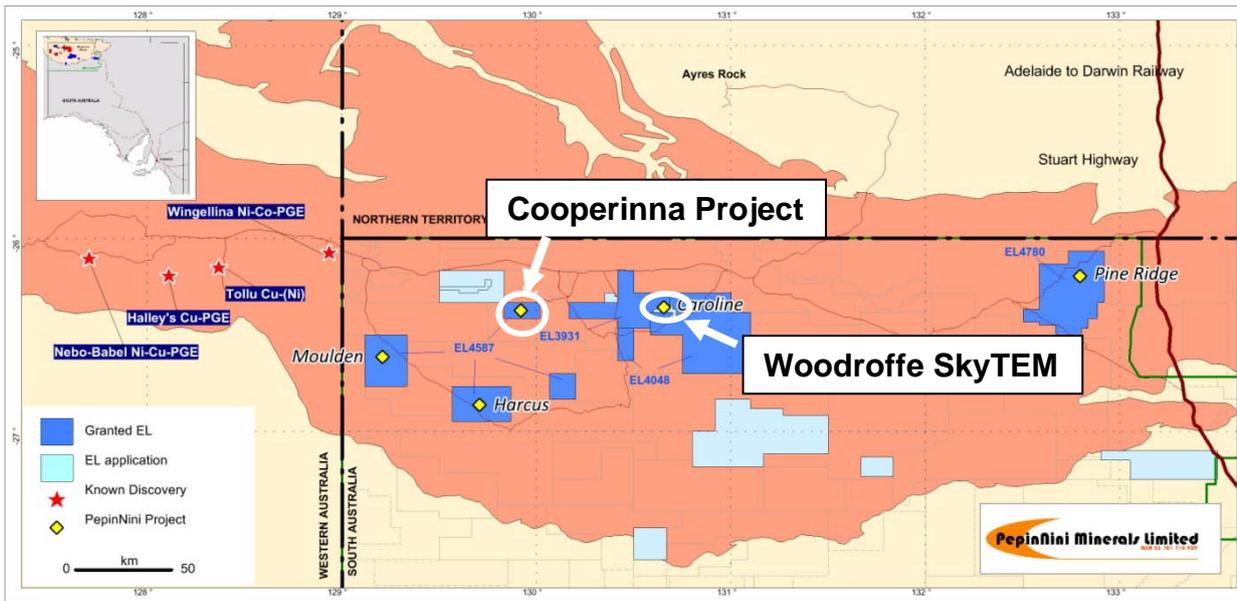
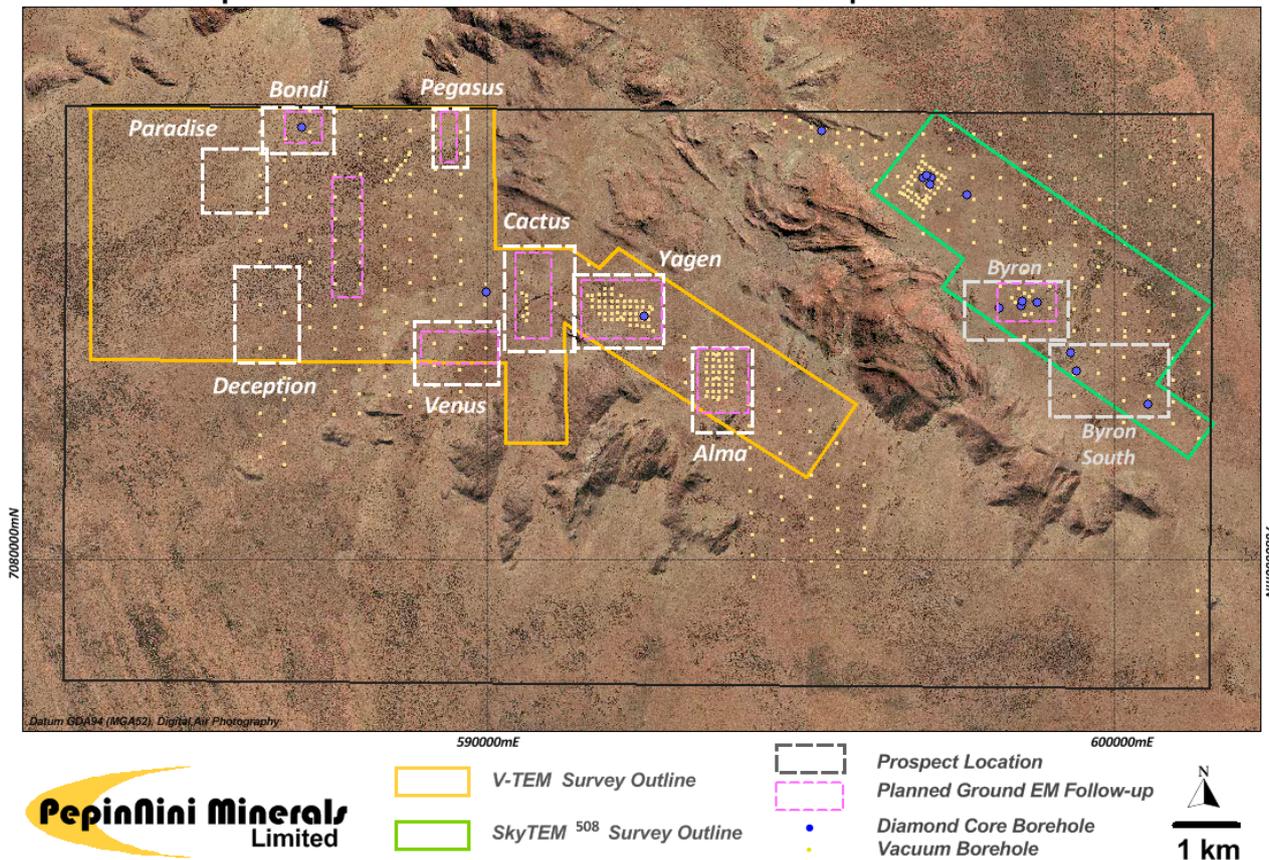


Figure 1: Tenement Location Plan

Heritage clearance has also been sought across two SkyTEM<sup>508</sup> targets located within EL5185 “Woodroffe” [previously EL3931] which is part of the Rio Tinto JV Agreement. The “Priority-1” electro-magnetic targets are located favorably with regard to the Caroline layered mafic-ultramafic intrusion and will be examined with ground electromagnetic and vacuum drilling in the near future pending suitable access approval.

**Cooperinna EL4587 : Planned Ground EM Follow-up Locations**



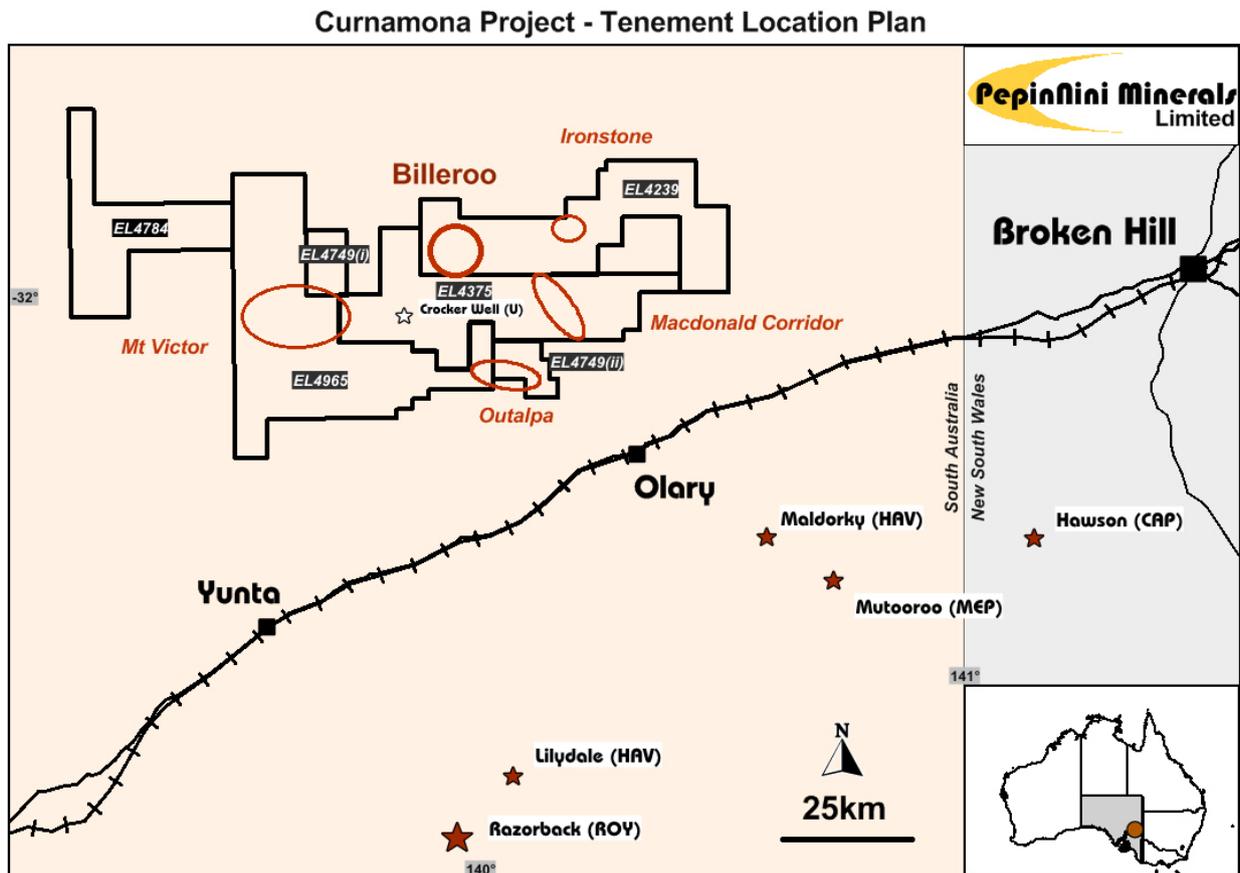
Location of ground EM follow-up planned within prospects, Cooperinna block (EL4587)

## Curnamona Province Project

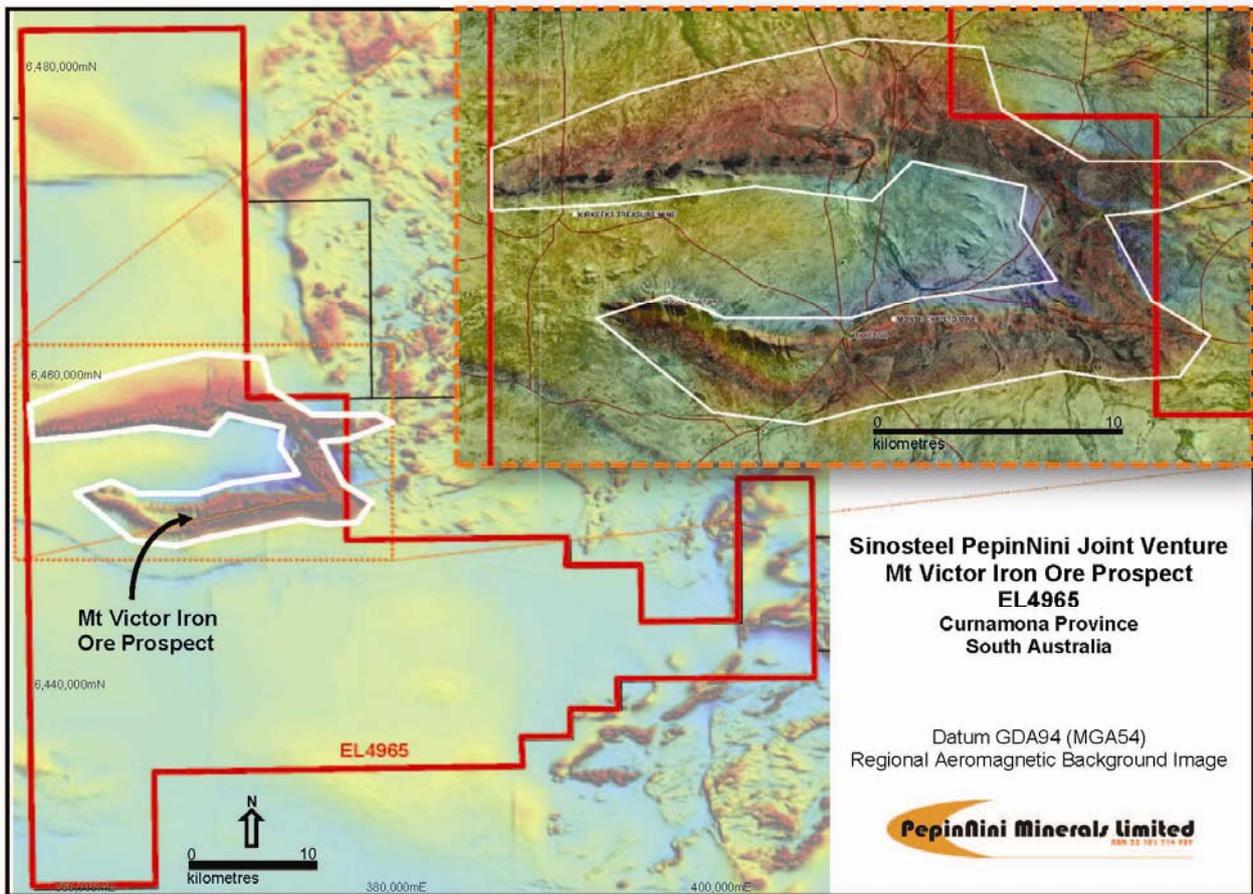
Exploration within the Curnamona Province Project area, which includes the Crocker Well Uranium Deposit, is being managed by Sinosteel PepinNini Curnamona Management Pty Ltd (SPCM) on behalf of the Joint Venture partners Sinosteel Corporation (60%) and PepinNini Minerals (40%). The Joint Venture has prioritized the investigation of the iron ore potential of the five tenements covering approximately 3,605 kms<sup>2</sup> held by the Joint Venture.

### Braemar Iron Formation

Three significant target areas have been identified within the Joint Venture tenements and have been designated as the Mt Victor Iron Ore Prospect (EL4965 Mt Victor), the Macdonald Corridor Iron Ore Prospect (EL4375 Bimbowrie) and the Outalpa Iron Ore Prospect (EL4749 Outalpa & EL4965 Mt Victor). Each of the prospects has the potential to host a very large magnetite iron ore resource which could be beneficiated to a high grade blast furnace feed product at a very competitive cost relative to other magnetite prospects currently under development consideration elsewhere in Australia.



A drilling program to assess the potential magnitude and metallurgical characteristics of the magnetite resource at the Mt Victor Iron Ore Prospect commenced mid April 2013.



## Regional DSO Iron Project

Reconnaissance surface sampling undertaken during the previous quarter within EL4239 “Kalabity” and EL4375 “Bimbowrie” had identified four prospect areas “Billeroo Prospect”, “Ironstone Prospect”, “Dome Rock Prospect” and “Plumbago Prospect” which displayed potential for DSO grade magnetite mineralisation at surface or shallow depths.

During the quarter the drilling was undertaken of 17 reverse circulation (RC) boreholes for a total 2,438 metres on the Billeroo Prospect. Initial assay results from drilling samples did not identify high grade DSO iron. However a potentially significant quantity of lower grade iron is present at the Billeroo Prospect as coarse magnetite. The drill hole locations are shown on Figure 2.

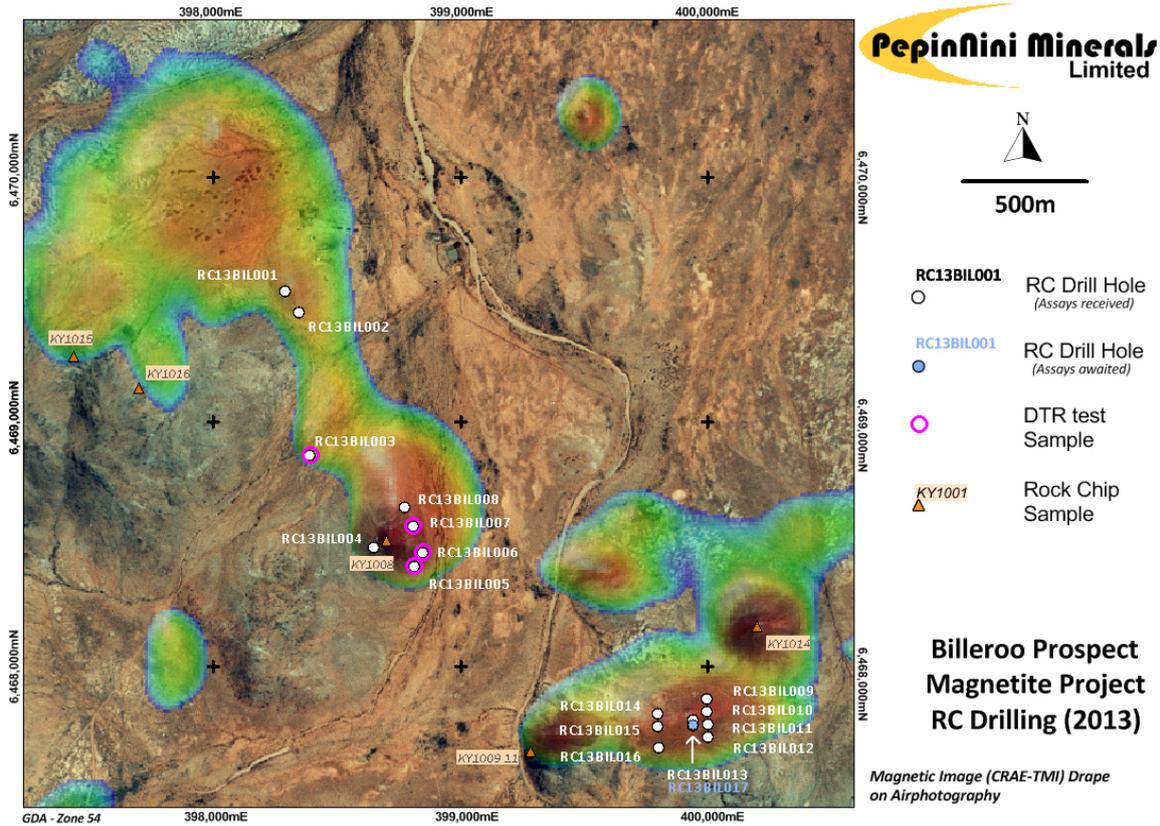


Figure 2 Location of RC Boreholes at the Billeroo Prospect, Curnamona.

Assay results have now been received for samples submitted during the quarter for geochemical analysis. The assay intervals representative of recognised coarse magnetite units are presented in Table 1.

**Table 1: Magnetite Project – Billeroo Prospect – Drilling Assay Results**

Hole_No	MGA_East	MGA_North	From (m)	To (m)	Interval (m)	Fe%	Al2O3%	S%	P%	SiO2%	TD	Dip	Az_Mag
RC13BIL001	398288	6469532	27	60	33	21.93	11.48	0.667	0.069	45.17	106	-60	262
RC13BIL002	398346	6469447	39	57	18	19.81	12.09	1.247	0.090	44.94	118	-60	262
			66	73	7	19.11	12.51	0.446	0.068	46.96			
			78	109	31	24.10	11.12	2.148	0.058	40.95			
RC13BIL003	398389	6468861	28	64	36	44.57	2.39	0.218	0.083	32.32	124	-60	80
RC13BIL004	398648	6468485	11	25	14	28.29	6.78	0.035	0.096	46.04	226	-60	50
			29	39	10	29.49	6.30	0.058	0.039	45.83			
			87	91	4	39.45	3.04	0.069	0.028	38.38			
			111	198	87	24.48	9.99	0.100	0.079	47.02			
RC13BIL005	398812	6468410	25	68	43	35.79	6.30	0.180	0.037	37.06	142	-60	230
			75	86	11	24.79	9.84	0.024	0.051	47.27			
RC13BIL006	398847	6468465	98	138	40	41.93	3.23	0.349	0.047	33.02	172	-60	230
RC13BIL007	398808	6468571	128	140	12	28.39	8.08	0.682	0.089	44.74	220	-60	230
			146	206	60	40.94	3.56	0.435	0.062	35.25			
RC13BIL008	398774	6468649	153	158	5	33.33	7.24	0.183	0.007	35.74	232	-60	230
			164	180	16	34.94	4.15	0.092	0.020	40.93			
RC13BIL009	399998	6467868			Not Assayed						94	-60	352
RC13BIL010	399997	6467815	15	31	16	38.01	3.25	0.006	0.078	38.10	82	-60	352
RC13BIL011	399999	6467766	29	50	21	30.79	7.81	0.17	0.076	41.44	166	-60	352
			117	132	15	36.01	3.71	0.05	0.083	38.53			
RC13BIL012	400000	6467713	25	39	14	28.04	9.61	0.17	0.068	40.94	142	-60	352
			52	63	11	21.53	11.15	0.06	0.082	45.59			
			113	131	18	30.42	6.21	0.12	0.075	44.59			
RC13BIL013	399940	6467760	13	31	18	37.28	4.77	0.02	0.085	37.94	142	-60	352
			101	121	20	35.70	3.88	0.01	0.084	38.79			
RC13BIL014	399800	6467809			Not Assayed						94	-60	352
RC13BIL015	399800	6467756			Not Assayed						121	-60	352
RC13BIL016	399801	6467671	28	43	15	28.55	9.00	0.66	0.069	39.43	139	-60	352
RC13BIL017*	399940	6467780	63	81	18	36.71	3.70	0.03	0.083	38.67	118	-60	352

NB  
Metre intervals are down hole depths (not true width)  
Datum GDA zone 54  
\* additional sample results awaited

Five composite RC percussion chip samples from four of the boreholes were also submitted during the quarter to ALS Global for Davis Tube Recovery (DTR) test work. The samples represent an initial trial to determine the iron concentrate recovery properties of a small number of representative magnetite intervals intersected by the drilling.

Three of the samples returned excellent mass recovery and magnetite recovery with high grade iron concentrates of between 69.31 to 70.57% Fe with very low levels of contaminants. The two remaining samples returned moderate mass recovery with high grade concentrates of between 69.57 to 70.12% Fe with generally very low contaminants. The DTR sample results are summarised in Table 2.

**Table 2: ‘Billeroo’ Prospect – Davis Tube Recovery results**

Drill Hole Details						Sample Interval			DTR Concentrate Results									
Hole_No	MGA East	MGA North	Dip	Az_Mag	Total Depth (m)	From (m)	To (m)	Interval (m)	Head Grade Fe%	Mass Recovery %	Iron Recovery %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI % 1000°C	
RC13BIL003	398389	6468861	-60	80	124	32	38	6	48.69	30.60	44.07	70.12	1.19	0.27	0.015	0.008	-1.960	
RC13BIL005	398812	6468410	-60	230	142	43	49	6	50.17	68.40	95.33	69.92	1.63	0.38	0.009	0.031	-3.150	
RC13BIL005	398812	6468410	-60	230	142	110	116	6	45.88	64.40	97.29	69.31	1.95	0.29	0.014	0.046	-3.180	
RC13BIL006	398847	6468465	-60	230	172	151	157	6	53.14	72.60	96.41	70.57	1.02	0.18	0.005	0.092	-3.220	
RC13BIL007	398808	6468571	-60	230	220	184	190	6	31.38	42.00	93.10	69.56	1.18	0.24	0.005	0.861	-3.100	

NB Sample grind @ 45  $\mu$ m (due to fine nature of original percussion chip sample)  
 Metre intervals are down hole depths (not true width)  
 Datum GDA zone 54



**Outcrop of high grade magnetite at the Ironstone Prospect - EL4239 Kalabity**

## WESTERN AUSTRALIA

### Robinson Range Iron Ore Project

The Robinson Range Project comprises seven tenements that cover approximately 700km<sup>2</sup>. PepinNini has a 50% interest in the iron ore contained within three tenements and a 40% interest in the iron ore contained within the other four tenements and manages exploration on behalf of the Joint Venture partners. PNN Area C is located within exploration tenement E51/1033 held by PepinNini Robinson Range Pty Limited (40%), Resource and Investment NL (ASX:RNI) (40%) and Fe Limited (ASX:FEL) (20%).

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

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

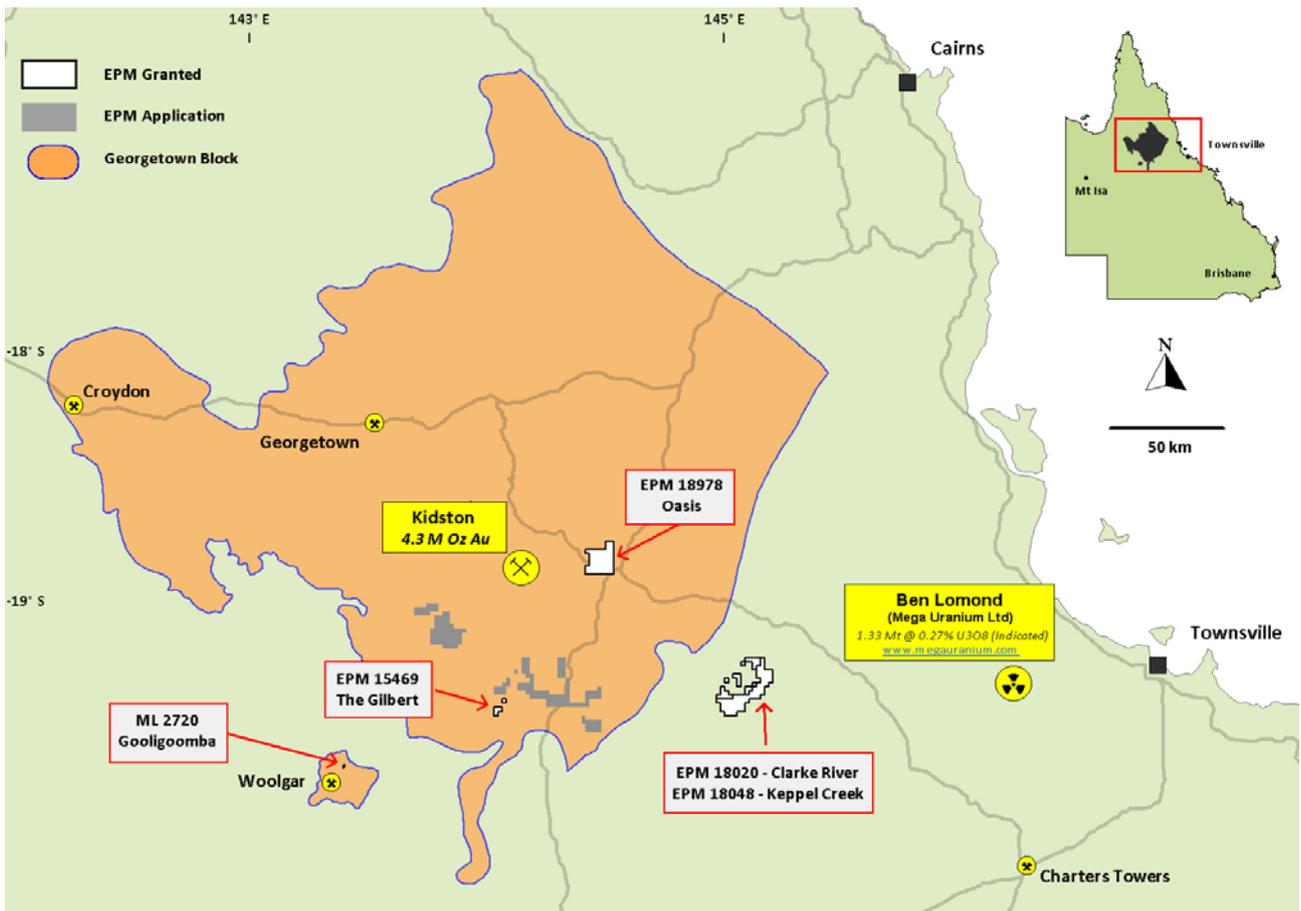
Million Tonnes	Cut Off %Fe	Density SG	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	TiO <sub>2</sub> %	LOI %
17.7	45	3.6	49.7	13.3	8.5	0.06	0.04	0.29	5.4
4.3	52	3.8	55.2	8.5	6.5	0.06	0.05	0.21	4.7

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

## NORTH QUEENSLAND

PepinNini Minerals has finalised the sale of six tenements in North Queensland as part of a strategy to divest non-core assets. The total consideration for the sale was \$850,000.

Three of the remaining five tenements the Company holds in North Queensland cover 415km<sup>2</sup> prospective for uranium. The Company is considering options regarding these tenements following the Queensland Government announcement on 22<sup>nd</sup> October 2012 lifting its uranium mining ban subsequent recent consideration by the QLD Mines Minister of uranium handling facilities at the port of Townsville.



Queensland Tenement Regional Location Plan – 26 April 2013

## **ARGENTINA**

### **Salta Project**

PepinNini have three granted cateos (exploration leases), one granted mina (mining lease) and one application for a cateo and five applications for mina covering approximately 335 kms<sup>2</sup> in the Argentine province of Salta. The Salta Project comprises two separate areas designated as Santa Ines and Chivinar. No field activities were undertaken on the project during the quarter.

Salta Province is recognised as one of the most mining friendly provinces in Argentina and is a province 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. Several significant copper-gold porphyry and epithermal silver deposits are currently being progressed by other companies to development in the area.

Significant assay results for grab samples collected from a historic mine working confirms potential for high grade copper and gold mineralization within the Santa Ines Project Area. PepinNini is progressing plans to target this area with detailed surface mapping and ground geophysical surveys to identify priority drill targets. There is no evidence of any modern exploration work having been undertaken at Santa Ines and no historical data is available.

The Santa Ines Project comprises one mina and one application for a cateo covering approximately 82 km<sup>2</sup>. This project logistically benefits by being only 5kms from the Salta-Antofagasta railway and is easily accessed using existing roads and tracks.

The Project lays within a crustal scale NW trending mega-lineament, which in Andean geology are widely recognised as being major long-lived structural corridors that are fundamental in the control of the distribution of porphyry-epithermal deposits. The "Archibarca" NW lineament extends from Cerro Galán (Argentina's largest ignimbrite caldera complex) in the southeast through to the Pacific coast of Chile.

Known mineralization along this lineament to the immediate southeast of Santa Ines includes Mansfield's Lindero Gold Porphyry project (2.2 Moz. Au) that is currently in feasibility and advanced Cu-Au exploration projects including Rio Grande, Arizario and Samenta. Situated approximately 80km to the northwest along the same lineament is BHP's giant Escondida Cu-Au porphyry (~5 billion tonnes at 1% Cu and 0.25 g/t Au) which also was deposited contemporaneously with the Santa Ines Formation event during the Late Eocene-Oligocene.



Santa Ines mina comprises a number of small artisanal diggings consisting of shallow pits and adits exploiting abundant secondary copper and specular haematite mineralisation associated with haematite-silica veining within a broader envelope of albitic alteration. Orientated to the NE this steeply dipping vein system and phyllic alteration extends across a low outcropping hill. More recent shallow pits indicate that mineralisation is evident for at least 400m across strike whereas along strike it becomes lost under thin cover at the base of a hill after a few hundred metres. Published reports by SEGEMAR (Argentine Geological Survey) describe the mineralisation at Santa Ines as being gold bearing with mineralisation present dominantly as malachite, azurite,

chrysocolla and specular haematite with minor primary mineralisation occurring as chalcopyrite and chalcocite.

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Phil Clifford BSc MAusIMM. Phil Clifford is the Technical Director of PepinNini Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Phil Clifford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

***For further information please contact:***

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

**Note:** Additional information on PepinNini Minerals Limited can be found on the website:

[www.pepinnini.com.au](http://www.pepinnini.com.au)

## Mining exploration entity quarterly report

Rule 5.3

## Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

PepinNini Minerals Limited

ABN

55 101 714 989

Quarter ended ("current quarter")

Mar 2013

## Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	84	288
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(450)	(1,612)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	33
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid/refund	418	418
1.7 Other (provide details if material)	-	7
<b>Net Operating Cash Flows</b>	<b>(171)</b>	<b>(1,558)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	250	850
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>250</b>	<b>850</b>
1.13 Total operating and investing cash flows (carried forward)	<b>79</b>	<b>(708)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	<b>79</b>	(708)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	676
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	<b>-</b>	<b>676</b>
	<b>Net increase (decrease) in cash held</b>	<b>79</b>	<b>(111)</b>
1.20	Cash at beginning of quarter/year to date	<b>1,593</b>	1,704
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>1,672</b>	<b>1,593</b>

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	<b>105</b>
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

1.	Managing Director, Administration Director and non-executive directors' Remuneration.....	\$95,959
2.	Managing Director, Administration Director and non-executive directors' Superannuation.....	\$9,041

**Non-cash financing and investing activities**

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

--

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

--

**Financing facilities available**

Add notes as necessary for an understanding of the position.

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

+ See chapter 19 for defined terms.

## Mining exploration entity quarterly report

## Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	500
4.2	Development	
4.3	Production	
4.4	Administration	200
<b>Total</b>		<b>700</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.			
	Current quarter \$A'000	Previous quarter \$A'000	
5.1	Cash on hand and at bank	858	590
5.2	Deposits at call	814	1,003
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		<b>1,672</b>	<b>1,593</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	Cateo 20.438 Argentina	Expiry( <i>pending Mina application</i> )	144 km <sup>2</sup>	0 km <sup>2</sup>
		EPM 18048 QLD	Statutory partial relinquishment	24 sub-blocks	12 sub-blocks
		E52/1613 WA	Expiry( <i>pending renewal</i> )	40%	0%
		EL4048 SA	Expiry( <i>pending subsequent EL</i> )	1,916 km <sup>2</sup>	0 km <sup>2</sup>
6.2	Interests in mining tenements acquired or increased	E52/1964 WA	Renewal granted	0%	50%
		EL4587 SA	Renewal granted	0 km <sup>2</sup>	1,607 km <sup>2</sup>
		EL4239 SA	Renewal granted	0%	40%

+ See chapter 19 for defined terms.

## Appendix 5B Mining exploration entity quarterly report

### Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	<b>115,177,993</b>	<b>115,177,993</b>	<b>N/A</b>	<b>N/A</b>
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	<b>250,000</b>	<b>0</b>	<i>Exercise price</i> <b>5.5c</b>	<i>Expiry date</i> <b>31 Dec 14</b>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Mining exploration entity quarterly report

---

### Compliance statement

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

Sign here:

Date: ...Friday 26<sup>th</sup> April 2013

Print name: Rebecca Holland-Kennedy .....

### Notes

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

== == == == ==