



Report for the Quarter Ending 30th June, 2012

30th July, 2012

Highlights

- ◆ **Musgrave Project**, South Australia: A SkyTEM⁵⁰⁸ survey has identified 14 new anomalies interpreted as potential magmatic Ni-Cu sulphide targets. Approvals have been obtained and drilling to test some of the anomalies has commenced.
- ◆ **Curnamona Project**, South Australia: Results from a drilling program completed during the previous quarter at the Macdonald Corridor Prospect confirm the potential for a very large magnetite iron ore resource which could be beneficiated to a high grade blast furnace feed product. Davis Tube Recovery (DTR) results from 5 samples submitted to determine initial optimum recovery parameters produced a sample concentrate with low impurities ($\text{SiO}_2 < 5\%$), relatively high mass recovery (average 20%) and high Fe content (average 68%).

Exploration licence application ELA928/04 Mt Victor is expected to be granted early in the next quarter. An aeromagnetic survey and extensive drilling program designed to test interpreted magnetic units of the Braemar Iron Formation at the Mt Victor Magnetite Prospect are planned to be undertaken as soon as statutory and heritage clearances are obtained.

- ◆ **Robinson Range Iron Ore Project**, Western Australia: A revised JORC Mineral Resource Estimate for the PNN Area C Prospect was announced on 6th June, 2012 .

Inferred Mineral Resource Estimate for PNN Area C – Robinson Range Project (June, 2012)

Million Tonnes	Cut Off %Fe	Density SG	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	TiO ₂ %	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

- ◆ **Salta Project**, Argentina: Potential for high grade copper-gold mineralisation confirmed by significant assay results of grab samples collected within the Santa Ines tenements.
- ◆ On the 28th June the Company announced a pro rata non-renounceable entitlement issue to raise up to approximately \$1,913,653.
- ◆ At the end of the quarter the Company held \$1.7 million in cash.



Project Locations

SOUTH AUSTRALIA

Musgrave Province Project

Three SkyTEM⁵⁰⁸ airborne electromagnetic (AEM) surveys covering approximately 1,300 line kms were completed during March, 2012. The survey areas cover the Hanging Knoll Area (Area A), the Caroline Intrusion (Area B), and the Cooperinna Block (Area C).

Processing and interpretation of the survey data during the quarter has identified 14 strong electromagnetic conductive responses. These new SkyTEM⁵⁰⁸ anomalies are interpreted as possibly representing massive magmatic Ni-Cu sulphide accumulations.

Survey Area B covers part of the Caroline Intrusion which is one of Australia's largest layered mafic-ultramafic complexes and is considered highly prospective for nickel copper sulphide mineralisation. In recent years PepinNini has undertaken vacuum and core drilling with some encouraging results within EL4048 and EL3931. These licences surround the central core of the complex now covered by PepinNini's exploration licence application ELA 367/09. Survey Area B covers portions of EL's 3931 and 4048 as well as the entire area covered by ELA367/09 where outcropping pentlandite (Ni/Cu sulphide) was discovered by DMITRE (formerly PIRSA) in 2004.

Survey Area A extends across the Hanging Knoll layered mafic-ultramafic outcrops which are covered by another of PepinNini's applications (ELA368/09) as well as part of EL 3931.

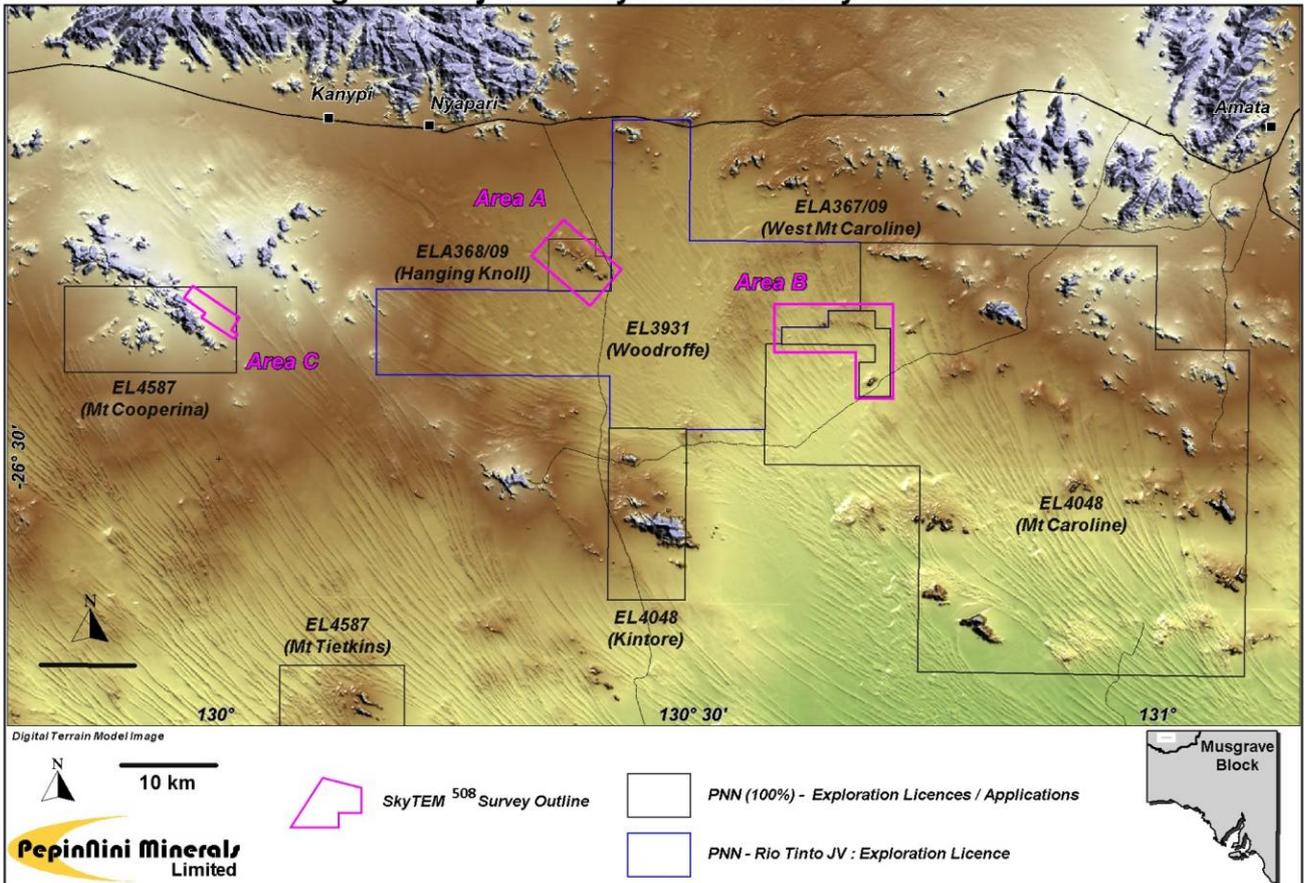
Survey Area C covers a portion of the Cooperinna Block of EL 4587. A majority of the newly identified conductive features, including seven priority 1 anomalies, are located within the SkyTEM⁵⁰⁸ data acquired from the north eastern part of this block. PepinNini’s field camp and drilling rig is currently located at Cooperinna and investigation of the targets by drilling has commenced.

Statutory approvals and heritage clearances have been obtained for up to 14 boreholes to be drilled to test 9 anomalies over 3 separate areas. Initially six boreholes will be drilled to depths of between 100 metres and 250 metres. Additional holes will be drilled depending on encouraging results being obtained from the initial six boreholes.

Drilling operations will be undertaken by PepinNini drilling personnel using the Company owned drilling rig.

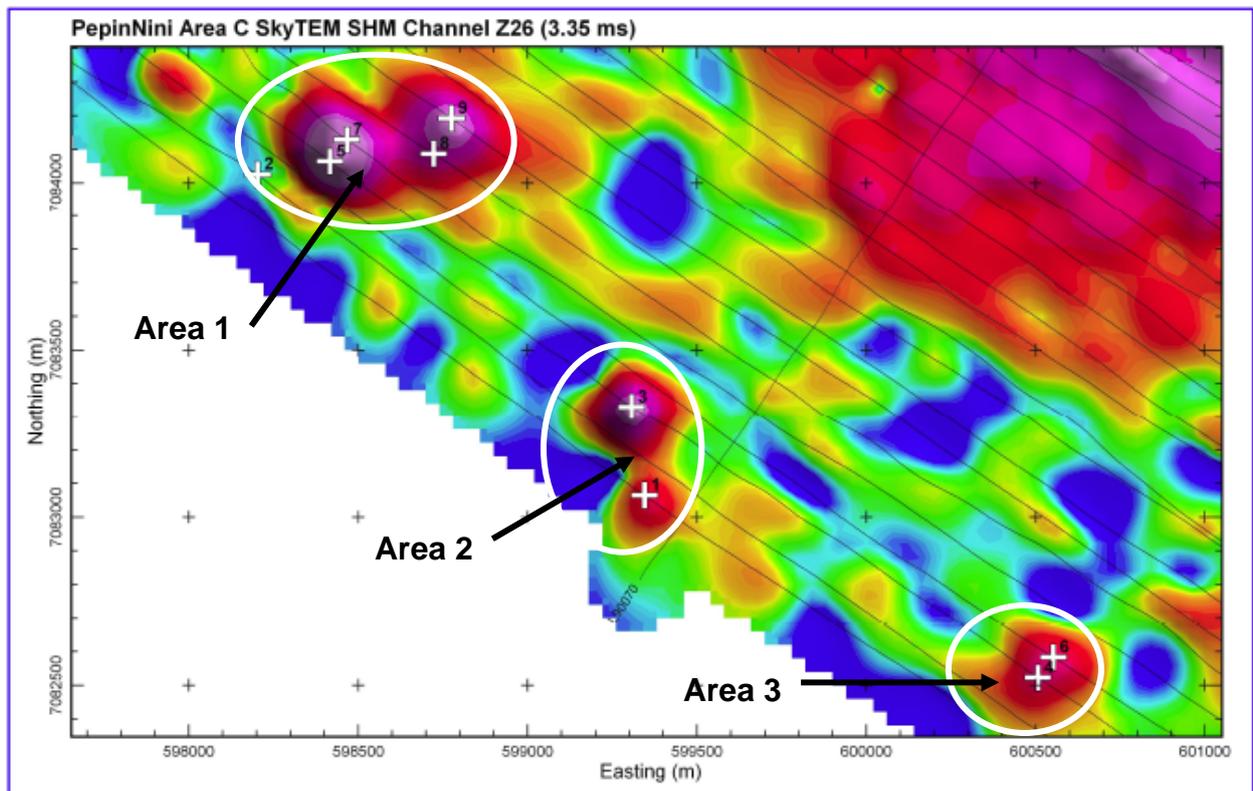
The drilling program forms part of PepinNini’s Musgrave Project which is targeting nickel-copper sulphide mineralisation and base metal mineralisation in the Musgrave Province of South Australia. PepinNini has four granted exploration licences (EL3931, EL4048, EL4587, EL4780) covering ~5,669 km² and six exploration licence applications (ELA118/96, ELA185/96, ELA278/82, ELA491/94, ELA367/09, ELA368/09) covering ~3,932 km². PepinNini subsidiary NiCul Minerals Limited is earning a 51% interest in EL3931 and ELA278/82 and ELA491/94 under a Farm-in and Joint Venture Agreement with Rio Tinto Ltd subsidiary Rio Tinto Exploration Pty Limited.

Musgrave Project - SkyTEM⁵⁰⁸ Survey Areas





SkyTEM⁵⁰⁸ system over PepinNini field camp – Musgrave Province South Australia



Bedrock conductor anomalies Area C - Cooperinna Block

Curnamona Province Project

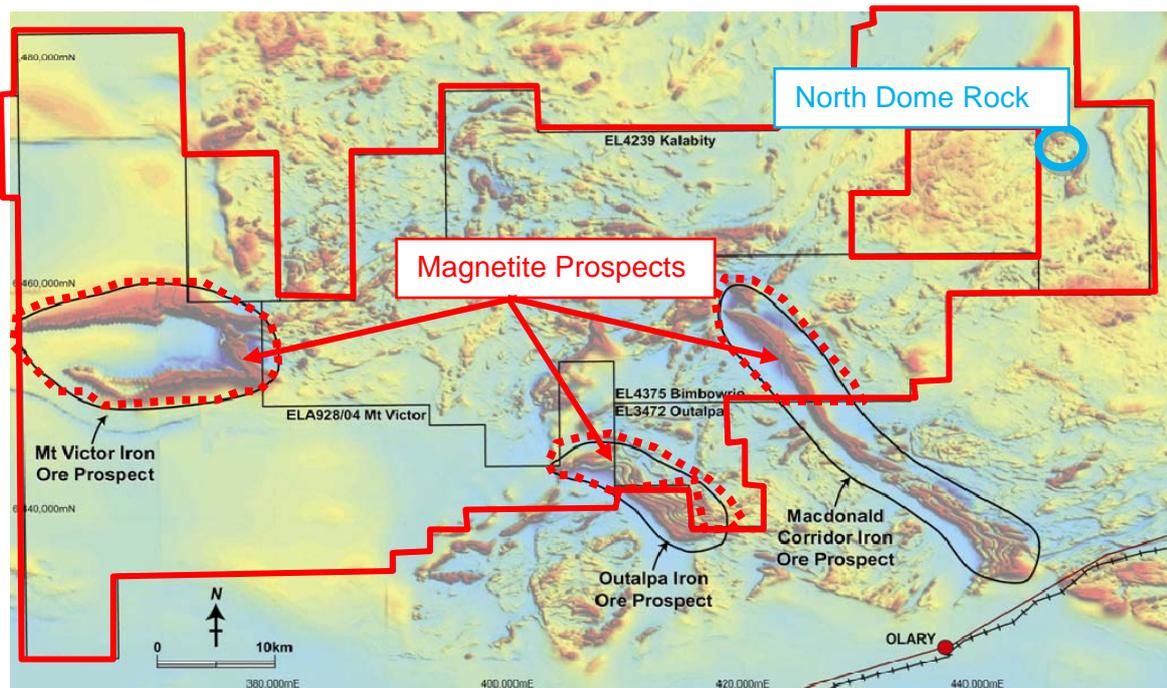
Exploration within the Curnamona Province Project area, which includes the Crocker Well Uranium Deposit, is being managed by Sinosteel PepinNini Curnamona Management Pty Ltd (SPCM) on behalf of the Joint Venture partners Sinosteel Corporation (60%) and PepinNini Minerals (40%). The Joint Venture has prioritized the investigation of the iron ore potential of the Braemar Iron Formation.

Braemar Iron Formation

Three priority target areas have been identified within the Joint Venture tenements and have been designated as the Mt Victor Iron Ore Prospect (ELA928/04 Mt Victor), the Macdonald Corridor Iron Ore Prospect (EL4375 Bimbowrie) and the Outalpa Iron Ore Prospect (EL3472 Outalpa & ELA928/04 Mt Victor). Each of the prospects identified 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.

Results from a drilling program of 10 RC boreholes completed during the previous quarter at the Macdonald Corridor Prospect confirm the potential for a very large magnetite iron ore resource which could be beneficiated to a high grade blast furnace feed product. Davis Tube Recovery (DTR) results from 5 samples submitted to determine initial optimum recovery parameters produced a sample concentrate with low impurities ($\text{SiO}_2 < 5\%$), relatively high mass recovery (average 20%, min 15.72%, max 26.9%) and high Fe content (average 68%, min 66.1% Fe, max 69.9%Fe).

Exploration licence application ELA928/04 Mt Victor is expected to be granted early in the next quarter. An aeromagnetic survey and extensive drilling program designed to test interpreted magnetic units of the Braemar Iron Formation at the Mt Victor Prospect are planned to be undertaken as soon as statutory and heritage clearances are obtained.



Major Iron Prospects identified within Joint Venture tenements.

Backdrop image is regional aeromagnetics

Regional Drilling Project

A drilling program of 1,954 metres in 13 reverse circulation (RC) boreholes has been completed during July, 2012 at the North Dome Rock Prospect located within EL 4239. The drilling was designed to investigate an under-explored Cu-Co±Au±U anomaly identified approximately 1 km north of the historic Dome Rock copper mine. Samples collected during the program have been delivered to the laboratory of ALS Global in Adelaide for analysis.

The copper deposits in the Dome Rock area are considered to be epigenetic and are related to granite occurrences outcropping to the west of the mine area. Copper mineralization occurs within or on the margins of a brecciated and silicified slate and has been exploited by three main shafts.

Historic production recorded from the Dome Rock Mine prior to closure in 1940 was 630 tonnes at a grade of 20% copper. The dumps adjacent to one of the historic shafts have been exploited since the mine closure but production figures are not available.



Drilling at the North Dome Rock Prospect EL4239 – July, 2012

WESTERN AUSTRALIA

Robinson Range Iron Ore Project

Results were received for all remaining drill samples collected during the previous quarter at the Robinson Range Project located in the Midwest region of WA. Encouraging Hematite, Hematite-Goethite iron enrichment continues to be intersected across PNN Area C. Highlights include;

- ◆ 24 metres @ 64.2% Fe from surface and 15 metres @ 60.7% Fe from a depth of 56 metres in borehole RC12RR082,
- ◆ 57 metres @ 56% Fe in borehole RC12RR075 from a depth of 3 metres, (intersection includes an interval of 33 metres @ 61.8% Fe from 25 metres),
- ◆ 27 metres @ 58.6% Fe from a depth of 7 metres in borehole RC12RR076,
- ◆ 39 metres @ 58.7% Fe in borehole RC12RR077 from a depth of 27 metres, (intersection includes an interval of 30 metres @ 60.8% Fe from 29 metres),

- ◆ 23 metres @ 55% Fe in borehole RC12RR078 from a depth of 45 metres, (intersection includes an interval of 12 metres @ 61.3% Fe from 46 metres),
- ◆ 2 metres @ 55.1% Fe from a depth of 4 metres, 14 metres @ 55.4% Fe from a depth of 10 metres and 38 metres @ 55% Fe from a depth of 28 metres in borehole RC12RR068 (intersection includes an interval of 20 metres @ 60.2% Fe from a depth of 36 metres).

Independent technical specialists, H&S Consultants Pty Ltd, were commissioned to undertake a resource estimation update of PNN Area C mineralization and a revised Mineral Resource Estimate reported to JORC standards was announced on 6th June, 2012 as follows;

**Inferred Mineral Resource Estimate for PNN Area C – Robinson Range Project
(June, 2012)**

Million Tonnes	Cut Off %Fe	Density SG	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	TiO ₂ %	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

Data utilised for the resource estimation was derived from 1,115 assays from 39 shallow vertical RC drill holes including 18 drill holes drilled in 2012 which were not included in the previous resource estimate conducted in December 2011. Reported estimates are horizontally limited to within 100m of drilling and vertically limited to an elevation of 480m which equates to a depth of approximately 70m below surface.

The Robinson Range Project comprises seven tenements that cover approximately 700km². PepinNini has a 50% interest in the iron ore contained within three tenements and a 40% interest in the iron ore contained within the other four tenements and manages exploration on behalf of the Joint Venture partners. 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%).

NORTH QUEENSLAND

The North Queensland Project comprises 12 tenements covering approximately 761 km² prospective for high grade gold and silver, copper, base metals and uranium. No field exploration activities were undertaken during the quarter on the North Queensland Project.

The Company is currently reviewing all previous exploration data to identify priority targets for follow-up exploration. The potential economic significance of the encouraging high grade gold, silver and copper intersected in previous drilling conducted by the Company at the Forsayth and Percyville Projects is being assessed for further investigation

ARGENTINA

Salta Project

PepinNini have four granted cateos (exploration leases), one granted mina (mining lease) and applications for a cateo and a mina covering approximately 300 kms² in the Argentine province of Salta. The Salta Project comprises two separate areas designated as Santa Ines and Chivinar.

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 during the quarter from a historic mine working confirms potential for high grade copper and gold mineralization within the Santa Ines Project Area. PepinNini 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.

Four grab samples were collected from around the opening of the Santa Ines Mine during April and assayed by ALS Global laboratory in Adelaide. Assay results are tabulated below:

Sample	Cu%	Fe%	Au g/t	Ag g/t
1	21.7	26.4	0.91	34.9
2	13.7	23.7	0.17	17.5
3	10.6	10.8	0.12	1.6
4	1.7	8.0	-	3.4

The Santa Ines Project comprises one mina and one application for a cateo covering approximately 82 km². 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 Norman Kennedy BSc MAusIMM. Norman Kennedy is the Chairman and Managing Director of PepinNini Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Norman Kennedy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information please contact:

Mr Norman Kennedy
Chairman and 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

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")

June 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	288	669
1.2 Payments for (a) exploration & evaluation	(603)	(2,642)
(b) development		
(c) production		
(d) administration	(352)	(1,226)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	25	188
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	25	101
Net Operating Cash Flows	(617)	(2,910)
Cash flows related to investing activities		
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		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(617)	(2,910)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(617)	(2,910)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
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)		
Net financing cash flows			
Net increase (decrease) in cash held		(617)	(2,910)
1.20	Cash at beginning of quarter/year to date	2,321	4,614
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,704	1,704

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	115
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.....	\$105,958
2.	Managing Director, Administration Director and non-executive directors' Superannuation.....	\$9,039

Non-cash financing and investing activities

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

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

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Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

+ See chapter 19 for defined terms.

		\$A'000
4.1	Exploration and evaluation	600
4.2	Development	
4.3	Production	
4.4	Administration	150
Total		750

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	821
5.2	Deposits at call	1,500
5.3	Bank overdraft	
5.4	Other (provide details)	
Total: cash at end of quarter (item 1.22)		2,321

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL	N/A	N/A
6.2	Interests in mining tenements acquired or increased	EPM 17918,QLD	0	23 sub blocks

+ 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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	89,702,499	89,702,499	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

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



Sign here: Date: ...Monday 30th July 2012..
(Director/Company secretary)

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.

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+ See chapter 19 for defined terms.