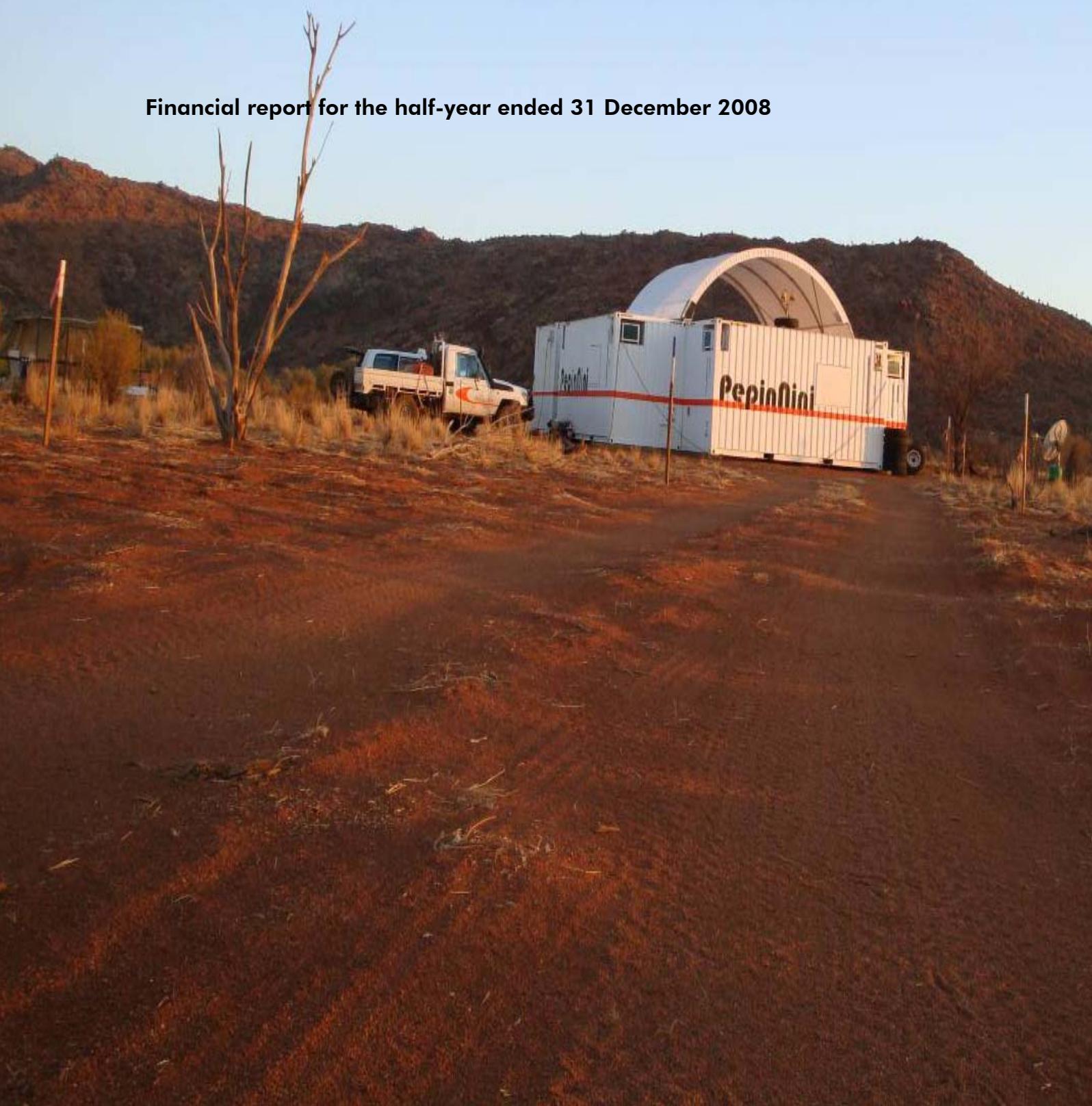


Pepinini

Minerals Limited

ABN 55 101 714 989

Financial report for the half-year ended 31 December 2008



Contents	Page
Directors' report	1
Auditor's independence declaration	5
Independent auditor's review report	6
Directors' declaration	8
Condensed consolidated income statement	9
Condensed consolidated balance sheet	10
Condensed consolidated statement of changes in equity	11
Condensed consolidated cash flow statement	12
Notes to the condensed consolidated financial statements	13

Directors' report

The directors of PepinNini Minerals Limited (the Company) submit herewith the financial report of the company and its subsidiaries (the Group) for the half-year ended 31 December 2008. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The following persons were directors of the company during the whole of the half-year and up to the date of this report:

- Mr Norman Kennedy
- Mr Christopher Lambert
- Ms Rebecca Holland-Kennedy
- Mr Albert George Harris

Review of operations

The principal activity of the Group during the reporting period has been exploration for base metals, uranium and gold in South Australia, Queensland and Western Australia.

1. Musgrave Province Nickel/Copper Project

During the reporting period the Company established a new base camp and commenced field operations within EL 4048 Mt Caroline. Exploration activities are primarily focused on targeting nickel-copper sulphides contained within the layered mafic-ultramafic Giles Complex rocks. The base metal potential of felsic and mafic gneisses of the Birksgate Complex is also being assessed.

The Company owned diamond rig has completed seven diamond boreholes and an eighth is currently being drilled for a total of 2,979.9m. Six of the drill holes were completed as part of a collaborative PACE funding program with the South Australian Government. Drilling intersected layered anorthosite, leuco-gabbro-norite and minor gabbro-norite and troctolite lithologies within the Giles Complex. Country rocks are typically felsic and granitic gneisses of the Birksgate Complex. Sulphides have been intersected in all boreholes to date confirming sulphur saturation occurred within the primary melt.

The diamond drill program within EL4048 is augmented by a regional geochemical survey utilising the company owned vacuum drill rig. Relatively shallow soil and rock chip samples are being taken from across the tenement, primarily along established tracks and roads. During the reporting period, 383 vacuum boreholes were drilled for a total of 4,001.75m.

Analytical results received to date from geochemical samples drilled by the vacuum rig within EL 4048 have returned anomalous values of silver (up to 25.5 g/t), lead (up to 43.5ppm), zinc (up to 1,240ppm), nickel (up to 1,880ppm), copper (up to 360ppm), cobalt (up to 1,660ppm), molybdenum (up to 14ppm) and strontium (up to 1,040ppm). The assay values are notably higher than results previously reported for regional geochemical samples collected in the Musgrave Province of South Australia.

A number of distinct priority targets have been defined from the initial results and each will be systematically investigated by more detailed grid drilling to ascertain if a coherent anomaly exists, the size of which may represent an economically viable target. The results are very encouraging and demonstrate the vacuum drilling can be an effective tool for sampling below the widespread aeolian sand cover in the Musgrave Province. The technique is viewed by PepinNini to be a substantial breakthrough in rapidly generating cost-effective high-quality targets for follow-up drilling.

A reconnaissance and mapping survey including geochemical sampling of significant parts of EL 3536 Pine Ridge as well as an extensive program of shallow vacuum drill holes primarily undertaken along existing tracks and fences has been approved by a Work Program Clearance conducted by traditional owners and APY. Field operations are scheduled to commence as soon as the Company's diamond rig and vacuum rig have completed the current program within EL 4048. The project includes a reassessment followed by investigation by drilling of five nickel copper prospects "Kenmore 1", "Kenmore 2", "South Bank", "Eremorphila" and "Aidan Walking" previously identified by Department of Mines and Rio Tinto within EL 3536

2. Curnamona Province Uranium and Base Metals Project

PepinNini Minerals Limited has a 40% interest in four granted exploration licences and one exploration licence application covering approximately 3,778 sq. kms. of the Curnamona Province of South Australia. A Joint Venture Alliance has been established with Sinosteel Corporation to manage and operate the development of the Crocker Well and Mt Victoria Uranium Deposits and explore for other commodities within the Joint Venture tenements. The development of the Crocker Well Uranium Deposit is being managed by Sinosteel PepinNini Curnamona Management Pty Limited (SPCM) on behalf of the Joint Venture partners.

Drilling operations to verify and upgrade the JORC compliant uranium resource from Inferred to Indicated or Measured, to allow for a Bankable Feasibility Study (BFS) to be prepared, was completed during the reporting period. SPCM have reported the completion of 206 Reverse Circulation (RC) boreholes and 17 cored boreholes. All boreholes have been

geophysically logged using a spectral gamma tool.

Significant uranium intercepts from the drilling program at Crocker Well include:

- 98.5m @ 541ppm U₃O₈ from surface(DD08CWE006)
including 12.0m @ 996ppm U₃O₈ from 68.0m and 8.0m @ 1063ppm U₃O₈ from 24.5m
- 41.0m @ 848ppm U₃O₈ from 15.5m(DD08CWE002)
including 9.5m @ 2012ppm e U₃O₈ from 37.0m
- 84.0m @ 857ppm e U₃O₈ from 5.0m(RC08CWJ017)
including 8.0m @ 1757ppm e U₃O₈ from 72.0m
- 120.0m @ 411ppm e U₃O₈ from 20.0m(RC08CWJ007)
including 28.0m @ 586ppm e U₃O₈ from 20.0m
- 131.0m @ 360ppm e U₃O₈ from 1.0m(RC08CWJ013)
including 14.0m @ 810ppm e U₃O₈ from 16.5m

(e U₃O₈ refers to the U₃O₈ grade as estimated from spectral gamma)

On 8th August 2008, the Sinosteel PepinNini Joint Venture lodged a Referral under the Commonwealth Government Environment Protection and Biodiversity Conservation Act for the development of a uranium mine at Crocker Well in South Australia.

On 2nd September 2008, the Sinosteel PepinNini Joint Venture lodged an application for a Mining Lease with the South Australian Government for the development of a uranium mine at Crocker Well.

Laboratory flotation test work was completed during December 2008. The results indicate that flotation can be successfully deployed for upgrading the Crocker well ore body.

Consultation with pastoralists, indigenous groups and the local community regarding the proposed mine development has commenced and a dedicated website <http://www.crockerwell.com.au> has been designed to ensure members of the public have access to the latest information and reports relating to the proposal. A presentation describing the project was given to the Adnyamathanha Governing Committee on 3rd December, 2008 and Part 9B Mining Agreement negotiations with Adnyamathanha commenced on 17th December, 2008

3. North Queensland Project

On 3rd September 2008, PepinNini Minerals Limited announced the appointment of Mr Gary Ferris as Exploration Manager to direct the exploration of the considerable potential identified in the Queensland tenements held by the Company. PepinNini Minerals have established a significant presence in North Queensland with 19 exploration tenements and 1 mining lease covering approximately 2,007 sq kms.

Initial priority exploration targets have been identified as gold and base metals in EPM 15440 Percyville and uranium and phosphate in EPM 14834 Plain Creek.

On 25th November 2008, PepinNini Minerals Limited announced results from a recently completed surface sampling program conducted within EPM 15440 Percyville. Four priority target prospects have been identified within the tenement for detailed geochemical and surface geophysical surveys prior to investigation by drilling. Some of the more significant assays at each of the prospects include:

Spring Valley Prospect

- 335g/t gold, 85.4g/t silver, 0.2% copper, 2.8% lead
- 53.8g/t gold, 870g/t silver, 32.8% copper
- 166g/t gold, 563g/t silver, 4.9% copper, 4.7% lead, 0.4% zinc
- 3.3g/t gold, 542g/t silver, 5.8% copper, 3.7% lead
- 10.7g/t gold, 242g/t silver, 8.8% copper, 0.2% lead
- 90.1g/t gold, 63.8g/t silver, 2.8% copper

Union Prospect

- 65.1g/t gold, 435g/t silver, 9.9% copper
- 3.6g/t gold, 653g/t silver, 20.3% copper
- 42.3g/t gold, 124g/t silver, 1.4% copper
- 4.7g/t gold, 13.7g/t silver, 3.0% copper

Dividend Gully

- 40.5g/t gold, 1,360g/t silver, 0.1% copper, 0.4% lead
- 38.1g/t gold, 184g/t silver, 0.2% copper, 2.3% lead
- 18% lead

Freedom Prospect

- 3.2g/t gold, 732g/t silver, 13.8% copper, 1.0% lead
- 15.1g/t gold, 28.6g/t silver, 3.1% copper, 0.6% lead, 0.2% zinc

EPM 15440 is located in the Percyville area approximately 50km south of Forsayth. The 4.1Moz Kidston Gold Mine is located approximately 30km to the northeast of the area.

The surface sampling program also included the Return EPM 15547 located 5kms south of Forsayth. Gold mineralisation within the Forsayth area is hosted within steeply dipping quartz veins within shear zones. Regional aeromagnetic data indicates a major northwest trending shear zone transects EPM 15547. Prospective mineralisation identified in selected samples collected from within EPM 15547 includes:

- 31.3g/t gold, 42g/t silver, 0.2% lead
- 27.7g/t gold, 41g/t silver, 0.7% lead
- 29.0g/t gold, 49g/t silver, 0.5% lead
- 4.9g/t gold, 7g/t silver, 1.1% lead

On 8th December 2008, PepinNini announced that results from a recently completed reconnaissance and surface sampling program confirmed high-grade uranium (up to 2,288ppm U_3O_8) and phosphate (up to 22.9%) mineralization within EPM 14834 Plain Creek. A total of 48 samples were collected during a reconnaissance survey conducted during October 2008. Some of the more significant assay results include:

- 22.9% P_2O_5 , 1,450ppm U_3O_8
- 16.3% P_2O_5 , 2,288ppm U_3O_8
- 15.9% P_2O_5 , 1,828ppm U_3O_8
- 14.4% P_2O_5 , 1,108ppm U_3O_8
- 12.7% P_2O_5 , 1,014ppm U_3O_8
- 11.2% P_2O_5 , 2,170ppm U_3O_8

EPM 14834 (Plain Creek) is located approximately 190km south of Charters Towers within the Devonian to Carboniferous Drummond Basin. It is connected by sealed road to the port of Townsville approximately 300km to the north.

Exploration by previous explorers investigating the uranium potential within EPM 14834 has delineated at least ten prospects with phosphate and uranium potential. Previous exploration reported P_2O_5 results up to 27% and U_3O_8 up to 4,200ppm within relatively flat lying siltstones. The reconnaissance survey undertaken by PepinNini identified siltstone units up to 3m thick within creek sections that extend for long distances below a relatively shallow cover of recent alluvium.

4. Peak Hill Gold Project and Robinson Range Iron Ore Project

PepinNini presently holds a 49% interest in Eagle Gold Mines Limited (EGM) a public unlisted United Kingdom company. EGM owns a wholly owned Australian subsidiary Eagle Gold Mines Pty Limited ACN 126 541 624 (EGM Pty Ltd) which owns the mineral tenements and processing plant and infrastructure referred to as the Peak Hill Gold Project and Fortnum Gold Mine.

On 9th July 2008, PepinNini Minerals announced it had been notified by EGM that a Receiver and Manager had been appointed to EGM Pty Ltd and PepinNini is awaiting the outcome of the sale of assets to third parties.

Negotiations between the Receiver and Manager and third parties regarding the realisation of the assets of EGM Pty Ltd are continuing. Until these sale transactions are concluded and other realisation strategies completed, it is not possible to provide an estimated return to creditors of EGM Pty Ltd including PepinNini.

Meanwhile PepinNini continues to maintain the status of the Robinson Range Iron Ore Farm-In and Joint Venture notwithstanding disagreement between PepinNini and the Receiver and Manager on that issue.

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

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 4 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'N. Kennedy', written over a light blue horizontal line.

Norman Kennedy
Managing Director
Sydney, 27th February 2009

The Board of Directors
PepinNini Minerals Limited
96 Babbage Road
Roseville Chase NSW 2069

27 February 2009

Dear Board Members

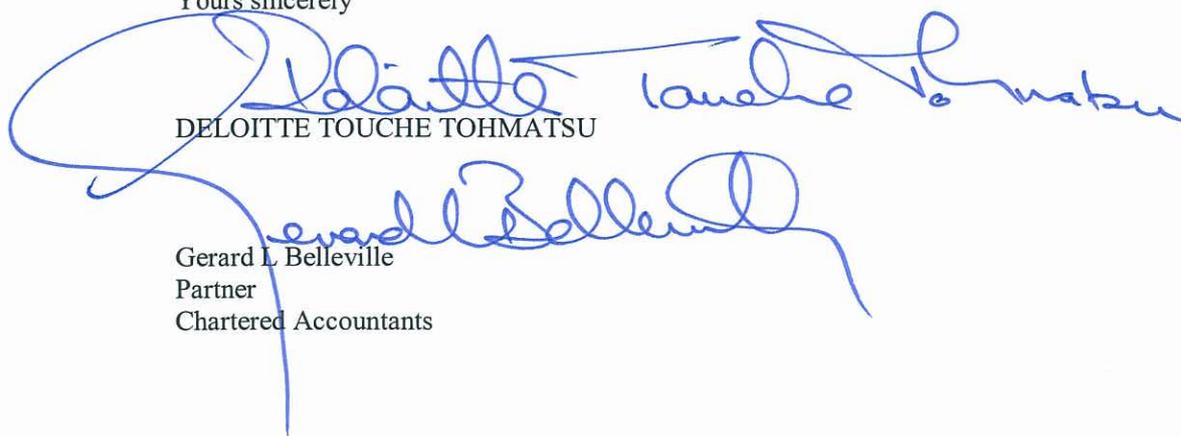
PepinNini Minerals Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of PepinNini Minerals Limited.

As lead audit partner for the review of the financial statements of PepinNini Minerals Limited for the financial half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU

Gerard L. Belleville
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of PepinNini Minerals Limited

We have reviewed the accompanying half-year financial report of PepinNini Minerals Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PepinNini Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

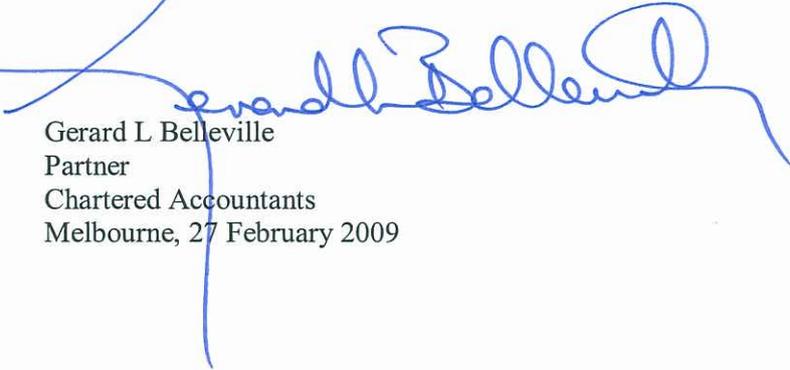
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PepinNini Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Gerard L Belleville
Partner
Chartered Accountants
Melbourne, 27 February 2009

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Norman Kennedy
Managing Director
Sydney, 27th February 2009

**Condensed consolidated income statement
for the half-year ended 31 December 2008**

	Consolidated	Consolidated
	Half-year	Half-year
	ended	ended
	31 Dec 2008	31 Dec 2007
	\$	\$
Continuing operations		
Revenue	598,140	1,071,758
Expenses		
Depreciation expense	4,966	8,154
Salary and employment costs	236,175	389,006
Operating expenses	377,608	492,125
Professional fees	75,323	70,539
Impairment of investment in subsidiary	139,449	-
Administration expenses	48	15,935
Legal fees	26,353	32,160
Other expenses	3,416	-
Total expenses	863,338	1,007,919
Profit/(Loss) before tax from continuing operation operations	(265,198)	63,839
Income tax benefit/(expense)	11,747	(88,673)
Loss for the period from continuing operations	(253,451)	(24,834)
Loss for the period from discontinued operations	-	(258,603)
Loss for the period	(253,451)	(283,437)
Attributable to:		
Members of PepinNini Minerals Limited	(253,451)	(156,721)
Minority interest	-	(126,716)
	(253,451)	(283,437)
Earnings per share for profit from continuing operations attributable to members of PepinNini Minerals Limited		
Basic (cents per share)	(0.37)	(0.04)
Diluted (cents per share)	(0.37)	(0.04)
Earnings per share for profit attributable to members of PepinNini Minerals Limited		
Basic (cents per share)	(0.37)	(0.24)
Diluted (cents per share)	(0.37)	(0.24)

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

**Condensed consolidated balance sheet as
at 31 December 2008**

	Consolidated	
	31 December 2008	30 June 2008
	\$	\$
Current assets		
Cash and cash equivalents	12,024,239	15,445,538
Trade and other receivables	525,884	703,495
Total current assets	12,550,123	16,149,033
Non-current assets		
Other receivables	4,200	4,200
Exploration expenditure	9,537,818	7,197,778
Exploration bonds	44,255	1,623,000
Resource / exploration potential	-	8,776,532
Mining information, agreements and data	-	774,000
Plant and equipment	894,511	7,046,016
Total non-current assets	10,480,784	25,421,526
Total assets	23,030,907	41,570,559
Current liabilities		
Trade and other payables	582,064	1,896,385
Provisions	114,119	78,196
Borrowings	-	14,810,945
Total current liabilities	696,183	16,785,526
Non-current liabilities		
Rehabilitation provision	-	1,921,953
Deferred tax liabilities	1,061,234	1,073,386
Total non-current liabilities	1,061,234	2,995,339
Total liabilities	1,757,417	19,780,865
Net assets	21,273,490	21,789,694
Equity		
Issued capital	12,840,693	13,111,366
Reserves	356,403	290,756
Retained earnings	8,076,394	8,329,845
Equity attributable to equity holders of the parent	21,273,490	21,731,967
Minority interest	-	57,727
Total equity	21,273,490	21,789,694

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2007

	Attributable to members of PepinNini Minerals Limited				Minority interest \$	Total Equity \$
	Issued and paid up capital \$	Reserves \$	Retained earnings \$	Total \$		
Consolidated						
Balance at 1 Jul 2007	12,666,719	137,392	17,277,035	30,081,146	-	30,081,146
Profit for the period	-	-	(156,721)	(156,721)	(126,716)	(283,437)
Total recognised income and expense	-	-	(156,721)	(156,721)	(126,716)	(283,437)
Recognition of share-based payments	-	231,809	-	231,809	-	231,809
Options converted to ordinary shares	137,392	(137,392)	-	-	-	-
Issue of shares under share option plan (Note 4)	1,265,155	-	-	1,265,155	-	1,265,155
Payment of dividends (Note 3)	-	-	(3,460,375)	(3,460,375)	-	(3,460,375)
Share issue costs	(105,000)	-	-	(105,000)	-	(105,000)
Minority interest on acquisition of subsidiary	-	-	-	-	5,294,176	5,294,176
Balance at 31 Dec 2007	13,964,266	231,809	13,659,939	27,856,014	5,167,460	33,023,474

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2008

	Attributable to members of PepinNini Minerals Limited				Minority interest \$	Total Equity \$
	Issued and paid up capital \$	Reserves \$	Retained earnings \$	Total \$		
Consolidated						
Balance at 1 Jul 2008	13,111,366	290,756	8,329,845	21,731,967	57,727	21,789,694
Profit for the period	-	-	(253,451)	(253,451)	-	(253,451)
Total recognised income and expense	-	-	(253,451)	(253,451)	-	(253,451)
Recognition of share-based payments	-	60,239	-	60,239	-	60,239
Effect in foreign currency translation reserve on deconsolidation of subsidiary	-	5,408	-	5,408	-	5,408
Tax effect on share issue costs	405	-	-	405	-	405
Share buy-back and associated costs	(271,078)	-	-	(271,078)	-	(271,078)
Minority interest on deconsolidation of subsidiary	-	-	-	-	(57,727)	(57,727)
Balance at 31 Dec 2008	12,840,693	356,403	8,076,394	21,273,490	-	21,273,490

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Condensed consolidated cash flow statement for the half-year ended 31 December 2008

	Notes	Consolidated	
		Half-year ended	
		31 Dec 2008	31 Dec 2007
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(632,954)	(852,328)
Receipts in the course of business		169,264	-
Net cash used in operating activities		(463,690)	(852,328)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		-	(4,269,287)
Payment for exploration activities		(3,153,336)	(1,083,712)
Payments for property, plant and equipment		(25,552)	(112,298)
Cash disposed on deconsolidation of subsidiary		(24,555)	-
Interest received		516,912	888,756
Net cash used in investing activities		(2,686,531)	(4,576,541)
Cash flows from financing activities			
Proceeds from issues of shares		-	1,265,155
Payment for share buy-back and associated costs		(271,078)	-
Dividends paid to company's shareholders	3	-	(3,460,375)
Net cash used in financing activities		(271,078)	(2,195,220)
Net (decrease)/increase in cash and cash equivalents		(3,421,299)	(7,624,089)
Cash and cash equivalents at the beginning of the period		15,445,538	33,381,787
Cash and cash equivalents at the end of the period		12,024,239	25,757,698

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies adopted are consistent with those of the previous financial year end and corresponding interim reporting period, except as set out below:

During the period the group incurred cash calls from the Uranium Resource and Mineral Resources Joint Venture for the first time. The following accounting policy has been adopted for these transactions:

Joint ventures

Jointly controlled assets

Interests in jointly controlled assets in which the Group is a venturer and has joint control are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with the other venturers) and the Group's share of expenses incurred by or in respect of each joint venture.

2. Segment information

The Group operates wholly within the Mineral Industry in Australia.

3. Dividends

During the period, PepinNini Minerals Limited made the following dividend payments:

	Half-year ended 31 Dec 2008		Half-year ended 31 Dec 2007	
	Cents per share	Total \$	Cents per share	Total \$'000
Fully paid ordinary shares				
Final dividend	-	-	5	3,460,375

4. Issuances, repurchases and repayments of equity securities

During the half-year reporting period, PepinNini minerals Limited issued no ordinary shares and there was no exercise of any share options issued under the executive share option plan. As a result of this there was no transfer from the equity-settled employee benefits reserve to issued capital. In 2007, 5,825,155 ordinary shares were issued for \$1,265,155 on exercise of 5,825,155 share options issued to initial shareholders and under its executive share option plan. This resulted in \$137,392 being transferred from the equity-settled employee benefits reserve to issued capital in 2007.

PepinNini Minerals Limited issued 700,000 share options (2007: 500,000) over ordinary shares under its executive share option plan during the half-year reporting period. These share options had a fair value at grant date of \$59,893 (2007: \$231,809).

During August 2008, the company purchased and cancelled 405,000 ordinary shares on-market in order to simplify the company's capital structure. The shares were acquired at an average price of \$0.67, with prices ranging from \$0.65 to \$0.67. The total cost of \$271,078 (including \$1,349 of after-tax incidentals), offset by a tax benefit of 405 was deducted from shareholder equity.

5. Deconsolidation of Previously Controlled Entities

At 30 June 2008 the group held a 51% interest in Eagle Gold Mines Limited. During the 2008 financial year, Eagle Gold Mines Pty Limited, a wholly owned Australian subsidiary of Eagle Gold Mines Limited, obtained financing for its Peak Hill Gold Project and Fortnum Gold Mine by way of a gold loan. This gold loan was called by its counterparty on 30 June 2008 due to an alleged technical breach in the loan agreement.

On 8 July 2008, Eagle Gold Mines Pty Limited was placed into receivership by the counterparty. As a result, the effective control of Eagle Gold Mines Pty Limited passed to the appointed receivers, and as a result Eagle Gold Mines Pty Ltd was deconsolidated from the Group effective 8 July 2008.

On 16 December 2008 the company's interest in Eagle Gold Mines Limited reduced to 49%. As a result the company no longer controls Eagle Gold Mines Limited and it has been deconsolidated from the group effective 16 December 2008. Subsequent to deconsolidation, the investment in Eagle Gold Mines Ltd was fully impaired resulting in an expense of \$139,449 being recognized. Financial information relating to the operation for the period to the date of disposal is set out below.

(a) Financial performance and cash flow information

During the December half year, Eagle Gold Mines Ltd and Eagle Gold Mines Pty Limited contributed the following to the financial performance of the PepinNini Minerals Limited Group prior to their deconsolidation:

Discontinued operations	Half-year ended 31 Dec 2008 \$	Half-year ended 31 Dec 2007 \$
Revenue	-	-
Expenses	-	(258,603)
Loss before income tax	(-)	(258,603)
Income tax benefit	-	-
Loss after income tax	(-)	(258,603)

(b) Carrying amounts of assets and liabilities

The carrying amounts of Eagle Gold Mines Ltd and Eagle Gold Mines Pty Limited assets and liabilities as at 30 June 2008 were:

	30 June 2008 \$
Cash	24,555
Receivables	91,476
Exploration expenditure	970,131
Exploration bonds	1,594,000
Exploration potential	8,776,532
Mining information, agreements and data	774,000
Property, plant and equipment	6,000,000
Total assets	18,230,694
Trade and other creditors	(1,306,029)
Borrowings	(14,810,945)
Rehabilitation provision	(1,921,953)
Total liabilities	(18,038,927)
Reserves	5,408
Minority interest	(57,727)
Other Equity	(52,319)
Value recognised as associated investment	139,448
Subsequent impairment	(139,448)
Carrying value as at 31 December 2008	-

5. Deconsolidation of Previously Controlled Entities (continued)

(b) Carrying amounts of assets and liabilities (continued)

The carrying value of the investment recognised in Eagle Gold Mines Limited on deconsolidation was \$139,448.

However, as Eagle Gold Mines Pty Ltd assets have passed to the control of the receiver and with a period of significant global economic fluctuations, the ultimate recoverable value attributable to these assets are subject to significant uncertainty and there is a risk of a material adjustment to the carrying amounts of assets and liabilities attributable to Eagle Gold Mines Group within the next financial year which may impact upon the value of the investment in Eagle Gold Mines Ltd. As a result management has elected to fully impair the investment in Eagle Gold Mines Ltd with a charge recognized in the income statement for \$139,448. Should circumstances change this impairment may reverse in future periods.

(c) Commitments for expenditure

Eagle Gold Mines Limited held an extensive package of mining and exploration tenements covering 2,500 kms² At 30 June 2008 granted exploration tenement statutory expenditure commitments for Eagle Gold Mines Limited were:

Statutory expenditure commitments not later than one year	\$2,103,737
Statutory expenditure commitments later than one year but less than five years	\$2,146,678

There are no such commitments at 31 December 2008 as Eagle Gold Mines Limited no longer forms part of the consolidated group.

6. Interests In Joint Ventures

PepinNini Minerals Limited completed sale of 60% of certain tenements to Sinosteel Corporation in June 2007. In conjunction with the sale, the Company has agreed to conduct jointly controlled operations through Sinosteel PepinNini Curnamona Management Pty Ltd, an operation in which it has a 40% interest.

During the half year the group was subject to a cash calls of \$2,380,000 (2007: \$nil) in accordance with the joint venture agreement.

The Group is a venturer in the following jointly controlled operations and assets:

Name of venture	Principal activity	Output interest	
		2008 %	2007 %
Uranium Resource and Mineral Resources Joint Venture	Management and operation of development of Crocker Well and Mt Victoria uranium deposits and explore for other commodities	40	40

6. Interests In Joint Ventures (continued)

Uranium Resource and Mineral Resources Joint Venture assets recognised in the consolidated financial statements	Half-year ended 31 Dec 2008 \$
Current assets	
Cash and cash equivalents	988,876
Trade and other receivables	11,312
Other assets	989
Total current assets	1,001,177
Non-current assets	
Other receivables	-
Exploration expenditure	1,589,737
Exploration bonds	10,255
Resource / exploration potential	-
Mining information, agreements and data	-
Plant and equipment	6,667
Investments in subsidiaries	-
Total non-current assets	1,606,659
Total assets	2,607,836
Current liabilities	
Trade and other payables	296,538
Deferred income	-
Current tax liability	-
Provisions	15,316
Borrowings	-
Total current liabilities	311,854
Non-current liabilities	
Rehabilitation provision	-
Deferred tax liabilities	-
Total non-current liabilities	-
Total liabilities	311,854
Net assets	2,295,982

Contingent liabilities and capital commitments

There were no contingent liabilities arising from the Group's interests in joint ventures. The following capital expenditure commitments relate to the Uranium Resource and Mineral Resources Joint Venture.

	Half-year ended 31 Dec 2008 \$	Half-year ended 31 Dec 2007 \$
(a) Capital expenditure commitments		
<i>Granted exploration tenement statutory expenditure commitments, payable:</i>		
Not longer than 1 year	350,000	350,000
Longer than 1 year and not longer than 5 years	350,000	350,000
Longer than 5 years	-	-
	700,000	700,000

7. Subsequent events

(a) Government refund under the South Australian Government's PACE funding partnership

On 8 February 2008 PepinNini Minerals Limited was awarded a PACE initiative grant of \$100,000 as part of the South Australian government's Plan for Accelerated Exploration Initiative. The funding is to contribute towards drilling costs for exploration within the company's Musgrave Tenements in the Ananju Pitjantjatjarra Yankanjatjarra lands of South Australia. The Drilling was completed and documented on 29th January 2009 and the refund was received 12th February 2009.

(b) Assets acquired

In January 2009 the purchase of certain tenements prospective for Uranium, Copper and Gold in Queensland was completed for the issue 203,304 ordinary shares in the company. Until the tenements transferred there were no exploration expenditure commitments.