

Pepinini

Lithium Limited

A diversified Australian Mineral Exploration Company

2018

ANNUAL REPORT

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Dear Shareholder,

This last year has seen a name change to PepinNini Lithium Limited and accelerated exploration in Argentina on our Lithium Brine Project. We have investigated ground using geophysical surveys and cored drilling at five projects and from the five projects we have defined reliable JORC 2012 compliant lithium carbonate (LCE) resources on two totalling half a million tonnes of which 78% is contained within the Measured and Indicated categories.

The Company negotiated a tenement swap with Canadian company Lithium S (TSX-V:LSC) for prime tenure on Incahuasi Salar. PepinNini is now one of only three holders on the salar. A drilling permit has been granted so that drilling may commence Q4 2018. The other transaction with Lithium S is an exploration option for a tenement on Salar de Pular in which the Company has now defined a Resource.

During this year Lithium has continued as an in-demand commodity with Global Lithium Carbonate Equivalent [LCE] contract prices increasing to around US\$16,000/tonne, which is up about 20% on 2017 prices. Major Lithium producer SQM reported that its average LCE contract price in Q1 2018 was US\$16,400/MT. China Lithium Spot prices were reported at USD 20,000/tonne in July this year.

The Musgrave Project now held under wholly owned subsidiary NiCul Minerals Ltd (NiCul) has been a corner stone project for PepinNini for some time but has been less so during the past year. The targets defined during the airborne electromagnetic survey which was a collaboration with CSIRO, the South Australian Government, Geoscience Australia and PepinNini in 2016 continue to be a focus for testing with the potential for exploration discovery of the target minerals; Nickel, Copper and Cobalt. Also in the Musgrave province the renegotiated Farm-in Joint Venture with Rio Tinto was signed this year and NiCul's efforts have been toward negotiating exploration licence granting with the traditional owners the Anangu Pitjantjatjara Yankunytjatjara.

PepinNini prioritised the Argentine Lithium Brine project this year and chose to surrender some prospects in Australia. The Mozart Project in WA was surrendered and either joint venture or divestment of the Toondulya Bluff project in SA has been sought.

Fundraising has been necessary this year to progress exploration and for that I would like to thank shareholders for the ongoing support. A total of \$2.6m was raised in the year and directed to the maximum possible to exploration.

This year saw the resignation for personal reasons of non-executive Director Robert Wei-Sun and the change from executive to non-executive Director status for Phil Clifford and I wish to thank both Directors for their loyalty and commitment to the Company during their tenure.

The Company has continued to maintain community involvement in all project areas and this is also the case in Argentina where it is important to explore and interact with the communities in a responsible and respectful manner.

On behalf of the Directors of PepinNini I would like to thank management and all PepinNini staff for their support, dedication and assistance during the year. I also extend our thanks to all our shareholders for their continued support and loyalty during the past year. We look forward to a rewarding year ahead in 2019 and bringing the Lithium Brine project a step closer to production.



Rebecca Holland-Kennedy

Chairman and Managing Director
PepinNini Lithium Limited

**“WE HAVE DEFINED RELIABLE
JORC 2012 COMPLIANT
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2018 HIGHLIGHTS

1. NAME CHANGE TO PEPINNINI LITHIUM LIMITED TO REFLECT FOCUS ON LITHIUM BRINE PROJECT IN ARGENTINA.
2. JORC 2012 COMPLIANT RESOURCES ANNOUNCED ON RINCON AND PULAR PROJECTS TOTALLING OVER HALF A MILLION TONNES LITHIUM CARBONATE (LCE) WITH 78% IN THE MEASURED AND INDICATED CATEGORIES.
3. SHARE PRICE ELEVATION DURING THE YEAR TO SIX TIMES FY OPENING PRICE.
4. LITHIUM BRINE TENURE IN ARGENTINA CONSOLIDATED TO 11 MINING LEASES OVER 23,796 HA OR 238KM².
5. NEGOTIATED TENEMENT SWAP WITH CANADIAN COMPANY LITHIUM S (TSX-V: LSC) TO GAIN TENURE IN MUCH SOUGHT AFTER INCAHUASI SALAR.
6. SECOND TRANSACTION WITH LSC FOR AN EXPLORATION OPTION ON TENURE ON SALAR DE PULAR TO SECURE FOR PEPINNINI 100% OF THE SALAR IN ARGENTINA ON WHICH THE COMPANY HAS NOW DEFINED A JORC 2012 COMPLIANT RESOURCE.
7. SUCCESSFULLY COMPLETED FUND RAISINGS FOR A TOTAL OF \$2.6M



INTRODUCTION

This year the Company changed name to PepinNini Lithium Limited (PepinNini) to reflect the focus on our Lithium Brine project in Salta Province of north west Argentina. Also, in Salta Province, PepinNini hold a Copper-Gold project at Santa Ines. In Australia as NiCuL Minerals Ltd (NiCuL) the Company hold the Musgrave project with targets of Nickel, Copper and Cobalt. This diversified portfolio gives PepinNini commodity depth to allow for the commodity cycle and projects with potential for development yet allows the Company to focus on a single project at a time.

During the past year the Company has continued to focus and prioritise its Lithium Brine exposure in Argentina within the South American Lithium Triangle. Tenure held during the year has been tested and consolidated from seven to five designated projects and Lithium Carbonate Equivalent (LCE) JORC 2012 Resources have been stated for the Rincon and Pular Projects.



Also during the year two tenement transactions were completed with Lithium S (TSX-V:LSC) which resulted in PepinNini swapping tenure from the Salinas Grandes Project to create the Incahuasi Project and taking up a purchase option over tenure of the Pular project to give the Company 100% of this Salar in Argentina. PepinNini SA (Argentine entity) reduced tenure during the year, that targeted epithermal systems and

breccia-complexes associated with the Andean volcanic belt in Salta but retained four highly prospective leases of the Santa Ines Project targeting copper-gold porphyries in the same zone.

In Australia, NiCuL is earning an interest in 615 km² in the South Australian portion of the Musgrave Province and holds 100% of two granted exploration licences of 3,525 km² and 8 exploration licence applications over 10,478 km².

The Company's primary business objectives are to:

- Progress a lithium brine project to Lithium Carbonate (LCE) production
- Define, quantify and develop the mineral potential of exploration interests held by the Company; and
- Conduct exploration and corporate activities in a responsible and professional manner in accordance with industry standards whilst observing statutory requirements;
- Establish and maintain equitable and respectful relationships with the traditional owners and community members of tenement areas held by the Company.
- Reward shareholders

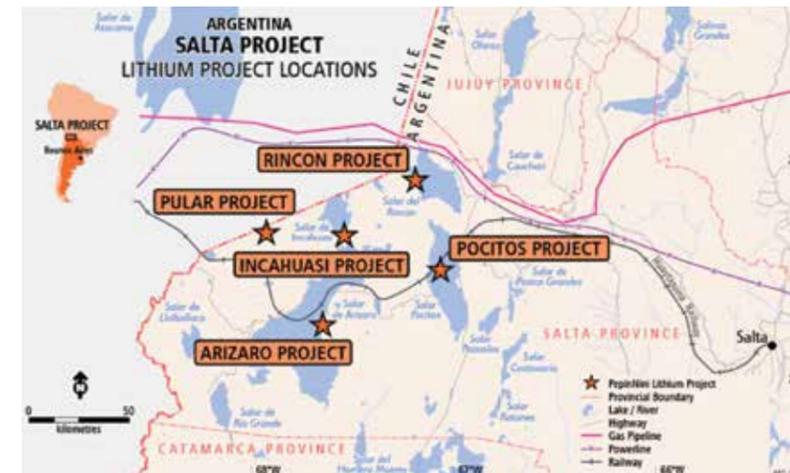


Figure 2: Salta Lithium Brine Project – Salta Province, Argentina



Figure 3: Santa Ines Copper Gold Project, Salta Province, Argentina

During the year the Company's exploration activities were focussed on:

The Lithium Brine Project in Argentina.

Within Australia the company holds two projects:

- (a) Musgrave Province Project (Nickel-Copper-Cobalt and Platinum Group Elements)
- (b) Toondulya Project, Gawler Craton (Gold-Silver)

The Company is committed to building a strong social and environmental licence with the communities and traditional owners of its projects both in Australia and Argentina.

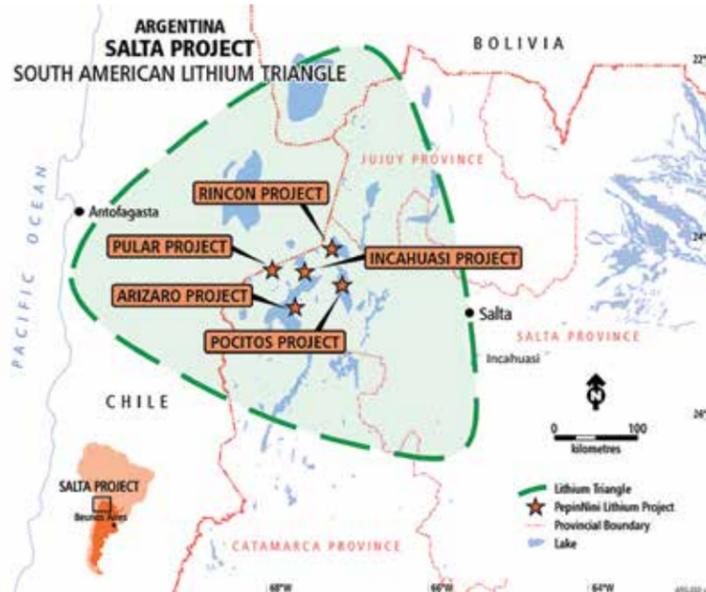


Figure 1: PepinNini Projects in the South American Lithium Triangle



Photo 1: Anangu Pitjantjatjara Yankunytjatjara Community Engagement presentation



Photo 2: Olacapató, Salta Province, Community Engagement

ARGENTINA

PepinNini subsidiary PepinNini SA hold five projects (Figure 2) in Salta Province, Argentina. The overall Project area is within the South American Lithium triangle of Argentina, Bolivia and Chile. This is an elevated area of the Andes Mountains in which evaporation rate is high, precipitation low and which is geothermally active. These three factors combine to concentrate and enrich lithium as lithium salt in the elevated dry salt lakes (salares) of this Puna region of the Lithium triangle.

Lithium, which is the lightest of the metals, is highly reactive and occurs in most rocks around

the world however this unique combination of natural elements gives rise to the deposits found. Lithium carbonate is produced from the lithium salt bearing brines as this compound is more stable and able to be safely transported. There are a number of companies in production in the Triangle on Atacama Salar in Chile, on Olaroz Salar and Salar del Hombre Muerto in Argentina. The production process (Figure 4) involves evaporation of the brine which is pumped from beneath the surface of the salar and concentrated on the salar then processed in a plant designed for the geochemistry of the deposit.

The cost of this processing is relatively low at around US\$2,500 to US\$4,000 per tonne of LCE which is then able to be sold at the prices in Figure 4 below of up to US\$25,000 per tonne.

Lithium consumption data from 2000 to 2017 (Figure 6) show the increased demand up to 11% per annum. The demand for Lithium is predicted to increase seven fold from 2015 to 2030 due to the increased use of electric vehicles and shift away from fossil fuel powered automobiles according to Sanford C Bernstein Ltd (www.bernsteinresearch.com).

The Company drilled 9 boreholes with a total of 2,417metres. Drilling programs were designed and planned using data from geophysical resistivity surveys called Vertical Electrical Soundings (VES) which had been completed during the previous year. The geophysical VES survey measures the resistivity of the salar sediments with the least resistive layers indicating a conductive layer interpreted as an aquifer layer. Aquifer layers in the salars generally contain lithium bearing brines of varying grades within the Lithium Triangle. From the surveys, cross sections are generated which provide information to locate boreholes for drill testing of the aquifers.

Two boreholes were drilled on Salar del Rincon. Borehole PNN-VI-DW-01 was drilled to 80 metres and intersected two aquifers, one in the near-surface of fractured halite, and a lower black sand-hosted aquifer. The borehole intersected three distinct rock type sequences. From 1m to 24.8m drilling intersected caliche (calcrete), sand, silt, clay and porous halite (rock salt) and from 26m to 69.5m black sands were intersected from 69.5m to the base of the borehole (80m) fractured basement rocks (basalt) were intersected from which brine was also sampled.

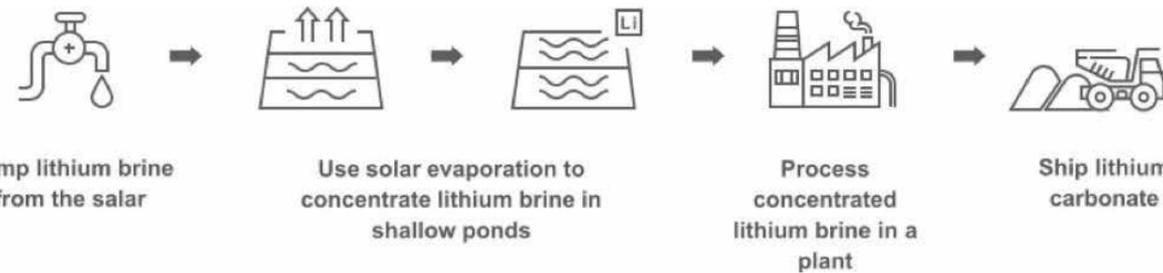


Figure 4: Lithium Carbonate (LCE) Production Steps

The Lithium Industry's Reference Price

Lithium Carbonate Prices Assessed by Benchmark Mineral Intelligence

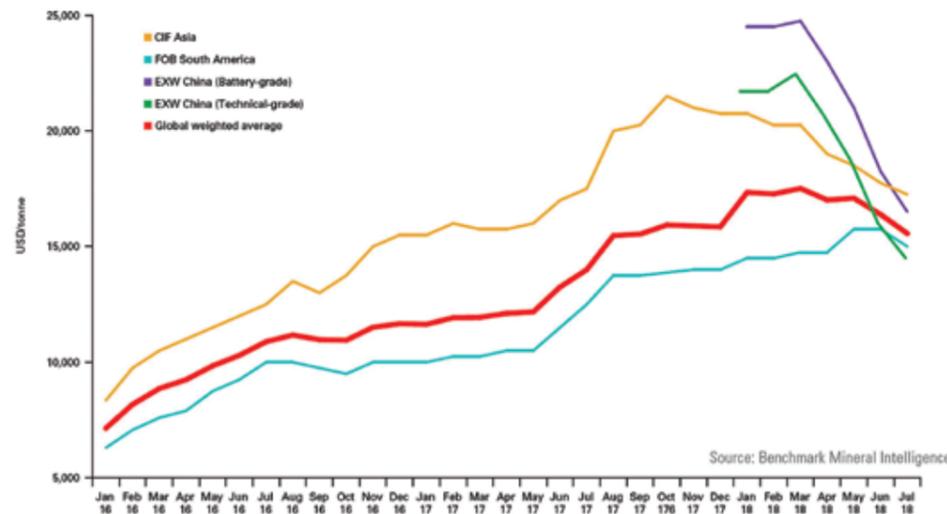


Figure 5: LCE Prices

Consumption growth may exceed 11%py, even in the base-case scenario, as demand from 3C, EV and off-grid battery markets increase

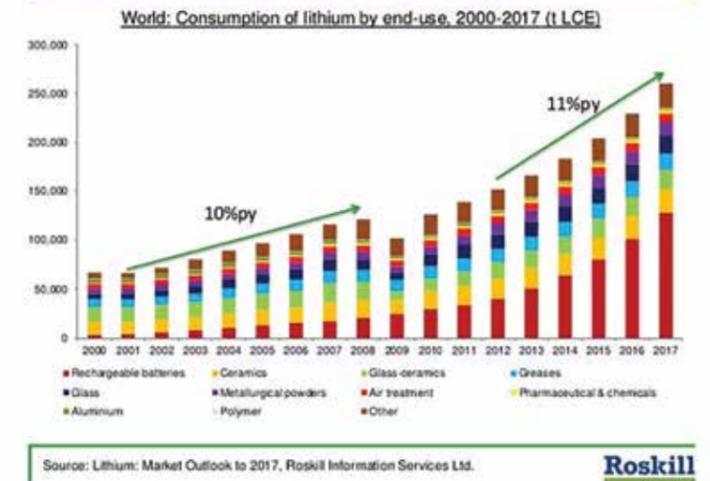


Figure 6: World Consumption of Lithium 2000-2017

PepinNini's Salta based exploration team (Photo 3a) carried out cored drilling programs on the following project areas:

1. Salar de Pular
2. Pocitos Salar
3. Cauchari Salar
4. Salar del Rincon



Photo 3a: PepinNini Salta Based Exploration team logging drill core Rincon



Photo 3: Drilling Salar del Rincon

Borehole PNN-VI-DW-02 was drilled to 130m and intersected two primary aquifers in two distinct rock type sequences. The shallowest is the near-surface fractured halite and a lower black sand-hosted aquifer which was open at depth as the hole terminated in this lithology. From 1m to 23.5m drilling intersected mixed sand and halite (rock salt) with high secondary porosity. Below that, separated by 5 meters of clay sediments, is a uniform, poorly consolidated, highly porous black sand unit from 31m to the base of the hole at 130m. Both boreholes were open at depth so still within the aquifer. Core from these boreholes was used to recalibrate the VES geophysical survey and derive a greater resource than the original survey had indicated. Figures 7 and 8 demonstrate the improved VES interpretation and increased thickness of aquifer (from 25 to 160m) based on core investigations.

Down-hole aquifer fluids were collected using 'double-packer' techniques to ensure that sampled depths were accurate (Photo 4).

Sampling activities from the nine boreholes produced one hundred fifty three (153) samples for chemical analysis including some forty seven control samples (Photo 5). A chain of custody was established for the samples from the field collection to the laboratory receipt to ensure quality control. Laboratories used for analysis were certified for brine analysis.

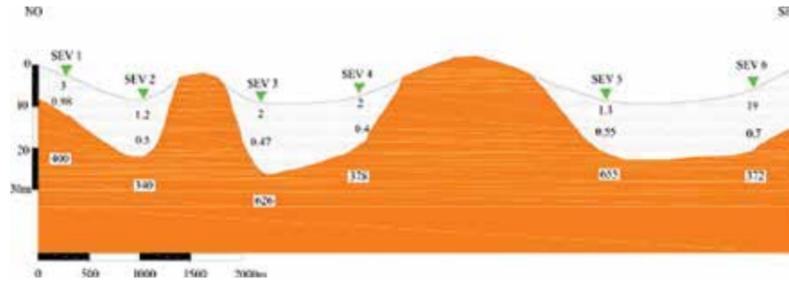


Figure 7: VES Survey Cross Section Rincon Salar – August 2017

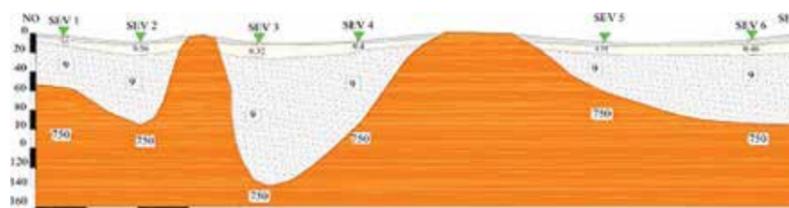


Figure 8: VES Profile Re-interpretation June 2018 – Rincon Salar



Photo 4: Packer Sampling of Brine from boreholes



Photo 5: Brine Samples from Salar del Rincon boreholes



Photo 6 Observation Well conversion Rincon



Photo 7: Core samples for Porosity testing



Photo 8: Rehabilitated borehole site



Photo 9: Drilling and sampling Salar de Pular

Where possible boreholes were converted into observation wells (piezometer) for on-going brine monitoring and sampling work (Photo 6).

Core samples were sent to a laboratory in the US for porosity analysis (Photo 7). Results from both Rincon and Pular projects indicate good porosity values. Rincon values ranged from 2% to 30% and Pular from 2% to 25%.

All boreholes sites were rehabilitated after drilling (Photo 8).

Four boreholes were drilled on Salar de Pular. This salar is isolated and straddles the border with Chile consequently considerable drill site preparation was required. A roadway to the salar was graded and elevated drilling platforms constructed on the salar as the brine level was very close to the surface (Photo 9).

TABLE 1 - PULAR PROJECT BRINE RESOURCE STATEMENT

RESOURCE CATEGORY	BRINE VOLUME (M³)	AVG. Li (mg/L)	IN SITU Li (TONNES)	Li ₂ CO ₃ Equivalent (tonnes) LCE	AVG. K (mg/L)	IN SITU K (TONNES)	KCI EQUIVALENT (TONNES)
MEASURED	8.1 x 10 ⁸	85	68,700	36,000	4,480	3,620,000	6,904,000
INFERRED	2.7 x 10 ⁸	77	21,200	113,000	4,280	1,178,000	2,246,000

No cut-off grade was applied. The reader is cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability

TABLE 2 - RINCON PROJECT BRINE RESOURCE STATEMENT

RESOURCE CATEGORY	BRINE VOLUME (M³)	AVG. Li (mg/L)	IN SITU Li (TONNES)	Li ₂ CO ₃ Equivalent (tonnes) LCE	AVG. K (mg/L)	IN SITU K (TONNES)	KCI EQUIVALENT (TONNES)
MEASURED	2.7 x 10 ⁷	252	7,000	36,000	6,040	161,000	307,000
INDICATED	1.9 x 10 ⁷	233	5,000	24,000	5,512	109,000	208,000
M+I	4.6 x 10 ⁷	244	12,000	60,000	5,815	270,000	515,000
INFERRED	3.7 x 10 ⁶	288	1,000	6,000	7,001	26,000	49,000

No cutoff grade was applied; lowest grade brine observed was 197 mg/L. The reader is cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.

TABLE 3 - LABORATORY RESULTS AND DUPLICATE VALUES - RINCON RESOURCE

SAMPLE NUMBERS (ORIGINAL AND DUPLICATE)	Li (mg/L) ¹		Mg (mg/L)		SO ₄ (mg/L)		K (mg/L)	
	ORIGINAL	DUPLICATE	ORIGINAL	DUPLICATE	ORIGINAL	DUPLICATE	ORIGINAL	DUPLICATE
PNN-VU-DW-01								
1745 - 0013/0014	199	197	2,660	2,640	11,441	11,493	4,600	4,560
1745 - 0004/0005	258	210	2,540	2,530	14,798	14,926	4,810	4,790
1745 - 0003/0007	258	264	2,590	2,660	23,664	23,295	6,390	6,550
PNN-VI-DW-02								
1759 - 0007/0008	276	285	2,990	3,070	17,703	17,684	6,800	6,970

¹mg/L - milligrams per liter

Resources were calculated for both the Rincon and Pular Projects (Figures 9 & 10). The resource estimates were prepared in accordance with The JORC Code 2012 and use best practice methods specific to brine resources, including a reliance on core drilling and sampling methods that yield depth-specific chemistry and effective (drainable) porosity measurements. The resource estimation (Tables 1 & 2) was completed by independent competent person Mr. Michael Rosko, M.Sc., C.P.G. of the international hydrogeology firm E.L. Montgomery & Associates (M&A).

Results from the duplicate samples suggest that the samples are being collected and analysed appropriately with repeat recordings within acceptable limits (Table 3).

Drilling results from boreholes on Pocitos and Cauchari Salars did not intersect viable grades of lithium and quantities of brine so resource estimations were not prepared for these projects.

Drilling is planned and approved by the Salta Mining Court for Mina Sisifo on Incahuasi Salar in Q4 of 2018.



Figure 9: Salar Del Rincon Borehole Locations and Resource Polygons

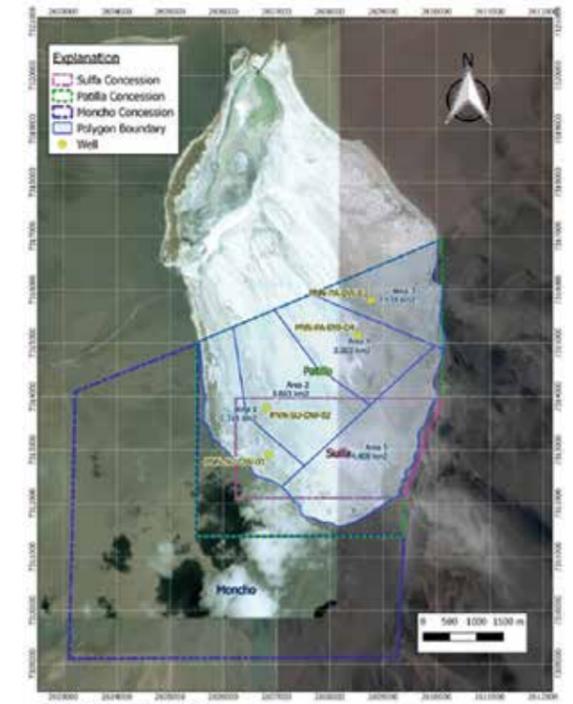


Figure 10: Salar de Pular Project Borehole locations and Resource Polygons.

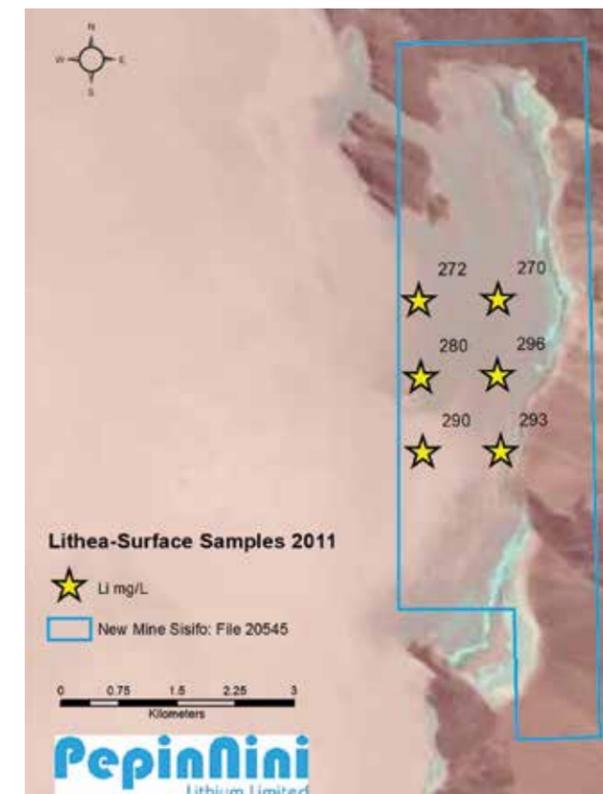


Figure 11: Mina Sisifo, Incahuasi Salar Historical Surface sample Lithium results

Mina Sisifo was granted to PepinNini following a tenement swap (ASX: 22 Feb 18) with Lithium S (TSX-V:LSC). Data obtained from the previous holding entity; Lithea Inc indicates surface Lithium grades up to 296mg/l (Figure 11) and chemistry showing elevated calcium (tabulated below). This factor would reduce the lime (calcium carbonate) requirement for processing to LCE making this potentially an excellent brine for blending. There are only three holding companies in this Salar of which PepinNini is one. The unique chemistry of Incahuasi Brine make this project very attractive for development.

Average grades from surface samples

Li	283 mg/l
K	7,117 mg/l
Mg	6,550 mg/l
B	94 mg/l
SO ₄	562 mg/l
Ca	11,241 mg/l

MUSGRAVE PROVINCE OVERVIEW

Although the exploration focus this year has been on the Company's Lithium Brine Project in Argentina, work has continued in the Musgrave Province albeit at a slower pace and with efforts to progress land access as negotiations rather than exploration activity. The project is held by the entity NiCul Minerals Ltd, which is 100% owned by parent company PepinNini. Negotiations have involved discussion with the Anangu Pitjantjatjara Yankunytjatjara (APY) Community requesting the consent and granting of exploration licence applications and for access to 'clear' ground for future exploration programs. The exploration proposal presented by the Company involves ground based geophysics, surface and sub surface geochemistry sampling, geological interpretation and mapping, and basement target drill testing.

The Musgrave Province is a large Proterozoic crustal block in the far north-west corner of South Australia and extending across into the Northern Territory and Western Australia (Figure 12).

The province remains the most unexplored region in Australia and hosts a variety of prospective geological environments for mineral exploration. Similar age rocks in Australia are known to host significant mineral systems which contain a number of large mineral deposits including:

- Olympic Dam (Cu, Au, U)
- Broken Hill (Pb, Zn, Ag)
- Mt Isa (Cu, Pb, Zn, Ag)
- Hilton (Pb, Zn, Ag)
- Cannington (Pb, Zn, Ag)
- Century (Zn, Pb, Ag)
- Telfer (Au)
- Alligator River Field (U, Au, PGE)
- Hamersley Basin (Fe)
- Nova-Bollinger (Ni-Cu)
- Nebo Babel (Ni-Cu-PGE)
- McArthur River/HYC (Pb, Zn, Ag)

Elsewhere in Australia other Proterozoic aged mineral provinces which contain these deposits have generally been intensively explored, for example the Mt Isa Inlier and the Broken Hill Block; however the

Musgrave Province is an exception, as was the Frazer Range prior to the discovery of Nova-Bollinger Ni-Cu deposit. The limited exploration across the region due to the historical land access restrictions provides the unique opportunity for the discovery of large "elephant" deposits or new mineral districts within the Province.

NiCul is primarily targeting the Province for large magmatic Ni-Cu-Co sulphide deposits similar to Voisey's Bay (Canada), Nova-Bollinger or Nebo-Babel (Western Australia) and platinum group element (PGE) sulphide deposits (Platreef, Merensky and UG-2 Reefs) of the Bushveld Complex in South Africa. The multi commodity exploration strategy also recognise that the Birksgate Complex metasediments which form much of the crustal block are equally prospective for Broken Hill style base metal (Pb-Zn-Ag) deposits and Mt Isa/Century style (SEDEX) base metal deposits.

The two projects that currently make up the exploration activity within the Musgrave Province are:

- (a) Musgrave Project (100%);
- (b) Rio Tinto (Pink Slipper) Farm-In Joint Venture Project.

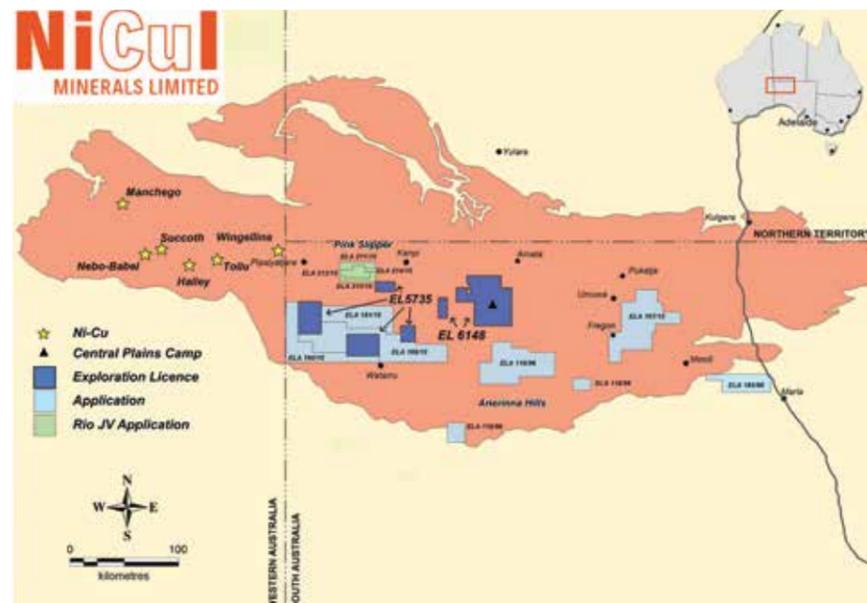


Figure 12: Musgrave Province - Project Location Plan

MUSGRAVE PROJECT

The Musgrave Project consist of two granted exploration licences EL6148 and EL5735 and eight exploration licence applications ELA118/96, ELA185/96, ELA367/09, ELA368/09, ELA189/15, ELA190/15, ELA191/15 and ELA197/15 which cover 14,003km². The licences are all held by NiCul Minerals Ltd (NiCul) (PepinNini subsidiary -100%). During the year EL5220 Caroline expired and was granted as subsequent EL6148.

NiCul is undertaking exploration programs across the South Australian portion of the Musgrave Province primarily focused on discovering nickel-copper sulphides contained within the layered mafic-ultramafic Giles Complex rocks (Figure 12). The Giles Complex is considered to be highly prospective for Ni-Cu-Co sulphides and PGE mineralisation following the discovery of the Nebo-Babel deposit in Western Australia by WMC (392Mt @ 0.30%Ni and 0.33%Cu) and now held by Cassini Resources Ltd (ASX:CZI) in Joint Venture with Oz Minerals Ltd (ASX:OZL).

Several priority nickel-copper sulphide targets associated with encouraging structural settings of the basement architecture are identified from modelling of regional magnetic, gravity and

electromagnetic data. These targets are interpreted to represent mafic feeder dyke systems analogous to the geological setting of the Nebo-Babel deposits in the west Musgrave. These targets will be further investigated using ground electromagnetic surveys, vacuum regolith geochemical drilling and mapping, and diamond core bedrock drill testing.

In late 2016 a collaborative regional Airborne Electromagnetic (AEM) survey was flown across 31,000km² (approximately 16,000 line km) of the central and eastern Musgrave Province (Figure 13). This is the first regional geophysical survey over the Musgrave Province in 14 years.

PepinNini first announced the Research and Development (R&D) collaboration back in 2014 with the Commonwealth Science and Industry Research Organisation (CSIRO), established under the "Minerals Down Under" flagship, to acquire geophysical data and undertake technical interpretation of the Caroline EL6148 and Annerinna Hills ELA118/96 target areas. Since then the project proposal was expanded to include co-funding with the South Australian Department of Premier and Cabinet (DPC), the Goyder Institute for Water Research (GI) and Geoscience Australia (GA). PepinNini contributed funding (<\$200,000) in collaboration with

funding from DPC, GI, CSIRO and GA for a combined project value in excess of \$2.0 million.

The regional AEM Survey was flown in two parts; with the western zone flown using the TEMPEST® airborne fixed-wing time-domain electromagnetic (TDEM) survey system operated by Geoscience Group CGG; and the eastern zone flown by SkyTEM™ Surveys using the helicopter mounted SkyTEM312^{FAST} TEM System (Figure 1). Both survey systems were flown in a North-South orientation with lines spaced 2km apart.

The regional survey covered approximately 20% (4,200 km²) of NiCul's tenure.

Technical interpretation and modelling of the regional survey data by NiCul identified a number of areas of interest warranting infill surveying. NiCul took the opportunity whilst the contractors were on site to utilise both the fixed wing TEMPEST and helicopter SkyTEM systems to conduct infill follow up surveys across identified target areas (Figure 13).

Fourteen target areas were covered with additional AEM data acquisition. Three of the areas, located within the Company's Tietkins and Katalina tenure blocks, were completed using the fixed wing Tempest® (Table 3) and the remaining eleven targets are located within the Company's Caroline, Annerinna Hills and Ironwood Bore tenure blocks. The helicopter infill utilised the SkyTEM⁵¹⁶ system which is better suited to identifying buried mineral systems than the system used for the regional survey.

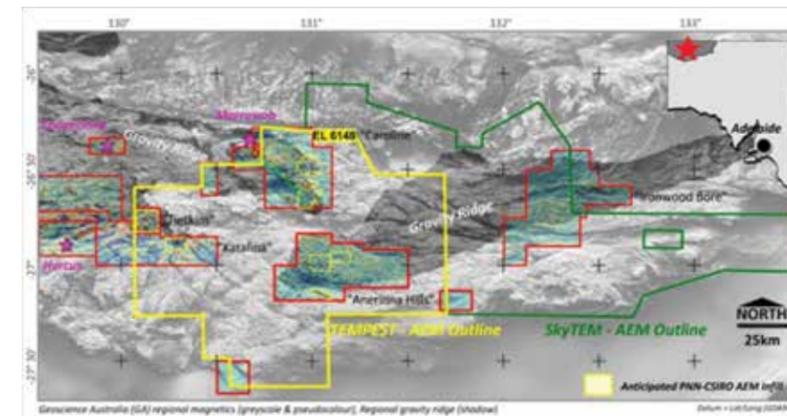


Figure 13: Regional AEM Survey

The research aims to determine the presence of any significant bedrock conductivity responses associated with the identified regional magnetic and gravity targets that may indicate massive or semi-massive nickel-copper-cobalt and PGE sulphide accumulations. In addition it will rapidly identify areas of conductive overburden where electromagnetic responses may be masked and prove infill data acquisition to be an undesirable investment.

Three 'exciting' priority targets were identified – Folwer (EL6148), Wintinginna Shear Zone (ELA2015/00197), and Ironwood Bore (ELA2015/00197) (Figure 14). These anomalies have the potential for structurally controlled mineralization associated with mafic magmatism channelled laterally into the Wintinginna Shear Zone

In the Musgrave Province NiCul can conduct efficient cost effective exploration through the Company owned and operated drilling equipment and field camp (Photos 10 & 11).

RIO TINTO - FARM-IN JOINT VENTURE

The RIO Farm-in Joint Venture commenced in June 2009, and was extended through to December 2015. This has now been extended with a restructured agreement to enable the ongoing partnership between the two companies. The new agreement includes four redesigned exploration licence areas covering 614 km² over the Pink Slipper Target (Figure 15). Under the agreement NiCul will earn 51%.

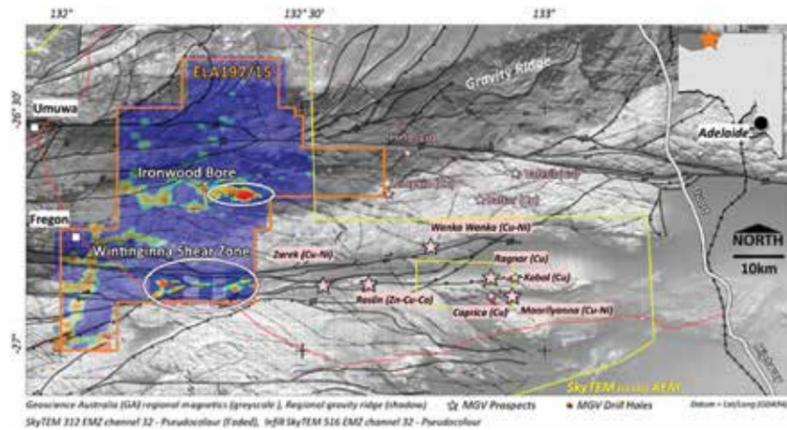


Figure 14: Ironwood Bore AEM anomalies



Photo 10: PepinNini Diamond Core Drilling Rig



Photo 11 – PepinNini Field Camp and helicopter for SkyTEM⁵¹⁶ system

The four redesigned blocks (ELAs 211-214/15) are considered to favourably accommodate land custodial and heritage issues that may enable land access negotiations with Traditional Owners to be overcome.

Initial ground exploration activities over the Pink Slipper target following up on previously defined high priority airborne geophysical features, will advance rapidly once land access and Heritage Clearance Approvals are secured.

TOONDULYA PROJECT

The Toondulya Project (EL5897) is located approximately 100km north east of Streaky Bay, on the Eyre Peninsula, South Australia (Figure 16). It lies within the Proterozoic gold province of the central Gawler Craton; along the margin of the Gawler Range Volcanics (GRV) where Hiltaba Suite granitoids intrude older basement rocks. The Province contains several gold and silver deposits including Tarcoola, Glenloth, Tunkillia, Paris and Barns. The tenure covers the

southern extension of the highly prospective Yalbrinda Shear Zone which to the north is known to host a number of deposits including the Tunkillia Deposit reported to contain a resource estimate of 558,000 ounces of gold and 1.48 million ounces of silver (ASX:WPG 28/10/16).

Historic gold exploration at the Toondulya prospect (1996-97) identified a calcrete gold geochemical anomaly measuring 5 km by 2 km, overlying deeply weathered Precambrian basement concealed by Cainozoic cover. Maximum gold content in surficial calcrete was 39 ppb. Two adjacent calcrete anomalies are located 11 km to the east and 7 km to the southeast. Aircore drilling at Toondulya prospect revealed a shallow relatively weak bedrock geochemical anomaly, with up to 0.98 g/t gold, concentrically zoned around anomalous concentrations of up to 0.17% copper.

A subsequent detailed gravity survey defined a sub-circular gravity high partly coincident with the geochemical anomaly. PepinNini has reviewed this data and identified that no deeper drilling below the interpreted 'geochemical depletion' zone was undertaken, nor were the adjacent calcrete anomalies tested; hence further investigation is warranted. No exploration was undertaken on the project during the year as the Company maintains focus on the Lithium Project in Argentina.

PROJECT GENERATION

The Company is focussed on the Lithium Brine Project in Argentina and continues to seek tenure in Salta Province with the potential for a lithium resource.

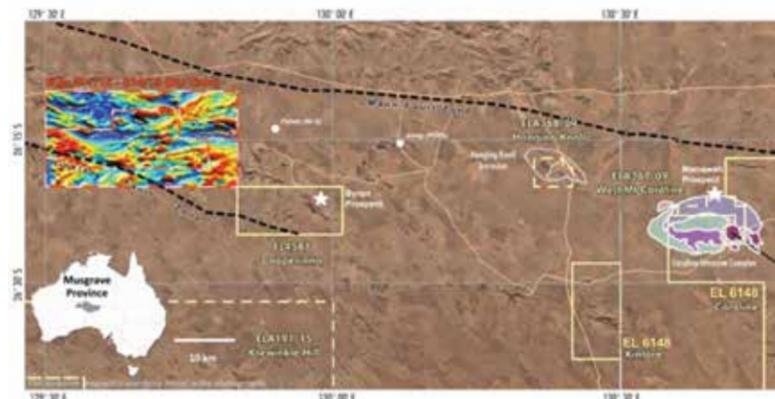


Figure 15: Rio Joint Venture Tenure showing Pink Slipper Project

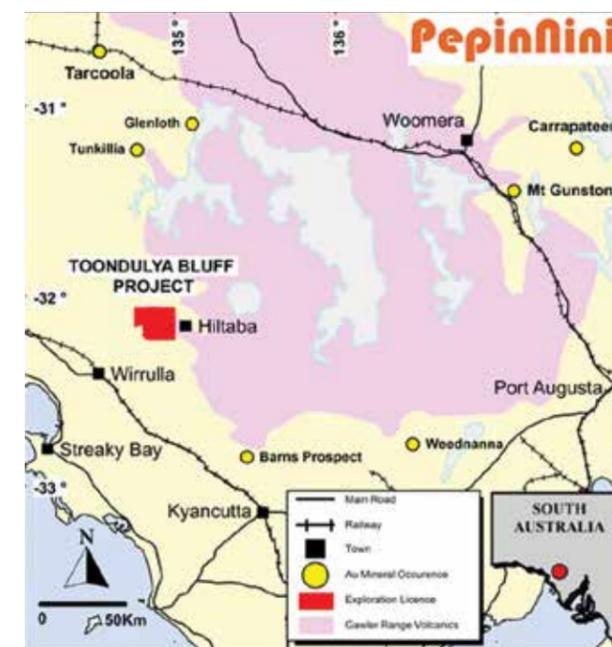


Figure 16: Location map of EL "Toondulya", South Australia

TENEMENT SCHEDULE

AUSTRALIAN TENEMENTS

TENEMENT	TENEMENT NAME	AREA KM ²	JV	PEPININI INTEREST	GRANT DATE
SOUTH AUSTRALIA					
EL 5735	Mt Harcus	1,607		100%	25/10/15
EL 6148	Mt Caroline	1,918		100%	25/02/18
ELA 118/96	Anerinna Hills	2,415		100%	application
ELA 185/96	Willugudinna	823		100%	application
ELA 367/09	Mt Caroline West	46		100%	application
ELA 368/09	Hanging Knoll	34		100%	application
ELA 189/15	Katalina	2,360		100%	application
ELA 190/15	Mt Agnes	1,342		100%	application
ELA 191/15	Krewinkel Hill	1,256		100%	application
ELA 197/15	Ironwood Bore	2,202		100%	application
ELA 211/15	Tjintalka	184	JV02	Earning 51%*	application
ELA 212/15	Kapura	160	JV02	Earning 51%*	application
ELA 213/15	Jalukana	234	JV02	Earning 51%*	application
ELA 214/15	Tjalukana	37	JV02	Earning 51%*	application
EL 5897	Toondulya Bluff	390		100%	25/11/16
TOTALS	15	15,008			

ARGENTINE TENEMENTS

TARGET	TENEMENT	FILE #	TYPE	PROJECT	APPLICATION	GRANTED	APPLIED AREA HA	TITLE HOLDER
Cu-Au	Mina Santa Ines	1201	Mina	Santa Ines	27-Sep-10	20-Sep-11	18	PNN SA 100%
Cu-Au	Santa Ines VIII	22074	Mina	Santa Ines	18-Jul-13	28-Aug-14	3,000	PNN SA 100%
Cu-Au	Santa Ines XII	22373	Mina	Santa Ines	11-Oct-14	30-Nov-15	2,608.2	PNN SA 100%
Cu-Au	Santa Ines XIII	22372	Mina	Santa Ines	11-Oct-14	9-Sep-15	511	PNN SA 100%
							6,138	
Li Brine	Sulfa 1	19188	Mina	Salar de Pular	2-Jun-16	22-Feb-17	657	PNN SA 100%
Li Brine	Luxemburgo	18548	Mina	Salinas Grandes	2-Jun-16	22-Jun-16	2,495	PNN SA 100%
Li Brine	Ariza Sur 1	21391	Mina	Salar de Arizaro	2-Jun-16	22-Jun-16	3,004	PNN SA 100%
Li Brine	Villanovena 1	19565	Mina	Salina del Rincon	2-Jun-16	22-Jun-16	1,586	PNN SA 100%
Li Brine	Tabapocitos 02	19984	Mina	Salar Pocitos	2-Jun-16	22-Jun-16	2,970	PNN SA 100%
Li Brine	Pocitos 11	22741	Mina	Salar Pocitos	17-Aug-16	19-Sep-16	3,000	PNN SA 100%
Li Brine	Guayos II	21196	Mina	Salar de Cauchari	17-Aug-16	19-Sep-16	1,610	PNN SA 100%
Li Brine	La Maderita	19607	Mina	Salar de Arizaro	4-Aug-17	17-Oct-17	3,000	PNN SA 100%
Li Brine	Moncho	23491	Mina	Salar de Pular	5-Dec-17	8-Feb-18	2,128	PNN SA 100%
Li Brine	Patilla	20414	Mina	Salar de Pular	16-Feb-18	tbc	1,346	Exploration Option
Li Brine	Sisifo	20545	Mina	Incahuasi Salar	16-Feb-18	13-Jun-18	2,000	PNN SA 100%
							23,796	
	TOTAL 15						29,934	

FINANCIAL AND CORPORATE STRATEGY

PepinNini Lithium Limited is a mineral exploration company focused on defining and developing a Lithium Brine project to produce battery grade Lithium Carbonate (LCE) in Salta Province, north west Argentina. PepinNini subsidiary NiCul Minerals Ltd is targeting the discovery of a major Nickel- Copper-Cobalt deposit in the Musgrave Province of South Australia.

Our mission is to:

- focus on Lithium, Nickel, Copper and Cobalt as commodities with potential for market share
- explore with a high degree of integrity
- respect family, the land and the culture of the indigenous peoples wherever they are
- explore with inclusiveness/equality/fairness
- care for all who come into contact with PepinNini
- have meaningful community engagement and seek community participation
- bring value to shareholders

The chart below shows the projects within the company's control and the corporate entities that administer them as at 30 June 2018.

The corporate strategy to achieve our mission has been to, where possible, realise value within the holdings of the company and to fund effective exploration activities within key priority project areas for key commodities to maximise the potential of a commercially viable mineral discovery. The Company's current priority is Argentina where the main focus is on efficient, responsible exploration to test and prove Lithium Carbonate resources and develop into the production of battery-grade Lithium Carbonate in the most cost effective way possible.

Strategic equity raisings of capital have been and will be undertaken to ensure adequate funding for worthy ongoing activities and divestment of non-core assets to minimise depletion of cash reserves will continue.

Financially efficient and regulation compliant company and project administration is fundamental to the corporate strategy.

The annual financial report for the year ended 30 June 2018 is included within the annual report.

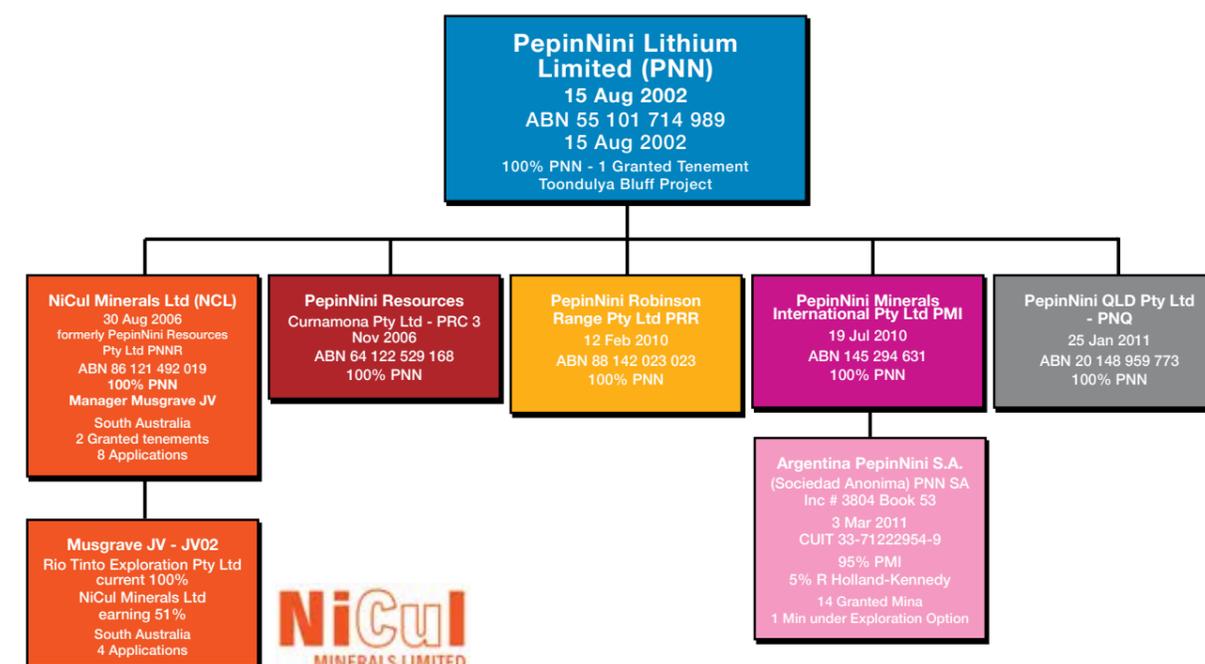
At 30 June 2018, the company had cash of \$352,079, and a convertible note as debt of \$390,826.

Private placements during the year raised \$1.876m, an entitlements issue raised \$356,465 and convertible note was taken up valued at \$390,826.

Expenditure of \$3.462m on exploration activities throughout the year was capitalised.

PepinNini Directors consider the lithium brine project to have the potential for development and production of battery grade Lithium Carbonate in the future and other Nickel-Copper-Cobalt target exploration projects in Australia to have the potential for discovery.

PepinNini has proven in the past to be able to release the value in Company assets and will continue to ensure that our shareholders receive the maximum possible returns and enjoy the ride.





FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2018

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CORPORATE GOVERNANCE STATEMENT

PepinNini Lithium 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 2018 and has been approved by the Board. All of these practices, unless otherwise stated, were in place for the entire year.

DIRECTOR'S REPORT

The Directors of PepinNini Lithium Limited ("PepinNini" or the "Company") submit herewith the annual financial report of the consolidated group consisting of PepinNini Lithium Limited and the entities it controlled (the Group) at the end of, or during, the year ended 30 June 2018. 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 Lithium Limited during the whole of the financial year and up to the date of this report:

- Rebecca Holland-Kennedy
- Phil Clifford
- Sarah Clifton-Brown
- Robert (Wei) Sun Non-Executive Director (resigned 7th May 2018).

PRINCIPAL ACTIVITIES

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

- Lithium
- Copper
- Nickel
- Gold

DIVIDENDS

No dividends have been paid for the year ended 30 June 2018 or 30 June 2017.

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

REVIEW OF OPERATIONS

During the year the parent Company changed name from PepinNini Minerals Ltd to PepinNini Lithium Limited. This name change reflected the change in focus for the Company to the Lithium Brine project in Argentina. Consequently operations this year have been focussed on the Salta Lithium Brine project in Salta Province of north west Argentina. Tenure held during the year has been tested and consolidated from seven to five designated projects and Lithium Carbonate equivalent (LCE) JORC 2012 Resources have been stated for the Rincon and Pular Projects. Also during the year two tenement transactions were completed with Lithium S (TSX-V:LSC) which resulted in PepinNini swapping tenure from the Salinas Grandes Project to create the Incahuasi

Project and a purchase option over tenure of the Pular project to give the Company all tenure over this Salar in Argentina. All project areas are within the Lithium Triangle of South America so have potential for lithium brine exploitation and the development and production of Lithium Carbonate.

The Musgrave Project in northwest South Australia is held by PepinNini subsidiary NiCul Minerals Ltd (NiCul) and this corporate and operational separation is emphasised following the name change of the parent Company. For NiCul, restatement of the farm-in joint venture with Rio Tinto Exploration for the Musgrave Project was completed and signed 9 November 2018 for a period of two years. The farm-in joint venture now covers four exploration licence application areas collectively titled the Pink Slipper anomaly. During the year PepinNini have continued to focus on tenement application grant for both the joint venture area and licence applications held 100% by PepinNini from the traditional owners Anangu Pitjantjatjara Yankunytjatjara.

In keeping with the focus on the Lithium Brine project in Argentina and NiCul's project in Australia, tenure not linked to these projects has been relinquished or is under re-assessment as to prospectivity. This was the case for the west Australian Mozart Project relinquished in February 2018. The Toondulya Bluff project in South Australia is under re-assessment as to prospectivity.

As at 30 June 2018 the Group held a 100% interest in ten exploration licences (mina) and held one mina under an exploration option, the total covering 23,796 hectares (ha) or 237.96 km² prospective for Lithium Brine resources. The Company also held four granted mina covering 6,840 ha (68.40 km²) prospective for Copper in Argentina. In Australia NiCul is earning an interest in 615 km² in the South Australian portion of the Musgrave Province and held 100% of two granted exploration licences of 3,525 km² and 8 exploration licence applications over 10,478 km². The Company also hold 390 km² in the Gawler Range, Eyre Peninsular, South Australia prospective for gold.

1. ARGENTINA - SALTA PROJECT

The tenure held now covers 11 leases of 23,796 ha or 237.96km² in total comprised of 10 granted mina held 100% by PepinNini subsidiary

PepinNini SA (PNN SA) and one mina held under an exploration option from Lithea (owned by LSC).

All tenure is held in Salta Province in north west Argentina which is recognised as one of the most mining-friendly regions in Argentina where mining rights are well regulated by the Mining Secretariat and Mining Court. Mining leases are granted in perpetuity conditional on the maintenance of the conditions of grant. The projects are all at elevations of over 3,000m on the Puna Plateau of the Andes and located within the Lithium Triangle of South America which contains 66% of the world's reserves of Lithium Carbonate (LCE), 53% of the world's high grade Lithium reserves and 49% of global LCE production. In the area, a number of companies from Australia, Canada and the US are either exploring, in development or in production for Lithium Brine conversion to Lithium Carbonate. The area is well served with infrastructure of gas, rail, road and power.

SALTA LITHIUM BRINE PROJECTS

During the year the Group has focussed on the Lithium Brine Project to test prospective ground on six projects as tabulated below.

Geophysical Vertical Electric Sounding (VES) surveys were carried out to test for the presence of sub-surface aquifers. The VES

survey method uses electrical stimulus and records response to determine subsurface layers of low resistivity to electrical current. Low resistivity indicates high conductivity and this is interpreted as potential lithium brine bearing aquifer layers due to the location within the lithium triangle of South America. Subsequently projects in which potential lithium brine bearing aquifers were interpreted were tested by drilling. Following the completion of drilling.

A total of 9 boreholes were drilled for 2,416 metres and 160 brine samples were collected and analysed at certified laboratories in Canada, Argentina and USA. JORC 2012 resources were stated for two projects, Pular and Rincon. The resource estimates were prepared in accordance with The JORC Code 2012 and used best practice methods specific to brine resources, including a reliance on core drilling and sampling methods that yield depth-specific chemistry and effective (drainable) porosity measurements. The resource estimations were completed by independent competent person Mr. Michael Rosko, M.Sc., C.P.G. of the international hydrogeology firm E.L. Montgomery & Associates (M&A).

TABLE 1 – EXPLORATION ACTIVITY SALTA LITHIUM PROJECT ARGENTINA – 2017-2018

PROJECT	GEOPHYSICAL VES SURVEYS	BOREHOLES DRILLED	METRES DRILLED	BRINE SAMPLES COLLECTED	RESOURCE
Pocitos	2	2	539	36	-
Cauchari/Salinas Grandes	4	1	317	-	-
Rincon	3	2	210	21	Yes
Pular	2	4	1,350	103	Yes
Arizaro	1	-	-	-	-
Centenario	1	-	-	-	-
TOTALS	13	9	2,416	160	

TABLE 2 - RINCON PROJECT BRINE RESOURCE STATEMENT

RESOURCE CATEGORY	BRINE VOLUME (M ³)	AVG. Li (mg/L)	IN SITU Li (TONNES)	Li ₂ Co ₃ Equivalent (tonnes) LCE	AVG. K (mg/L)	IN SITU K (TONNES)	KCI EQUIVALENT (TONNES)
MEASURED	2.7 x 10 ⁷	252	7,000	36,000	6,040	161,000	307,000
INDICATED	1.9 x 10 ⁷	233	5,000	24,000	5,512	109,000	208,000
M+I	4.6 x 10 ⁷	244	12,000	60,000	5,815	270,000	515,000
INFERRED	3.7 x 10 ⁶	288	1,000	6,000	7,001	26,000	49,000

No cutoff grade was applied; lowest grade brine observed was 197 mg/L. The reader is cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.

TABLE 3 - PULAR PROJECT BRINE RESOURCE STATEMENT

RESOURCE CATEGORY	BRINE VOLUME (M ³)	AVG. Li (mg/L)	IN SITU Li (TONNES)	Li ₂ Co ₃ Equivalent (tonnes) LCE	AVG. K (mg/L)	IN SITU K (TONNES)	KCI EQUIVALENT (TONNES)
MEASURED	8.1 x 10 ⁶	85	68,700	36,000	4,480	3,620,000	6,904,000
INFERRED	2.7 x 10 ⁶	77	21,200	113,000	4,280	1,178,000	2,246,000

No cut-off grade was applied. The reader is cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.

During the year the Company entered into negotiations with Canadian company Lithium S (TSX-V:LSC) which resulted in two transactions:

- *Transaction 1* – Exploration Purchase Option over mining lease in the Pular project of 1,346ha for a mandatory payment of US\$300,000 for 6 months of exploration and a further three staged optional payments totalling US\$755,000 for up to 12 months exploration at any time during which the Company may withdraw from the agreement and avoid further payment.
- *Transaction 2* – Tenement direct swap with no funds to change hands in which five tenements held by the Company were swapped for one tenement held by LSC. The tenements swapped were from the Cauchari-Salinas Grandes project tested by VES and drilling and the tenement gained was from Incahuasi Salar felt to have significant potential.

The Group undertook engagement with the local inhabitants of the project areas during the reporting year and all drill sites have been rehabilitated.

SALTA COPPER-GOLD PROJECTS

During the year four mining leases formerly considered prospective for Copper-Gold were re-evaluated and relinquished as felt to have no potential for discovery. The Group now retain four mina prospective for Copper-Gold titled the Santa Ines Project. The Company carried out exploration work in 2013-2014. During the reporting period no field work was carried out. Exploratory drilling to test beneath the historic workings and the magnetic bodies modelled at depth during the 2013-2014 exploration is being considered. The Group will continue to hold and maintain the tenements.

2. MUSGRAVE PROVINCE NICKEL/ COPPER/COBALT PROJECT

During the period the Group has two designated projects across the Musgrave Province of South Australia where the Company is developing targets to test for massive nickel-copper-cobalt sulphides for which the geology is felt to be prospective:

- Central Musgrave Project (SA)
- Rio Tinto Joint Venture - Musgraves Project (SA)

The Central Musgrave project incorporates two granted exploration licences Mt Harcus EL5735 and Mt Caroline re-granted in February as subsequent EL 6148 and eight exploration licence applications (ELA118/96, ELA185/96, ELA367/09, ELA368/09, ELA189/15, ELA190/15, ELA191/15 and ELA197/15) covering 14,003 km². The licences and applications are held 100% by PepinNini subsidiary NiCul.

The Farm-in and Joint Venture Agreement (The Woodroffe Joint Venture Project) which expired in

January 2016 has been restated and amended to the Farm-in Joint Venture Agreement Musgraves with Rio Tinto Ltd subsidiary Rio Tinto Exploration Pty Limited (RIO). To complete the restated farm-in agreement and establish a joint venture which is NiCul 51% and RIO 49%, NiCul must spend \$1.4m over two years and achieve the grant of an exploration licence application. The restated agreement focuses on four exploration licence applications which were formerly two areas and which cover the same 614 km² area. 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 the 1990s and felt to be more culturally sensitive to the traditional owners. The agreement was signed 9 November 2018 and SA Government Ministerial approval was given 14 February 2018. Since that time NiCul have focussed on engagement with the Anangu Pitjantjatjara Yankunytjatjara traditional owners for the granting of the exploration licence applications.

NiCul were able to collaborate in 2016-2017 as part of the Company's Research and Development (R&D) collaboration with CSIRO to trial innovative and previously untried geophysical techniques for mapping of water resources and mineral system environments under cover in the Musgrave Province and incorporate data collection at greater density over tenure held by the Company as part of an airborne electromagnetic (AEM) survey flown by CSIRO, South Australian Department of State Development and Geoscience Australia. The collaboration yielded a number of priority targets on Mt Caroline EL 6148, Ironwood Bore ELA118/96 and Anerinna Hills ELA197/15. During the year interpretation has been on-going over all tenure held by NiCul in conjunction with CSIRO.

3. TOONDULYA BLUFF - GOLD PROJECT - GAWLER RANGES, SOUTH AUSTRALIA

In 2016 the Group acquired an exploration licence application (ELA 2016/0092) through the exploration release area (ERA) competitive tender process of the South Australian Department of State Development (SA DSD). The ELA covers a 390km² area on the south western flank of the Gawler Range Volcanic Province located approximately 100km north east of Streaky Bay on the western coast of the Eyre Peninsula, South Australia. The tenement lies on the southern end of the Yalbrinda Shear Zone which hosts the Nuckulla Hill and Tunkillia gold deposits. Review of historic exploration activities has identified a small number of untested gold and base metals targets within the tenement block and data review and planning for exploration activities was carried out during the year. No field activities were carried out in the reporting year.

4. PROJECT GENERATION

Project Generation throughout the year has focussed on the Lithium Brine Project in Salta Province, Argentina where prospective tenure has been sought and acquired.

Further information relating to the Group's projects and future directions have been made publicly available on the Company's website at www.pepinini.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 what has been reported in other parts of this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has been no other matter or circumstance that has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS IN FUTURE FINANCIAL YEARS AND EXPECTED RESULTS OF OPERATIONS

The Group intends to continue actively exploring and developing its tenements in the Salta Province, Argentina Project for lithium brine. During the coming year the Company will aim for resource declarations on leases currently without and the project area of best potential will be focussed on with a scoping study for potential lithium brine production.

ENVIRONMENTAL REGULATIONS

The mining tenure granted to the Group pursuant to the various Mining Acts is 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:



REBECCA HOLLAND-KENNEDY

Executive Director - Managing Director

Qualifications: BSc(Geology), MAusIMM, BArts(Humanities), GAICD

Experience: Rebecca Holland-Kennedy was a founding Director of PepinNini Lithium 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 Meekatharra Mineral Limited. She is a Director of NiCul Minerals Ltd, PepinNini Robinson Range Pty Ltd, PepinNini QLD Pty Ltd, PepinNini Lithium International Pty Ltd and PepinNini Resources Curnamona 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 Lithium Limited considerable knowledge and expertise in financial reporting, compliance and company management. She is a Director of PepinNini Resources Curnamona Pty Ltd, PepinNini Lithium International Pty Ltd and NiCul Minerals Ltd.



PHIL CLIFFORD

Non-Executive Director

(Changed from Executive to Non-Executive Director on 1 October 2017)

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 Lithium 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 Lithium 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, PepinNini QLD Pty Ltd and PepinNini Robinson Range Pty Ltd.



ROBERT (WEI) SUN

Non-Executive Director

Qualifications: M.Ecom(Commerce), M.Econ(IEM)

Experience: Robert (Wei) Sun was appointed a Director of the company on 1 December 2011 and resigned for personal reasons on 7 May 2018. Before his resignation Robert was a Director of NiCul Minerals Ltd, PepinNini QLD Pty Ltd and PepinNini Lithium International Pty Ltd. PepinNini wish to thank Robert for the seven years of service to the company.

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 <i>(resigned 7 May 2018)</i>	Ferrowest Ltd Living Cities Development Group Ltd	Oct 2012 - Dec 2015 Jan 2016 - May 2017	ASX 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 LITHIUM LIMITED		
DIRECTORS	FULLY PAID ORDINARY SHARES (NUMBER)	SHARE OPTIONS (NUMBER)
Rebecca Holland-Kennedy	96,733,094	1,500,000
Phil Clifford	600,000	1,500,000
Sarah Clifton-Brown	312,000	1,900,000

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During the financial year share options were granted to Directors as executive incentive options as part of their remuneration package. Details are presented in the table below.

ISSUING ENTITY	NUMBER OF SHARES UNDER OPTION	CLASS OF SHARES	EXERCISE PRICE OF OPTION	EXPIRY DATE OF OPTIONS
PepinNini Lithium Limited	5,250,000	Ordinary	4cps	9 November 2020

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 Lithium Limited	200,000	Ordinary	6cps	9 November 2018
PepinNini Lithium Limited	200,000	Ordinary	10cps	9 November 2019
PepinNini Lithium Limited	100,000	Ordinary	3cps	31 January 2019
PepinNini Lithium Limited	100,000	Ordinary	6cps	31 January 2020
PepinNini Lithium Limited	100,000	Ordinary	10cps	31 January 2121
PepinNini Lithium Limited	5,250,000	Ordinary	4cps	9 November 2020
PepinNini Lithium Limited	1,050,000	Ordinary	5cps	16 March 2021
PepinNini Lithium Limited	300,000	Ordinary	7cps	16 March 2022
PepinNini Lithium Limited	300,000	Ordinary	9cps	16 March 2023
PepinNini Lithium Limited	4,800,000	Ordinary	3.77cps	11 May 2021
Total	12,400,000			

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 200,000 shares or interests issued during or since the end of the financial year as a result of exercise of an option. These options were exercised for 2 cents per share.

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 29 to 34.

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, Bachelor of Arts (Jurisprudence), a Graduate Diploma of Applied Corporate Governance and is Special Counsel 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).

DIRECTORS	BOARD OF DIRECTORS			CORPORATE GOVERNANCE COMMITTEE			AUDIT COMMITTEE			REMUNERATION COMMITTEE		
	HELD	BOARD MEMBER	ATTENDED	HELD	COMMITTEE MEMBER	ATTENDED	HELD	COMMITTEE MEMBER	ATTENDED	HELD	COMMITTEE MEMBER	ATTENDED
Rebecca Holland-Kennedy	12	12	12	-	-	-	2	-	2	-	-	-
Phil Clifford	12	12	12	-	-	-	2	-	-	-	-	-
Robert (Wei) Sun*	12	11	11	-	-	-	2	2	2	-	-	-
Sarah Clifton-Brown	12	12	12	-	-	-	2	2	2	-	-	-

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

SUMMARY OF FINANCIAL POSITION

	2018	2017
Total Current Assets	\$723,105	\$3,315,667
Total Non-Current Assets	\$17,392,909	\$13,930,989
Total Current Liabilities	\$634,475	\$799,320
Total Non-Current Liabilities	\$390,826	-
Net Assets	\$17,090,713	\$16,447,336
Equity	\$17,090,713	\$16,447,336

The increase in Non-current assets is a result of exploration spend during the year.

The decrease in Current Assets is a result of reduced cash due to exploration spend during the year.

The decrease in Current Liabilities relates primarily to the decrease in Trade and Other Payables, resulting from ongoing Exploration and Evaluation activities during the year.

The Non-Current liability is a convertible note.

SUMMARY OF FINANCIAL PERFORMANCE

Revenue received of \$34,585 in the year was interest income and the \$25,949 other income was a result of selling a vehicle.

Expenses incurred comprise salaries, operational expenditure, and impairment of assets, which do not meet the definition of exploration and evaluation expenditure, and include such expenses as accounting and legal, taxes and charges, office rental, and share registry and investor relations expenses. The increase in these expenses is due to an impairment of E&E assets recognised in the year ended 30 June 2018, as well as bank charges, losses on foreign currency receivables, airfares, and exploration administration costs in Argentina, expenses relating to share registry and the grant of employee options during the year. There has been no significant change in salaries and Director's fees for the year ended 30 June 2018.

REMUNERATION REPORT – AUDITED

This remuneration report sets out remuneration information for PepinNini Lithium 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:

- Principles used to determine the nature and amount of remuneration
- Executive remuneration policy and framework
- Use of remuneration consultants
- Voting and comments made at the company's 2017 Annual General Meeting
- Performance of PepinNini Lithium Limited
- Details of remuneration
- Service agreements
- Share based compensation
- Shareholdings of Directors and other key management personnel

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. 2,250,000 share options were awarded to non-executive Directors during 2018 (2017: 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.

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 employee's 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 Lithium Limited Employee Share Option Plan which was approved by shareholders at the 2011 Annual General Meeting.

The PepinNini Lithium 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 2017 ANNUAL GENERAL MEETING

PepinNini Lithium Limited received 89% of "yes" votes on its remuneration report for the 2017 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 LITHIUM LIMITED

The following tables set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2018.

The Performance Incentive Program for the 2017/18 year was 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 below.

	30 JUNE 2018 \$'000	30 JUNE 2017 \$'000	30 JUNE 2016 \$'000	30 JUNE 2015 \$'000	30 JUNE 2014 \$'000
Revenue	35	17	57	225	805
Net (loss) / profit before tax	(1,313)	(859)	(2,479)	(6,044)	(3,634)
Net (loss) / profit after tax	(1,329)	(954)	(2,502)	(6,045)	(3,641)
Attributable to members of PepinNini Lithium Limited	(1,329)	(954)	(2,502)	(6,045)	(3,641)
	30 JUNE 2018	30 JUNE 2017	30 JUNE 2016	30 JUNE 2015	30 JUNE 2014
Share price at start of year	\$0.016	\$0.031	\$0.017	\$0.012	\$0.02
Share price at end of year	\$0.019	\$0.016	\$0.031	\$0.017	\$0.012
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Basic (loss) / earnings per share	(0.3) cps	(0.3) cps	(1.1) cps	(3.5) cps	(2.9) cps
Diluted (loss) / earnings per share	(0.3) cps	(0.3) cps	(1.1) cps	(3.5) cps	(2.9) cps
Short term incentive (% of maximum)	0.00%	0.00%	0.00%	0.00%	0.00%

(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 Lithium Limited and the PepinNini Lithium Limited Group are set out in the following tables. The key management personnel of the Group are the Directors of PepinNini Lithium Limited (see previous pages).

Key management personnel of the Group

Name	2018 SHORT-TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFIT	LONG TERM BENEFITS	TERMINATION BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS	TOTAL
	Cash salary and fees	Cash bonus	Non monetary benefits	Other					
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive directors									
Rebecca Holland-Kennedy <i>Managing Director</i>	181,096				17,005			45,224	243,325
Sarah Clifton-Brown <i>Finance Director</i>	102,200				9,682			45,224	157,106
Non-Executive Directors									
Robert (Wei) Sun <i>(Resigned 7 May 2018)</i>	19,456				1,848			22,612	43,916
Phil Clifford	51,950			21,025 ¹	4,935	28,853 ¹		45,224	151,987
Total Key Management Personnel Compensation (Group)	354,702			21,025	33,470	28,853		158,284	596,334

¹As Non-Executive Directors do not receive any benefits; Phil Clifford's annual leave and long service leave were paid out when he changed to a Non-Executive Director on 1 October 2017.

Name	2017 SHORT-TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFIT	LONG TERM BENEFITS	TERMINATION BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS	TOTAL
	Cash salary and fees	Cash bonus	Non monetary benefits	Other					
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive directors									
Rebecca Holland-Kennedy	178,996				17,005				196,001
Sarah Clifton-Brown	99,623				9,464				109,087
Phil Clifford	97,706				9,282				106,988
Non-Executive Directors									
Robert (Wei) Sun	19,026				1,807				20,833
Total Key Management Personnel Compensation (Group)	395,351				37,558				432,909

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

NAME	FIXED REMUNERATION		AT RISK - STI		AT RISK - LTI	
	2018	2017	2018	2017	2018	2017
Directors of PepinNini Lithium Limited						
Rebecca Holland-Kennedy	95%	95%	5%	5%		
Robert (Wei) Sun <i>(Resigned 7th May 2018)</i>	100%	100%				
Phil Clifford (changed from Executive to Non-Executive Director Oct 1 2017)	100%	100%				
Sarah Clifton-Brown	95%	95%	5%	5%		

No Director or member of senior management appointed during the period received any payments during the year other than those detailed above. 5,250,000 options were granted to Directors of PepinNini Lithium Limited during the year ended 30 June 2018 (2017: 0).

(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.

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 \$111,000 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.

(H) SHARE BASED COMPENSATION

Options

An employee share option scheme has been established whereby PepinNini Lithium Limited may, at the discretion of management, grant options over the ordinary shares of PepinNini Lithium 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 expiry 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 shown through the table on the following page.

Details of options over ordinary shares in the Group provided as remuneration to each Director of PepinNini Lithium Limited and each of the key management personnel of the Group are set out on the following page. Further information on the options is set out in note 14 to the financial statements.

Options numbered (2) - (3) in the table below are entitled to beneficial interest at vesting date only if the recipients continue to be employed by the Company at that date. Employee options numbered (1) expired 9 November 2017, Options numbered (4)-(7) have no requirement for the Director to remain employed and continue until Expiry.

Holders of the options granted are as follows, options (1)-(4) Sarah Clifton-Brown, (5) Rebecca Holland-Kennedy, (6) Philip Clifford, (7) Robert Wei Sun. (4)-(7) were granted during the year and have the following expensed values (4) \$45,150, (5) \$45,150, (6) \$45,150 and (7) \$22,575, these options were awarded for past service and approved by the shareholders at the AGM, they have no performance conditions.

The weighted average fair value of options granted during the year was \$0.03 (2017: \$0). These values were calculated using the Black-Scholes option pricing model.

Dividend yield and weighted average share price have also been used as inputs into the Black Scholes Valuation model in order to determine the fair value of share options granted.

GRANT DATE	DATE VESTED AND EXERCISABLE	EXPIRY DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	NUMBER OF OPTIONS
(1) 10 November 2014	10 November 2014	09 November 2017	\$0.03	\$0.0068	200,000
(2) 10 November 2014	10 November 2015	09 November 2018	\$0.06	\$0.0054	200,000
(3) 10 November 2014	10 November 2016	09 November 2019	\$0.10	\$0.0050	200,000
(4) 10 November 2017	10 November 2017	09 November 2020	\$0.04	\$0.0301	1,500,000
(5) 10 November 2017	10 November 2017	09 November 2020	\$0.04	\$0.0301	1,500,000
(6) 10 November 2017	10 November 2017	09 November 2020	\$0.04	\$0.0301	1,500,000
(7) 10 November 2017	10 November 2017	09 November 2020	\$0.04	\$0.0301	750,000

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.

2018 NAME	Balance at the start of the year (number)	Granted as compensation (number)	Exercised (number)	Other changes (number)	Balance at end of the year (number)	Vested and exercisable (number)	Unvested (number)
Directors of PepinNini Lithium Limited							
Options							
Rebecca Holland-Kennedy	-	1,500,000			1,500,000	1,500,000	
Robert (Wei) Sun (Resigned 7th May 2018)	-	750,000			750,000	750,000	
Phil Clifford	-	1,500,000			1,500,000	1,500,000	
Sarah Clifton-Brown	600,000	1,500,000		(200,000)	1,900,000	1,900,000	
Other key management personnel of the Group							

5,250,000 options were granted to Directors of PepinNini Lithium Limited during the year ended 30 June 2018 (2017: 0).

There were 4,900,000 unissued ordinary shares held by Directors of PepinNini Lithium 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 Lithium Limited and other key management personnel of the Group for either the 30 June 2018 or 30 June 2017 financial year.

(I) SHAREHOLDINGS OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The number of shares in the company held during the financial year by each Director of PepinNini Lithium 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.

2018 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 Lithium Limited				
Ordinary shares				
Rebecca Holland-Kennedy	93,986,475		-	93,986,475
Robert (Wei) Sun (Resigned 7th May 2018)	174,139		-	174,139
Phil Clifford (changed from Executive to Non-Executive Director Oct 1 2017)	600,000		-	600,000
Sarah Clifton-Brown	312,000		-	312,000
Other key management personnel of the Group				
Ordinary shares				
None				

END OF AUDITED REMUNERATION REPORT.

INDEMNIFICATION OF OFFICERS AND AUDITORS

PepinNini Lithium 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 2017 to 13 October 2018 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.

No indemnity was given in respect of the auditor, and no insurance premium was paid for such an indemnification.

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 2018.

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 22 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 36 of the annual financial report.

RESOLUTION OF DIRECTORS

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



Rebecca Holland Kennedy
 Managing Director
 Adelaide, 13 September 2018

AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY ANDREW TICKLE TO THE DIRECTORS OF PEPINNINI LITHIUM LIMITED

As lead auditor of PepinNini Lithium Limited for the year ended 30 June 2018, 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 Lithium Limited and the entities it controlled during the period.

Andrew Tickle
Director

BDO Audit (SA) Pty Ltd
Adelaide, 13 September 2018

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTE	CONSOLIDATED	
		2018 \$	2017 \$
Revenue from Continuing Operations	7	25,949	16,720
Other Income	7	8,636	31,814
EXPENSES			
Depreciation expense	6	(3,185)	(8,459)
Salary & employment costs	8	(522,439)	(368,726)
Operating expenses		(266,860)	(294,008)
Operating lease rental expense		(16,842)	(23,180)
Share registry		(99,735)	(57,805)
Airfares		(68,670)	(13,383)
Professional fees		(68,000)	(67,433)
Administration fees		(111,709)	(5,479)
Insurance		(36,546)	(18,737)
Bank Charges and State Taxes		(64,505)	(17,229)
Legal fees		(7,709)	(33,054)
Impairment of exploration asset		(81,058)	-
Total expenses		(1,347,258)	(907,493)
Loss before tax		(1,312,673)	(858,959)
Income tax benefit/(expense)	10	(16,477)	(95,162)
Loss for the year		(1,329,149)	(954,121)
Other comprehensive income		-	-
<i>Items that may be reclassified to profit or loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>		-	-
Total comprehensive Loss for the year		(1,329,149)	(954,121)
Attributable to:			
Members of PepinNini Lithium Limited		(1,329,149)	(954,121)
		(1,329,149)	(954,121)
Earnings per share for loss attributable to the ordinary equity holders of the company:			
Basic loss (cents per share)	12	(0.3)	(0.3)
Diluted loss (cents per share)	12	(0.3)	(0.3)

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 2018

	NOTE	CONSOLIDATED	
		2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	352,079	3,011,200
Trade and other receivables	9	355,967	288,403
Prepayments		15,329	16,064
Total current assets		723,105	3,315,667
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	4	17,382,328	13,920,017
Exploration bonds		3,990	3,990
Property, plant and equipment	6	6,591	6,982
Total non-current assets		17,392,909	13,930,989
TOTAL ASSETS		18,116,014	17,246,656
CURRENT LIABILITIES			
Trade and other payables		472,651	581,752
Annual and long service leave		161,824	217,568
Total current liabilities		634,475	799,320
NON-CURRENT LIABILITIES			
Convertible Notes	13	390,826	-
Total liabilities		1,025,301	799,320
NET ASSETS		17,090,713	16,447,336
EQUITY			
Issued capital	11	28,174,241	26,695,248
Reserves	11	897,683	404,150
Retained earnings	11	(11,981,211)	(10,652,062)
Total equity attributable to equity holders of the Company		17,090,713	16,447,336

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 2018

CONSOLIDATED	Issued Capital Note 11(a)		Reserves Note 11(b)		Retained Earnings Note 11 (b)	
	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 2016	21,724,640	553,623	52,035	405,184	(9,697,941)	13,037,541
Loss for the year					(954,121)	(954,121)
Other			-			
Comprehensive				-		
Income				-		
Total comprehensive (loss)/income					(954,121)	(954,121)
Issue of shares, net of transactions costs and tax (note 11 (a))	4,416,985		(52,035)			4,364,950
Employee share options				(1,034)		(1,034)
BALANCE AT 30 JUNE 2017	26,141,625	553,623		404,150	(10,652,062)	16,447,336
BALANCE AT 1 JULY 2017	26,141,625	553,623		404,150	(10,652,062)	16,447,336
Loss for the year					(1,329,149)	(1,329,149)
Other						
Comprehensive						
Income						
Total comprehensive (loss)/income					(1,329,149)	(1,329,149)
Issue of shares, net of transactions costs and tax (note 11 (a))	1,478,993		303,239			1,782,232
Share options				190,294		190,294
BALANCE AT 30 JUNE 2018	27,620,618	553,623	303,239	594,444	(11,981,211)	17,090,713

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 2018

	NOTE	CONSOLIDATED	
		2018 \$	2017 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,515,562)	(480,309)
Receipts in the course of business (inclusive of GST)		2,129	(824)
Net cash (used in) operating activities	3	(1,513,433)	(481,133)
Cash flows from investing activities			
Interest received		25,949	16,720
Research & development tax incentive received		197,204	220,743
Payments for exploration and evaluation activities		(3,580,659)	(1,554,394)
Payments for property, plant and equipment		(3,627)	(1,958)
Proceeds from disposal of property, plant and equipment		44,287	31,814
Net cash provided by/(used in) investing activities		(3,316,846)	(1,287,075)
Cash flows from financing activities			
Proceeds from issues of equity securities		1,782,232	4,364,950
Proceeds from issue of convertible notes		390,826	-
Net cash provided by financing activities		2,173,058	4,364,950
Net increase/(decrease) in cash and cash equivalents		(2,657,221)	2,596,742
Cash and cash equivalents at the beginning of the financial year		3,011,200	415,466
Net foreign exchange differences on foreign cash balances		1,900	(1,008)
Cash and cash equivalents at the end of the financial year	3	352,079	3,011,200

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

NOTES TO THE FINANCIAL STATEMENTS

STRUCTURE OF NOTES AND MATERIALITY

Note disclosures are split into five sections shown below to enable a better understanding of how the Group performed.

GENERAL INFORMATION

1. General information
2. Significant accounting policies

THE BUSINESS' PERFORMANCE

3. Cash
4. Exploration and evaluation expenditure
5. Business and geographical segments
6. Property, plant and equipment
7. Revenue and other income
8. Compensation
9. Trade and other receivables
10. Taxation

CAPITAL

11. Equity
12. Earnings per share
13. Convertible Note
14. Share based payments

STRUCTURES

15. Parent entity information
16. Consolidation
17. Investment in subsidiaries

UNRECOGNISED ITEMS AND ADDITIONAL INFORMATION

18. Financial risk management
19. Related party transactions
20. Commitments for expenditure
21. Subsequent events
22. Remuneration of auditors

Accounting policies and critical accounting judgements applied to the preparation of financial statements have been moved to the relevant section.

Information is only being included in the Notes to the extent that it has been considered material and relevant to the understanding of the financial statements.

Note 1. General Information

This financial report covers the consolidated financial statements for the consolidated entity consisting of PepinNini Lithium 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
PH: +61 (0)2 9417 6212
FAX: +61 (0)2 9417 3043
Email: admin@pepinini.com.au

EXPLORATION OFFICE SA:

22A Charlotte Street
SMITHFIELD SA 5114
PH: +61 (0)8 8254 2044
FAX: +61 (0)8 8254 2033

PRINCIPAL OFFICE:

6/68 North Terrace
KENT TOWN SA 5067
PH: +61 (0)8 8218 5000
FAX: +61 (0)8 8212 5717

PepinNini Lithium 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 13 September 2018. 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.

(a) 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 Lithium Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

(iii) 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. 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 in the respective notes:

- (a) Reserves and resources (note 4)
- (b) Deferred tax assets (note 10)

(iv) Reclassification

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

(v) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. This includes the realisation of capitalised exploration expenditure of \$17,382,328 (30 June 2017: \$13,920,017).

The Group has incurred a loss after tax for the year of \$1,329,147 (2017: \$954,121) and operations were funded by a net cash outflow of \$1,513,433 (2017: \$481,133).

The consolidated entity's ability to continue as a going concern is contingent on raising additional capital and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development. The matters set out above indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that may be necessary if the consolidated entity is unable to continue as a going concern.

(b) 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.

(c) New accounting standards and interpretations

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

(d) 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.

(e) 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 Lithium Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. 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 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 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.

THE BUSINESS PERFORMANCE

Note 3. Cash

Cash and cash equivalents at 30 June 2018 was \$352,079 (2017: \$3,011,200).

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.

To manage exposure to credit risk, cash and cash equivalents must have a minimum credit rating of "A".

The Group's weighted average interest rate is between 0.50% - 1.85% (2017: 0.70% - 2.07%).

(a) Reconciliation of loss after income tax to net cash outflow from operating activities, and non-cash activities

	CONSOLIDATED	
	2018 \$	2017 \$
Loss for the year before tax	(1,329,149)	(954,121)
Non-cash items		
Depreciation expensed	3,185	8,459
(Gain)/loss on disposal of PPE	(8,636)	(31,814)
Impairment of exploration assets	81,058	-
Employee options expense	190,294	(1,034)
Movement in deferred tax asset		
Foreign Exchange	1,900	1,008
Items not classified as operating		
Interest income	(25,949)	(16,720)
Income tax expense	16,477	95,162
Changes in net assets and liabilities		
(Increase)/decrease in assets:		(76,759)
Trade and other receivables	(296,306)	
Increase/(decrease) in liabilities:		508,621
Trade and other payables	(109,101)	
Provisions	(55,744)	(13,935)
Net cash outflow from operating activities	(1,513,433)	(481,133)

Note 4. Exploration and evaluation expenditure (E&E)



The Group capitalises and carries forward E&E incurred (e.g. payments for tenement acquisition and maintenance, analytical, geological, geophysical, exploration related personnel, drilling and results analysis, and an allocation of exploration overhead) where the rights of tenure of the area of interest are current and expenditures are expected to be recouped through:

- i. successful development and commercial exploitation of the area of interest;
- ii. or by its sale or exploration;
- iii. or 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 have an indefinite life (the useful life ends at an indeterminate time when future decisions are made to sell, transfer, develop and exploit, or discontinue the use of these assets).

The Impairment expense during the year relates to four mining leases in Argentina formerly considered

prospective for Copper-Gold being re-evaluated and relinquished because they were considered to have no potential for discovery, and the Western Australian Mozart Project, which was relinquished because it was a high cost exploration target which funds in the company were being directed to higher priority exploration.

GOVERNMENT GRANTS

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 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, is offset against costs capitalised and where objective evidence of impairment exists, is written off along with the associated costs.

Note 19 details the statutory expenditure commitments for granted exploration tenements.

(a) Critical accounting estimates and judgements: Impairment of E&E

The Group's accounting policy requires management to make certain assumptions as to future events and circumstances. Exploration costs are carried forward based on the accounting policy set out above. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed recoverable amount. Where required, impairment is recorded as impairment of exploration asset in the statement of profit or loss and other comprehensive income.

The Group has recognised impairment losses in the year ended 30 June 2018 of \$81,058 (2017: \$0).

Note 5. 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.

	2018 \$	2017 \$
Non-current operating assets		
Australia	11,724,476	11,504,331
Argentina	5,668,433	2,426,658
Total	17,392,909	13,930,989

Note 6. Property, plant and equipment

Year ended 30 June 2017

Opening net book amount	19,653
Additions	1,924
Disposals	-
Depreciation charge	(14,595)
Closing net book amount	6,982

At 30 June 2017

Cost	1,450,301
Accumulated depreciation	(1,443,319)
Net book amount	6,982

Year ended 30 June 2018

Opening net book amount	6,982
Additions	3,627
Disposals	-
Depreciation charge (a)	(4,018)
Closing net book amount	6,591

At 30 June 2018

Cost	1,410,849
Accumulated depreciation	(1,404,258)
Net book amount	6,591

	TOTAL \$
Opening net book amount	19,653
Additions	1,924
Disposals	-
Depreciation charge	(14,595)
Closing net book amount	6,982
Cost	1,450,301
Accumulated depreciation	(1,443,319)
Net book amount	6,982
Opening net book amount	6,982
Additions	3,627
Disposals	-
Depreciation charge (a)	(4,018)
Closing net book amount	6,591
Cost	1,410,849
Accumulated depreciation	(1,404,258)
Net book amount	6,591

Plant and equipment is stated at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate. 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.

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. 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 and included in profit or loss.

Total depreciation expensed

Depreciation capitalised

Total depreciation

DEPRECIATION EXPENSE

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%

CONSOLIDATED	
2018 \$	2017 \$
3,185	8,459
494	6,136
4,018	14,595

Note 7. Revenue and other income

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

	CONSOLIDATED	
	2018 \$	2017 \$
Interest revenue:		
Bank deposits	25,949	16,720
Other revenue:		
Drilling services revenue	-	-
Other revenue	-	-
	-	-
	25,949	16,720
Other income:		
Gain on sale of assets	8,636	31,814

Revenue is measured at the fair value of the consideration received or receivable, when the amount of revenue can be reliably measured, it is probably 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 reliably measurable until all contingencies relating to the sale or the provision of services have been resolved.

INTEREST INCOME

Interest income is recognised using the effective interest method.

Note 8. Compensation

(a) Key management personnel compensation

The following persons were Directors of PepinNini Lithium Limited during the financial year:

- Rebecca Holland-Kennedy – Managing Director
- Robert (Wei) Sun – Director (resigned 7th May 2018)
- Phil Clifford – Director
- Sarah Clifton-Brown - Director

Other than the Directors, 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.

Compensation for key management personnel during the year was:

	CONSOLIDATED	
	2018 \$	2017 \$
Short-term employee benefits	375,727	395,351
Long-term benefits	28,853	-
Post-employment benefits	33,470	37,558
Share-based payments - equity settled	158,284	-
	596,334	432,909

Detailed remuneration disclosures are provided in the remuneration report on pages 29 to 34

b) Total salary & employment costs

Salaries & wages	572,751	680,824
Employee options expense	190,294	(1,034)
Defined contribution superannuation expense	48,441	58,769
Salary Cost capitalised to Exploration and Evaluation Asset	(289,047)	(329,833)
	522,439	368,726

(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. 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 evaluation expenditure capitalised for the period during which the expenditure was occurred.

(iii) Compensation qualifying as exploration and evaluation expenditure

The Group's policy on the treatment of Exploration and Evaluation Expenditure is detailed at note 4. For employees involved in exploration activities, the expenditure on employee compensation is capitalised as part of the cost of an Exploration and Evaluation Asset when that expenditure meets the definition of Exploration and Evaluation Expenditure.

(iv) Employee Share Option Scheme

PepinNini Lithium Ltd has an employee share option scheme as part of its overall compensation arrangement with employees. Details of the scheme are shown at note 14 Share Based Payments.

Note 9. Trade and Other Receivables

	CONSOLIDATED	
	2018 \$	2017 \$
CURRENT		
Trade receivables	-	2,360
GST/VAT receivable	355,697	76,043
Research & development tax refund	-	210,000
Allowance for doubtful debts	-	-
Trade and other receivables	355,697	288,403

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.

As at 30 June 2018, no trade receivables were past due or impaired (2017: nil). Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value and reflects the total contractual cash flows.

The trade and other receivables do not have an external credit rating.

(a) Maturities of trade and other receivables

Of the total trade and other receivables balance, \$374,243 matures in less than 6 months (2017: \$78,403).

Note 10. Taxation

PepinNini Lithium 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.

This note provides an analysis of the Group's income tax expense, amounts recognised and deferred tax assets and liabilities. The income tax expense of \$16,477 for the year ended 30 June 2018 (2017: \$95,162) represents the tax relating to share issue costs.

Deferred income tax is determined using a tax rate applicable at the end of the reporting period and 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 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 tax liabilities are offset where 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 directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity.

	CONSOLIDATED	
	2018 \$	2017 \$
(a) Income tax expense/(benefit)		
Current tax (benefit)/expense		
Deferred tax (benefit)/expense	16,477	95,162
Adjustment of tax of prior periods		
	16,477	95,162
Deferred income tax expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	(968,173)	61,815
Decrease (increase) in deferred tax liabilities	951,696	33,347
	16,477	95,162
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,312,673)	(858,959)
Tax at the Australian tax rate of 27.5% (2017 - 27.5%)	(360,985)	(236,214)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Employee stock compensation	52,331	(284)
R&D Non-assessable income		
Deferred tax assets not recognised as not probable	325,131	331,660
Income tax (benefit)/expense	16,477	95,162
(c) Amounts recognised directly in equity		
Net deferred tax - credited directly to equity	16,477	95,162
(d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised:		
Revenue losses	13,178,826	11,668,559
Capital losses	5,840,532	5,840,532

	CONSOLIDATED	
	2018 \$	2017 \$
The net deferred tax asset comprises temporary differences attributable to:		
<i>Deferred tax assets:</i>		
Fundraising costs	74,051	83,933
Provisions and accruals	44,502	59,831
Tax losses	8,713,187	6,895,824
Deferred tax assets not recognised for unused tax losses	(3,624,177)	(3,208,853)
Deferred tax assets:	5,207,563	3,830,734
<i>Deferred tax liabilities:</i>		
Exploration expenditure	(5,205,273)	(3,828,005)
Other	(2,290)	(2,730)
	(5,207,563)	(3,830,734)
Total net deferred tax assets	-	-

(a) Critical accounting estimates and judgements

Deferred tax assets 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.

The carrying amount of net deferred taxes at 30 June 2018 is \$0 (2017: \$0).

costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have no par value and the company does not have a limited amount of authorised capital. All issued ordinary shares carry one vote per share.

(b) Reserves and retained earnings

(i) 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.

(ii) 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.

(iii) Retained Earnings

Retained earnings is a category of reserves which shows the accumulated undistributed profits or losses of the group since its inception.

CAPITAL

Note 11. Equity

(a) Share capital

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up of the Group in proportion to the number of and amounts paid on the shares held. Ordinary shares are classified as equity. Incremental

	2018		2017	
	No.	\$	No.	\$
Fully paid ordinary shares and fully paid options				
Balance at beginning of financial year	483,968,689	26,695,248	270,739,774	22,278,263
Issue of shares [#]	49,072,727	1,518,431	213,228,915	4,641,994
Share issue costs		(59,914)		(320,171)
Tax effect on issue costs		16,476		95,162
Options exercised	200,000	4,000		-
Balance at end of financial year	533,241,416	28,174,241	483,968,689	26,695,248

[#] In January 2018 a private placement of 26,000,000 shares was offered to sophisticated investors at an issue price of 5.8c to raise \$1,508,000 before costs.

In April 2018 200,000 employee options were exercised, \$4000 was raised from the transaction.

In February 2018 the company entered into a Controlled Placement Agreement (CPA) with Acuity, the CPA provided PNN with \$5 million of standby equity capital over a 23 month period, PNN has full control of whether to use it and the agreement is currently not being utilised per agreement with Bergan whilst the Convertible Note is in place. As collateral for the CPA Acuity capital currently holds 17 Million Collateral shares that PNN can cancel and take back at any time.

In May 2018, the Company entered into a Convertible Note agreement with Bergan Global opportunity Fund. Pursuant to the Agreement the Company issued 2,272,727 fully paid ordinary shares as a commencement fee and a further 3,800,000 as collateral for nil consideration. Further details of the convertible Note are included in note 13.

(c) Capital risk management

The Group considers its capital to comprise its ordinary share capital and accumulated losses as shown in the Consolidated statement of changes in equity on pg 24. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern. To ensure this the group may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes to the Group's approach to capital management during the year; the group monitor capital to ensure the company has appropriate cash and cash equivalents to meet needs. The Group is not subject to externally imposed capital requirements.

Note 12. 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, and
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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

	CONSOLIDATED	
	2018 Cents	2017 Cents
Total basic loss per share attributable to the ordinary equity holders of the company	(0.3)	(0.3)
Total diluted loss per share attributable to the ordinary equity holders of the company	(0.3)	(0.3)
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(1,329,149)	(954,121)

ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Weighted average number of shares used as the denominator for both basic and diluted loss per share is 502,564,343 (2017: 350,024,697). A total of 12,400,000 options have not been included in the calculation of diluted loss per share as they are anti-dilutive. 58,806,034 ordinary shares were issued after 30 June 2018 in several rounds of capital raising, which would have changed significantly the number of ordinary shares outstanding at the end of the period, had those transactions occurred before the end of the reporting period.

Note 13. Convertible Note

PepinNini Lithium Limited Secured an Investment agreement with Began Global Opportunity Fund for investment up to \$2 million in May 2018.

An upfront investment of \$390,826 was made immediately and an additional \$1,609,174 is available for draw down during the 24 month agreement.

The \$390,826 initial investment resulted in 426,000 convertible securities being issued to Bergen with a face value of \$1 each.

Each security can be converted by the investor at either 90% of the average 5 day VWAP or 140% of the 20 day VWAP up to execution of the agreement.

4,800,000 options were issued to Bergen as part of the transaction with an exercise price of 3.77c per option.

Note 14. Share-based payments

Each employee share option converts into one ordinary share of PepinNini Lithium 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 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 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.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

200,000 options were exercised during the year ended 30 June 2018.

The weighted average remaining contractual life of share options outstanding at the end of the period was 32 months (2017:11 months).

FAIR VALUE OF OPTIONS GRANTED

11,700,000 were granted in the 2018 financial year (2017: zero). The weighted average fair value of options granted during the year was \$0.017 per option.

Weighted average share price on the date of exercise of options during 2018 was 2c (2017: n/a).

The options granted during the year were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	\$0.04	\$0.05	\$0.07	\$0.09
Weighted average life of the option:	3 years	3 years	3 years	3 years
Expected share price volatility:	145%	136%	136%	136%
Risk-free interest rate:	2.2%	2.2%	2.2%	2.2%
Dividend Yield:	-	-	-	-

Set out below is a summary of options under the plan:

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	BALANCE AT START OF YEAR (NUMBER)	GRANTED DURING THE YEAR (NUMBER)	FORFEITED DURING THE YEAR (NUMBER)	EXPIRED DURING THE YEAR (NUMBER)	BALANCE AT END OF THE YEAR (NUMBER)	VESTED & EXERCISABLE AT END OF THE YEAR (NUMBER)
Consolidated and company - 2018									
10 Nov 14	10 Nov 14	9 Nov 17	3.0	200,000			200,000	-	-
10 Nov 14	10 Nov 15	9 Nov 18	6.0	200,000				200,000	200,000
10 Nov 14	10 Nov 16	9 Nov 19	10.0	200,000				200,000	200,000
21 Jan 16	21 Jan 16	31 Jan 19	3.0	100,000				100,000	100,000
21 Jan 16	21 Jan 17	31 Jan 20	6.0	100,000				100,000	100,000
21 Jan 16	21 Jan 18	31 Jan 21	10.0	100,000				100,000	100,000
29 Apr 16	29 Apr 16	30 Apr 18	2.0	200,000		200,000		-	-
29 Apr 16	29 Apr 17	30 Apr 19	5.0	200,000		200,000		-	-
29 Apr 16	29 Apr 18	30 Apr 20	8.0	200,000		200,000		-	-
10 Nov 17	10 Nov 17	09 Nov 20	4.0	-	5,250,000			5,250,000	5,250,000
16 Mar 18	16 Mar 18	16 Mar 21	5.0	-	1,050,000			1,050,000	1,050,000
16 Mar 18	16 Mar 19	16 Mar 22	7.0	-	300,000			300,000	-
16 Mar 18	16 Mar 20	16 Mar 23	9.0	-	300,000			300,000	-
TOTAL				1,500,000	6,900,000	600,000	200,000	7,600,000	7,000,000
Weighted average exercise price of options				5.8c	3c	5c	3c	4.4c	4.2c
Consolidated and company - 2017									
10 Nov 14	10 Nov 14	9 Nov 17	3.0	300,000		100,000		200,000	200,000
10 Nov 14	10 Nov 15	9 Nov 18	6.0	300,000		100,000		200,000	200,000
10 Nov 14	10 Nov 16	9 Nov 19	10.0	300,000		100,000		200,000	200,000
21 Jan 16	21 Jan 16	31 Jan 19	3.0	100,000				100,000	100,000
21 Jan 16	21 Jan 17	31 Jan 20	6.0	100,000				100,000	100,000
21 Jan 16	21 Jan 18	31 Jan 21	10.0	100,000				100,000	
29 Apr 16	29 Apr 16	30 Apr 18	2.0	200,000				200,000	200,000
29 Apr 16	29 Apr 17	30 Apr 19	5.0	200,000				200,000	200,000
29 Apr 16	29 Apr 18	30 Apr 20	8.0	200,000				200,000	
TOTAL				1,800,000	-	300,000	-	1,500,000	1,200,000
Weighted average exercise price of options at end of the year				5.9c	-	6.3c	-	5.8c	5.1c

STRUCTURE

Note 15. Parent entity information

The financial information for the parent entity, PepinNini Lithium Limited, disclosed below have been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of PepinNini Lithium Limited.

(ii) Tax consolidation legislation

Details of tax consolidation treatment are disclosed in note 10.

The Company has not provided any financial guarantees as at 30 June 2018 and has no contingent liabilities as at 30 June 2018.

Note 16. Principles of consolidation

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 2018 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.

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.

There are no significant restrictions on the ability of PepinNini Lithium Ltd to access or use assets, and settle liabilities of any of the controlled entities.

UNRECOGNISED ITEMS AND ADDITIONAL INFORMATION

Note 18. Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 17.

	PARENT	
	2018	2017
	\$	\$
Statement of financial position		
Current assets	353,226	3,203,549
Total assets	17,452,685	16,362,901
Current liabilities	(216,817)	(437,238)
Non-current liabilities	(390,826)	-
Total liabilities	(607,643)	(437,238)
Shareholders' equity		26,695,249
Issued capital	28,174,242	26,695,249
Prepaid share reserve	303,239	-
Equity settled employee benefits reserve	594,444	404,149
Retained earnings	(12,226,883)	(11,173,735)
Total shareholders' equity	16,845,042	15,925,663
Profit or loss for the year	(1,021,019)	(879,328)
Total comprehensive income	(1,021,019)	(879,328)

Note 17. Investments in subsidiaries

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2018 %	2017 %
NiCul Minerals Ltd ^*	Australia	100	100
PepinNini Resources Curnamona Pty Ltd*	Australia	100	100
PepinNini Robinson Range Pty Ltd*	Australia	100	100
PepinNini Lithium 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 Lithium Limited is the head entity within the tax consolidated group.

^Name change 26 July 2011 from PepinNini Resources Pty Ltd

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 8.

(c) Transactions with related parties

As at 30 June 2018, George Holland Pty Ltd, a company of which Rebecca Holland-Kennedy is a Director held 10,986,475 shares, (2017: 10,986,475).

As at 30 June 2018 Kalinda Outlook Pty Ltd, a company of which Rebecca Holland-Kennedy is a Director held 83,000,000 shares (2017: 83,000,000)

(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.

Outstanding balances are unsecured and are repayable in cash.

Note 19. 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:

	NOTE	CONSOLIDATED	
		2018 \$	2017 \$
Financial assets			
Cash and cash equivalents	3	352,079	3,011,200
Loans and Receivables - Trade and other receivables	9	355,697	288,403
		707,776	3,299,603
Financial liabilities			
Trade and other payables	*	(472,651)	(581,752)
Convertible note		(390,826)	-
		(863,477)	(581,752)

*Trade and other payables 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.

Most of the Group's financial liabilities are due to be settled within 6 months. Consequently, no discounting has been applied for the time value of money, and the total contractual cash flows are equal to the carrying amounts of trade and other payables.

The convertible note is non-current but the value is fixed and expected to be converted so no adjustment has been made to the carrying value.

(a) Market risk**(i) Commodity price risk**

Changes in commodity prices may impact the Group's projected cash flows in future years and may impact the assessment of the carrying value of its assets. However, given the Company is not yet in production, changes in commodity prices do not currently impact the Group's profit or loss or its cash flows.

(ii) Interest rate risk

Exposure arises from assets bearing variable interest rates. With consideration of the cash balance at 30 June 2018 and the Group's intention to hold fixed rate assets to maturity, the impact of interest rate risk is considered to be immaterial.

(iii) Currency risk

The group operates internationally and is exposed to foreign exchange risk arising from fluctuations in the United States Dollar and Argentine Peso. Foreign exchange risk arises from future commercial transactions and recognised financial 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 2018 and 2017, 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.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Group's receivables, cash and cash equivalents and bank term deposits. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents (note 3) and trade and other receivables (note 9). The Group's maximum exposure to credit risk at the reporting date was \$707,776 (2017: \$3,299,603).

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to

the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(d) Fair value estimation

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.

	CONSOLIDATED		
	< 1 YEAR \$	>1 - <5 YEARS \$	TOTAL \$
Financial Liabilities			
Trade and other payables	472,651	-	472,651
Convertible note	-	390,826	390,826
	472,651	390,826	863,477

Note 20. Commitments for expenditure**Capital expenditure commitments**

Granted exploration tenement statutory expenditure commitments, payable:

	CONSOLIDATED	
	2018 \$	2017 \$
Not longer than 1 year	31,685	683,325
Longer than 1 year and not longer than 5 years	900,000	200,000
Longer than 5 years		
	931,685	883,325
<i>Operating lease commitments:</i>		
Not longer than 1 year	38,346	39,744
Longer than 1 year and not longer than 5 years	8,333	13,344
Longer than 5 years		
	46,679	53,088

Note 21. Subsequent events

In July 2018 the company completed an Entitlements Issue, 16,974,509 shares were issued at a purchase price of 2.1c per share.

In July 2018 a share placement took place, the company placed 24.6 Million ordinary shares at a price of 1.5c per share. \$368,800 was raised from the placement before costs.

As at the date of issuing this report, the convertible securities held by Bergan Global Opportunity Fund II have been reduced from the balance held at year-end of 426,000 securities to the current balance of 226,000 securities. These have been converted into Ordinary shares in three tranches of 50,000, 50,000 and 100,000 securities. A total of 17,243,858 ordinary shares were issued.

In September 2018, the company received a firm commitment for

a subscription of 14.5m ordinary shares at a price of 0.8c per share. \$116,000 will be raised from the placement before costs.

There has been no other matter or circumstance that has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Note 22. Remuneration of auditors**Auditor of the parent entity**

BDO Audit (SA) Pty Ltd audit and review of the financial reports

BDO Audit (SA) Pty Ltd non-assurance services

	CONSOLIDATED	
	2018 \$	2017 \$
BDO Audit (SA) Pty Ltd audit and review of the financial reports	32,800	30,800
BDO Audit (SA) Pty Ltd non-assurance services	-	-
	32,800	30,800

DIRECTOR'S DECLARATION

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

1. In the opinion of the Directors:

- a. The financial statements and notes of PepinNini Lithium Limited for the financial year ended 30 June 2018 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 2018 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 2018.

On behalf of the Board



Rebecca Holland-Kennedy
Managing Director

Adelaide, 13 September 2018



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PepinNini Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 2(iv) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2018 the carrying value of Exploration and Evaluation Assets was \$17,382,328 as disclosed in note 4.</p> <p>The recoverability of the exploration and evaluation assets was considered a key audit matter due to:</p> <ul style="list-style-type: none"> ▶ The carrying value of exploration and evaluation expenditure represents a significant asset of the Group, we considered it necessary to assess whether the facts and circumstances existed to suggest that the carrying amount of this asset may exceed the recoverable amount; and ▶ Determining whether impairment indicators exist involves significant judgement by management. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ▶ Obtaining a schedule of the areas of interest held by the Group and assessing whether the right to tenure of those areas of interest remain current and in good standing at balance date; ▶ Ensuring that the right to tenure of the areas of interest was current through confirmation with the relevant government departments or external legal counsel; ▶ Reviewing budgets and assessing assumptions made by the Group to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the areas of interest were planned ▶ Reviewing ASX announcements and minutes of directors meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest; and ▶ Considering whether any facts or circumstances existed to suggest impairment testing was required; <p>We also assessed the adequacy of the related disclosures in note 4 to the Financial Statements.</p>

Other information

The directors are responsible for the other information. The other information comprises the information contained in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Letter to Shareholders, 2018 Highlights, Tenement Schedule and Financial and Corporate Strategy, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Letter to Shareholders, 2018 Highlights, Tenement Schedule and Financial and Corporate Strategy, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Pepinnini Lithium Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit (SA) Pty Ltd

Andrew Tickle
Director

Adelaide, 13 September 2018

ADDITIONAL SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable as at 31 August 2018.

As at 31 August 2018 there were **586,490,904** fully paid ordinary shares **PNN** held by **3,170** individual shareholders.

All issued ordinary shares carry one vote per share.

There is no current on-market buy-back.

A. DISTRIBUTION OF EQUITY SECURITIES

	NUMBER OF HOLDERS	NUMBER OF SHARES
1 - 1,000	280	113,929
1,001 - 5,000	419	1,237,905
5,001 - 10,000	279	2,261,137
10,001 - 100,000	1,495	66,163,822
100,001 and over	697	516,714,111
	3,170	586,490,904
Holding less than a marketable parcel	1,871	25,509,180

B. SUBSTANTIAL SHAREHOLDERS

ORDINARY SHAREHOLDERS	FULLY PAID ORDINARY SHARES	
	PERCENTAGE	NUMBER
Kalinda Outlook Pty Ltd	14.15%	83,000,000
Querion Pty Ltd	6.42%	37,655,455
Total	20.57%	120,655,455

C. TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

ORDINARY SHAREHOLDERS	FULLY PAID ORDINARY SHARES	
	NUMBER	PERCENTAGE
Kalinda Outlook Pty Ltd	83,000,000	14.15%
Querion Pty Ltd	37,655,455	6.42%
Acuity Capital Investment	17,000,000	2.90%
Mr Martin John Boyd	15,000,000	2.56%
George Holland Pty Ltd	13,733,094	2.34%
Ms Keng Yoke Lee	11,000,000	1.88%
Mr James Theodore Lakes	9,000,000	1.53%
HSBC Custody Nominees	8,970,069	1.53%
Mrs Huanhao Lin	6,000,000	1.02%
Citicorp Nominees Pty Limited	4,890,285	0.83%
Protos Pty Ltd	4,500,000	0.77%
JP Morgan Nominees Australia Limited	4,423,483	0.75%
Eshan Pty Ltd	4,000,000	0.68%
G Castello Pty Ltd	4,000,000	0.68%
Sims Investments Pty Ltd	4,000,000	0.68%
Mr Fouad Abdo	3,840,880	0.65%
Mr Robert Rehl	3,800,000	0.65%
Mrs Fabiola Bonari	3,521,256	0.60%
Sinosteel Australia Pty Ltd	3,300,000	0.56%
Mr Andrew Damian Baines	3,181,430	0.54%
Total	244,815,952	41.72%

D. TOP HOLDERS OF UNQUOTED SECURITIES

Option Holder	EMPLOYEE UNQUOTED OPTIONS	
	NUMBER	PERCENTAGE
Bergan	4,800,000	41.20%
Sarah Clifton-Brown	1,900,000	16.31%
Rebecca Holland-Kennedy	1,500,000	12.88%
Philip Clifford	1,500,000	12.88%
Robert Wei-Sun	750,000	6.44%
Simon Perez Alsina	450,000	3.86%
Marcela Casini	450,000	3.86%
Leanne Tuite	300,000	2.58%
Total	11,650,000	100.0%

DIRECTORS

Rebecca Holland-Kennedy
Phil Clifford
Sarah Clifton-Brown

COMPANY SECRETARY

Justin Nelson

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