



## Report for the Quarter Ending 30<sup>th</sup> June, 2008

30<sup>th</sup> July, 2008

### **Highlights**

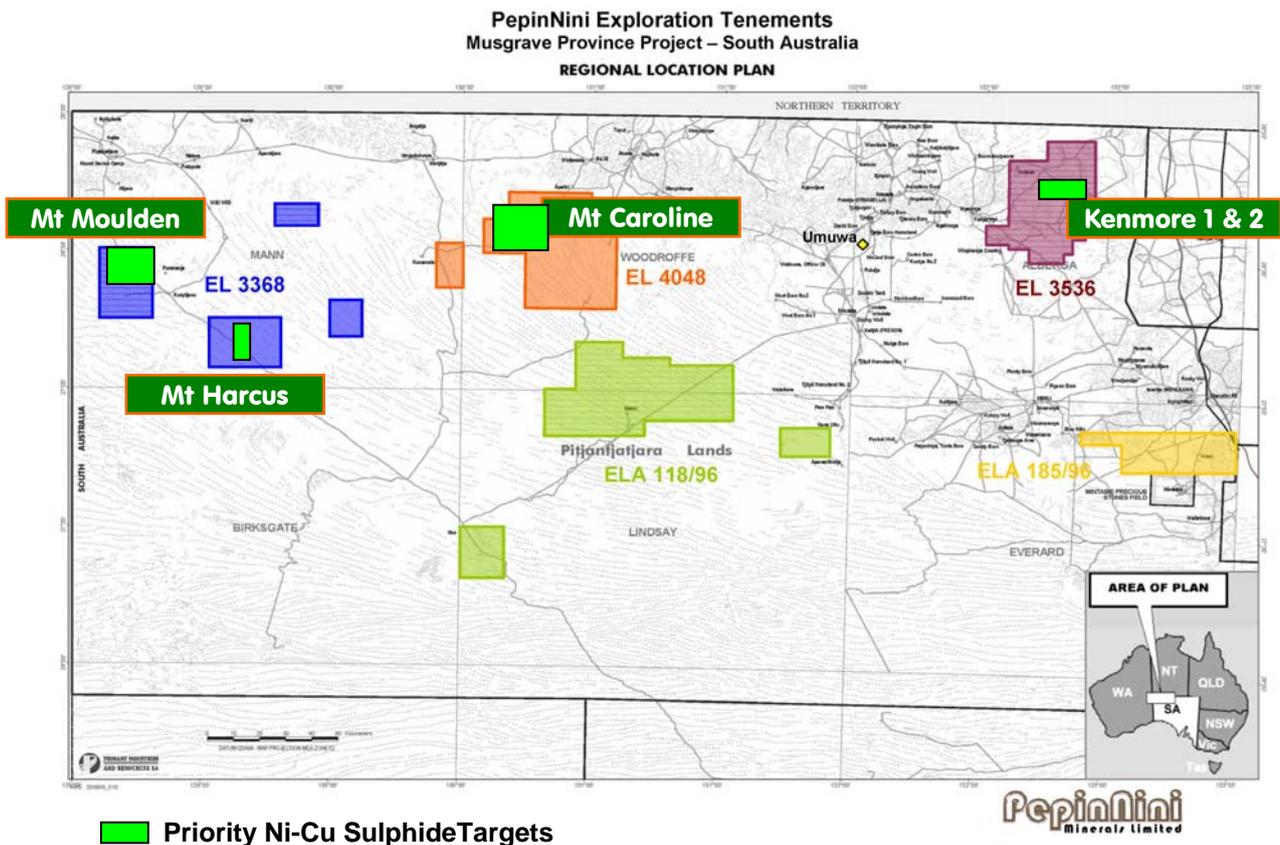
- ◆ A total of 1,952.45 metres of drilling completed in five fully cored boreholes at the Mt Moulden and Mt Caroline nickel copper sulphide targets located in the Musgrave Province of South Australia.
- ◆ New company vacuum drilling rig successfully commissioned and 62 shallow roadside geochemical holes have been completed within EL 4048.
- ◆ A new Base Camp has been established within Mt Caroline EL4048.
- ◆ The development of the Crocker Well Uranium Deposit by Sinosteel Corporation (60%) and PepinNini Minerals (40%) is progressing rapidly with the main focus of being in production in 2010 remaining on schedule. Project manager Sinosteel PepinNini Curnamona Management Pty Limited (SPCM) on behalf of the Joint Venture intends to submit a Mining Lease Application (MLA) for the Crocker Well Uranium Mine during August, 2008
- ◆ SPCM have reported the completion of 69 holes for 7,344.40 metres drilled within the Crocker Well Uranium deposit including 17 diamond core holes for 1,746.4 metres and 52 reverse circulation (RC) holes for 5,598 metres.
- ◆ Notable amounts of coffinite and uraninite have been identified in samples from Crocker Junction and Crocker Eastern Deposits.
- ◆ During the quarter well respected mining engineers Australian Mine Design and Development Pty Limited (AMDAD) were selected as the Mining Consultants for the Crocker Well BFS.
- ◆ Initial priority exploration targets have been identified for the North Queensland Project as gold and base metals in EPM 15440 Percyville and uranium and phosphate in EPM 14834 Plain Creek.
- ◆ Identification of approximately 40kms strike length of the Robinson Range Banded Iron Formation within JV tenements located in the Robinson Range region of Midwest WA. The Formation is known to host significant iron enrichment with sampling by previous workers highlighting elevated surface iron values in excess of 60% with low phosphorous contents suitable for exploitation as Direct Shipping Ore (DSO).
- ◆ A detailed 250m grid gravity survey was completed to identify priority drill targets within the Robinson Range JV tenements. The completed gravity survey comprised of 2192 stations in 212 lines.
- ◆ At the end of the quarter the Company held \$15.4 million in cash.



## SOUTH AUSTRALIA

### Musgrave Province Project

PepinNini Minerals is currently undertaking exploration programs designed to target nickel copper sulphide mineralisation in three granted exploration licences covering approximately 4,905 sq. kms of the Musgrave Province of South Australia.



### **Exploration Licence EL3368 - Mt Harcus**

A total of 780.50 metres in two boreholes were drilled at the NE Mt Moulden Target during the quarter. Drilling intersected mafic intrusive rocks (gabbro-norite, anorthosite) of the Giles Complex. The rocks encountered in drilling at NE Moulden are part of a more substantial intrusive body (Purananja Intrusion). Drilling did not intersect any significant quantities of sulphide although minor quantities of disseminated sulphide were intersected confirming sulphur saturation has occurred in the magma. This provides encouragement for drilling other parts of the Purananja Intrusion nearby in the NE Moulden Block.

### **Exploration Licence EL4048 – Mt Caroline**

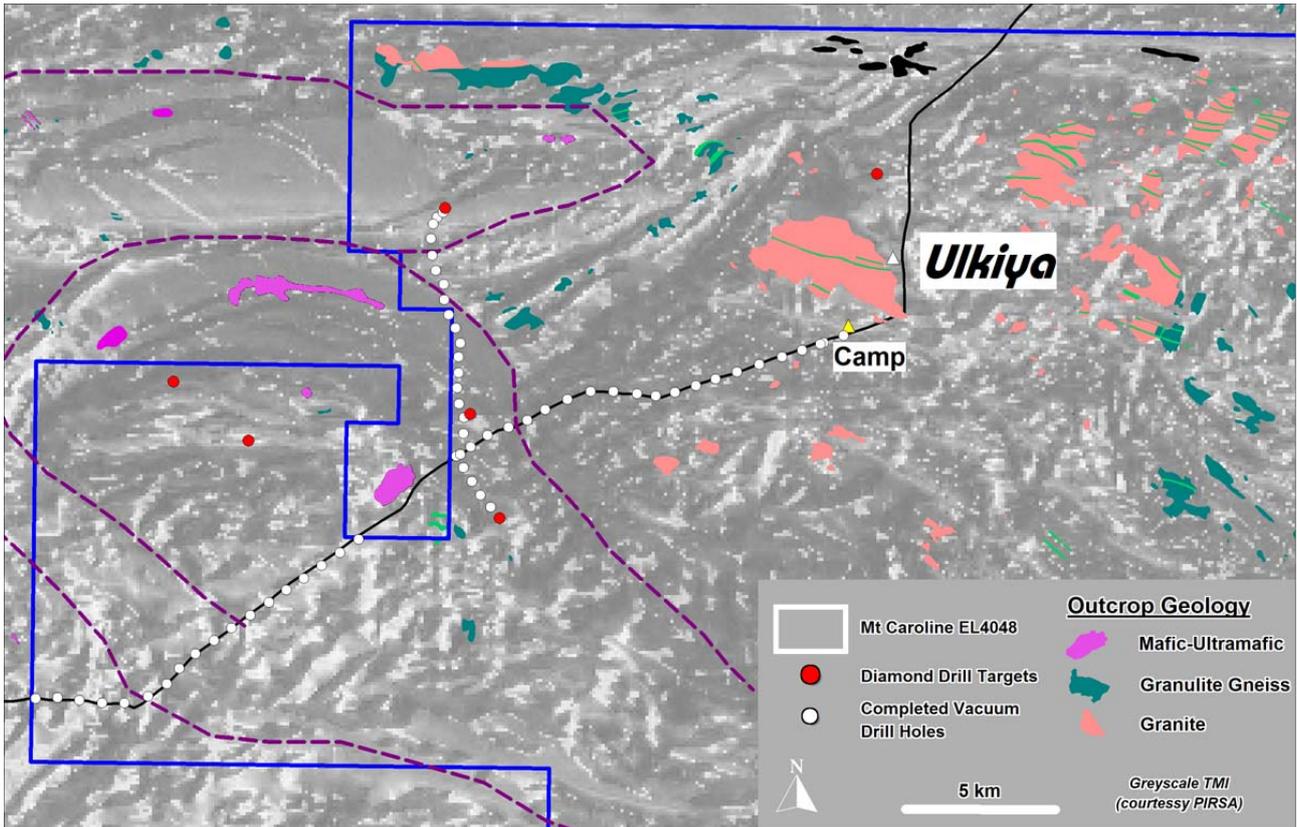
EL4048 covering approximately 1,916 km<sup>2</sup> was granted to PepinNini Minerals on 25th February, 2008. The Caroline Intrusion is a large layered mafic/ultramafic intrusion belonging to the Giles Complex with potential for significant nickel copper sulphide mineralisation and platinum group metals similar to the Voisey's Bay and Platreef styles of mineralisation. A regional interpretation of geophysical data currently available for the South Australian portion of the Musgrave Block commissioned by Rio Tinto and PIRSA in 2002 considers the Caroline Intrusive "to have the highest potential for hosting significant NiS mineralisation (nickel sulphide)". This is supported by the identification of pentlandite (Ni sulphide) and chalcopentlandite (Cu-Ni sulphide) in a surface sample collected from an outcrop of the intrusion by PIRSA during a field reconnaissance survey in November, 2004. The intrusion has not been investigated by drilling since 1966 when the South Australian Mines Department drilled six shallow holes each of which intersected anorthosite with minor elevated nickel.

Following the completion of a heritage clearance survey on 22<sup>nd</sup> April, 2008 by the traditional owners of the area a drilling program has commenced within the Mt Caroline tenement EL 4048. Six boreholes comprising more than 2,400 metres of core drilling designed to provide stratigraphic information from concealed basement rocks and to investigate magnetic, electro-magnetic and gravity features associated with the Caroline Intrusion will be undertaken as part of a collaborative PACE funding program with the South Australian Government.

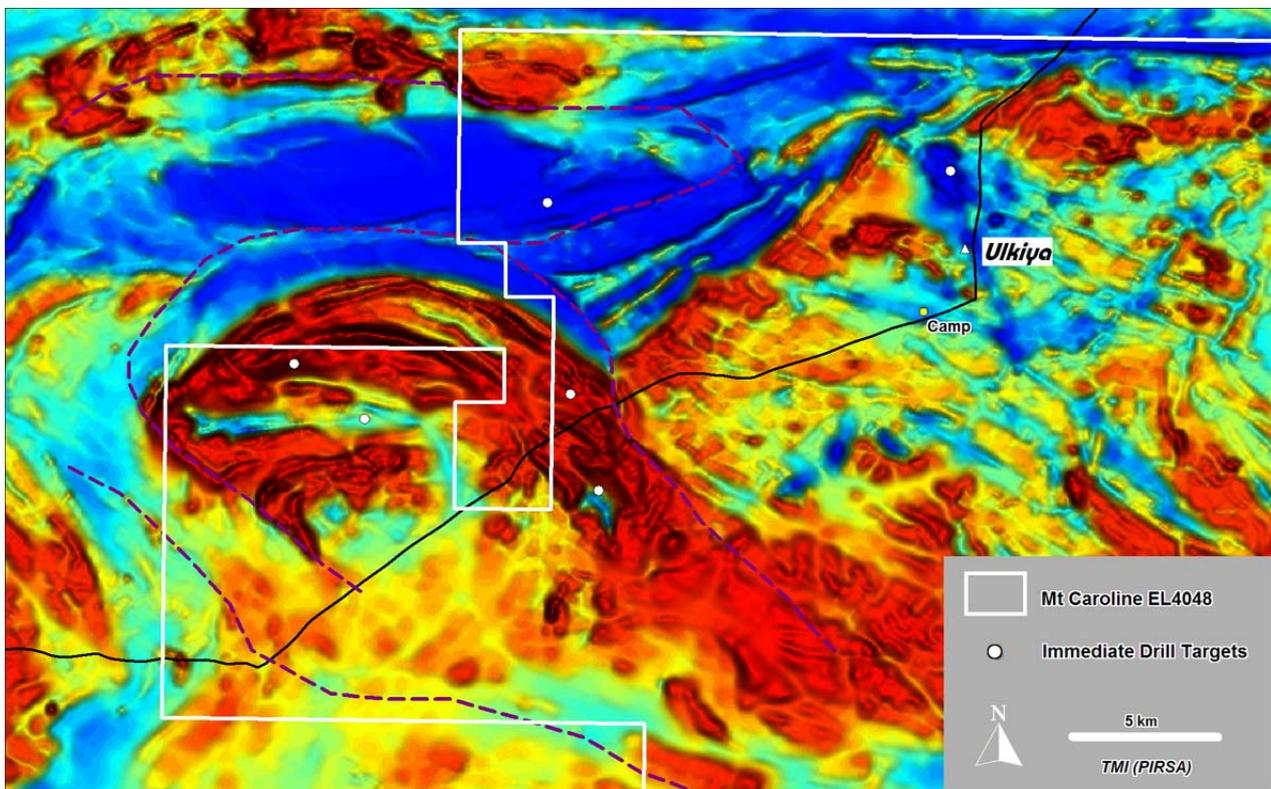
Airborne EM (Tempest) data covering part of the Caroline Intrusion reveals shallow bedrock conductors possibly representing sulphide mineralisation in the ultrabasic Giles Complex providing nickel copper sulphide targets for the initial six boreholes to be drilled. Four discrete magnetic targets interpreted to represent concealed mafic-ultramafic bodies and one magnetic ring feature interpreted to represent a possible kimberlite target are also proposed to be investigated by drilling following a heritage clearance survey to be undertaken in the south of the tenement during early August.

The western Mt Kintore Block of the tenement was cleared for exploration work on 5<sup>th</sup> July, 2008 by a survey attended by traditional owners and representatives of APY and PepinNini. A reconnaissance survey consisting of mapping and surface sampling in conjunction with a program of shallow geochemical drill holes is planned for this area.

During the quarter a base camp was established within the tenement and the Company owned drill rig has commenced operations in the area. Three cored boreholes have been completed with a total drilled metreage of 1,171.95 metres. The new company owned vacuum rig has also commenced work on an extensive program of shallow geochemical drilling primarily undertaken along existing tracks and fences. Sixty two boreholes have been completed within EL 4048.



**EL 4048 Mt Caroline – Proposed Borehole Locations**



**EL 4048 Mt Caroline – Magnetic Data (courtesy PIRSA)**

***PepinNini Base Camp - EL 4048 Mt Caroline***



***Vacuum Drilling - EL 4048 Mt Caroline***

**Exploration Licence EL3536 – Pine Ridge**

A Work Program Clearance conducted by traditional owners and APY representatives on 5<sup>th</sup> and 6<sup>th</sup> March, 2008 approved a reconnaissance and mapping survey including geochemical sampling of significant parts of the Pine Ridge tenement as well as an extensive program of shallow drill holes primarily undertaken along existing tracks and fences. The project will also include reassessment followed by investigation by drilling of five nickel copper prospects “Kenmore 1”, “Kenmore 2”, “South Bank”, “Eremorphila” and “Aidan Walking”. previously identified by SA Department of Mines and Rio Tinto.

## ***Curnamona Province Project***

The development of the Crocker Well Uranium Deposit by Sinosteel Corporation (60%) and PepinNini Minerals (40%) is progressing rapidly with the main focus of being in production in 2010 remaining on schedule. Project manager Sinosteel PepinNini Curnamona Management Pty Limited (SPCM) on behalf of the Joint Venture intends to submit a Mining Lease Application (MLA) for the Crocker Well Uranium Mine during August, 2008.

### **Resource Verification Drilling Program**

Drilling operations to verify and upgrade sufficient of the currently defined JORC compliant uranium resource from an Inferred category to an Indicated or Measured category to allow for a Bankable Feasibility Study (BFS) to be completed are well underway with up to 3 drilling rigs being employed on the project. Hydrogeological and geotechnical investigations are being undertaken in conjunction with the drilling program.

SPCM have reported the completion of 69 holes for 13,570 metres drilled within the Crocker Well Uranium deposit including 17 diamond core holes for 1,746.4 metres and 52 reverse circulation (RC) holes for 5,598 metres.

### **Metallurgical Testing**

Metallurgical tests of bulk samples of previously mined Crocker Well ore and core samples from the current drilling program are being undertaken by Amdel Laboratories and ANSTO Minerals. Testing to date has indicated Crocker Well uranium ore can be beneficiated which could result in significant advantages to processing and plant costs in regard to plant size, amount of reagents used, recoveries and tailings dam size. It has also been determined that heating the leaching circuit could substantially improve process recoveries improving the cost of processing as well as increase the amount of uranium recovered.

The Crocker Well samples are dominated by albite, quartz and biotite/phlogopite micas. As expected uranium minerals identified at Crocker Well include the thorium-rich "brannerites" known as davidite and absite. However notable amounts of coffinite and uraninite have also been identified in samples from Crocker Junction and Crocker Eastern Deposits.

The metallurgical test work program is proceeding on schedule. The purpose of the metallurgical test work program is to develop a process flow sheet for the Crocker Well BFS. On completion of the metallurgical test work program it is planned to undertake the design, construction and operation of a small scale pilot plant. The purpose of the pilot plant will be to confirm the BFS process design in a small scale steady-state operation using Crocker Well ore.

### **Environmental Studies**

Environmental baseline studies including flora, fauna, climate/meteorology, hydrology, hydrogeology, radiation and heritage surveys are continuing on schedule for the project area and environmental monitoring equipment has been purchased and established at site. The flora survey and report has recently been completed. This flora survey encompassed an area extending for a five kilometre radius around the centre of the Crocker Well site. Data on species composition and abundance were collected from one hectare quadrants using the methodology of the Biological Survey of South Australia. Twenty permanent photopoint sites were set up in areas that are not expected to be disturbed by future mining activities. These can be used as control sites for future vegetation monitoring of the Crocker Well area. These permanent sites are marked with official Department of Environment and Heritage (DEH) numbered photopoint discs. A further 13 temporary sites were sampled using the same methods in areas that are expected to be disturbed by future mining operations.

### Appointment of Mining Consultant

During the quarter well respected mining engineers Australian Mine Design and Development Pty Limited (AMDAD) were selected as the Mining Consultants for the Crocker Well BFS. AMDAD has a very good established working relationship with other primary consultants involved in the project such as Hellman & Schofield (resource estimation) and Bateman Engineering (BFS).

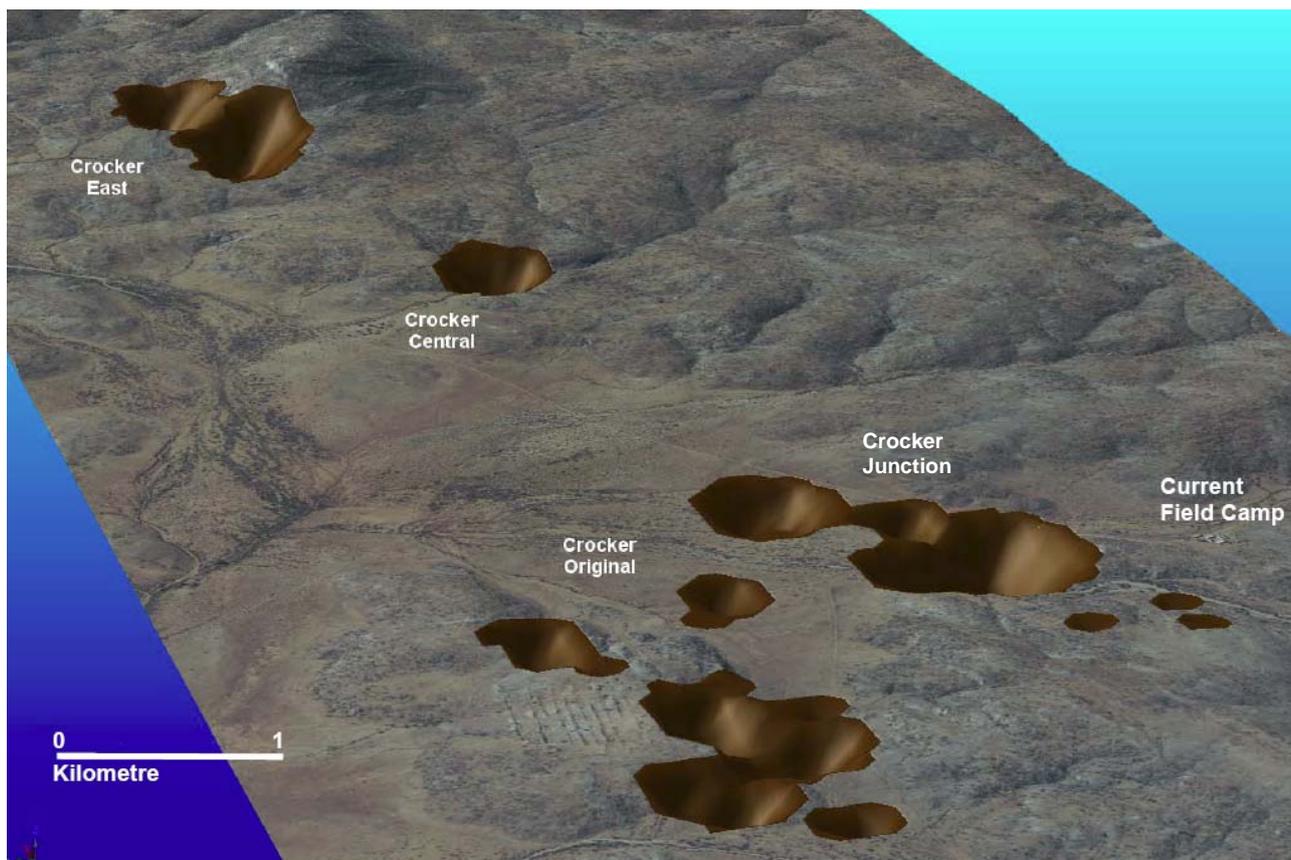
### Government Submissions

The Joint Venture management company Sinosteel PepinNini Curnamona Management Pty Limited and its consultants URS and KBR made a presentation to various Government Departments on the 22nd of July. The purpose of the meeting was to provide an overview and allow discussion of the Crocker Well initial government submissions. The proposed submissions discussed included a Submission of a Notice of Intent to Planning SA (State Government) and a Submission of a Referral (under the Commonwealth Government EPBC act).

### Mining Lease Application

It is intended to submit a Mining Lease Application (MLA) for the Crocker Well Uranium Mine during August.

As part of negotiations for a Native Title Mining Agreement a site visit was undertaken by the Traditional Owners of the area between 30th June and 3rd July.



**Preliminary Pit Optimisation – Crocker Well Uranium Deposit**



**Drilling at Crocker Well Uranium Deposit, April 2008**

## ***WESTERN AUSTRALIA***

### ***Peak Hill Gold Project and Robinson Range Iron Ore Project***

#### **The Peak Hill Gold Project**

PepinNini presently holds a 51% interest in Eagle Gold Mines Limited (EGM) a public unlisted United Kingdom company. EGM owns a wholly owned Australian subsidiary Eagle Gold Mines Pty Ltd (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 in PepinNini's ASX announcement of 20<sup>th</sup> December 2007.

EGM Pty Ltd obtained financing for its Peak Hill Gold Project and Fortnum Gold Mine by way of a gold loan (including associated equity warrants in EGM) from Blue Crest Mercantile III BV (Blue Crest). Blue Crest is a Dutch based hedge fund and financier unrelated to PepinNini. The first tranche of funding was advanced to EGM Pty Ltd in December, 2007 to enable the acquisition of the assets under an Interim Gold Prepayment Facility Agreement with gold repayments commencing July 2009 through to April 2012. EGM has been working towards recommissioning the project.

On 9<sup>th</sup> July PepinNini Minerals announced it had been notified by EGM that a Receiver and Manager was appointed to EGM Pty Limited by BlueCrest on 8th July, 2008 as a result of those

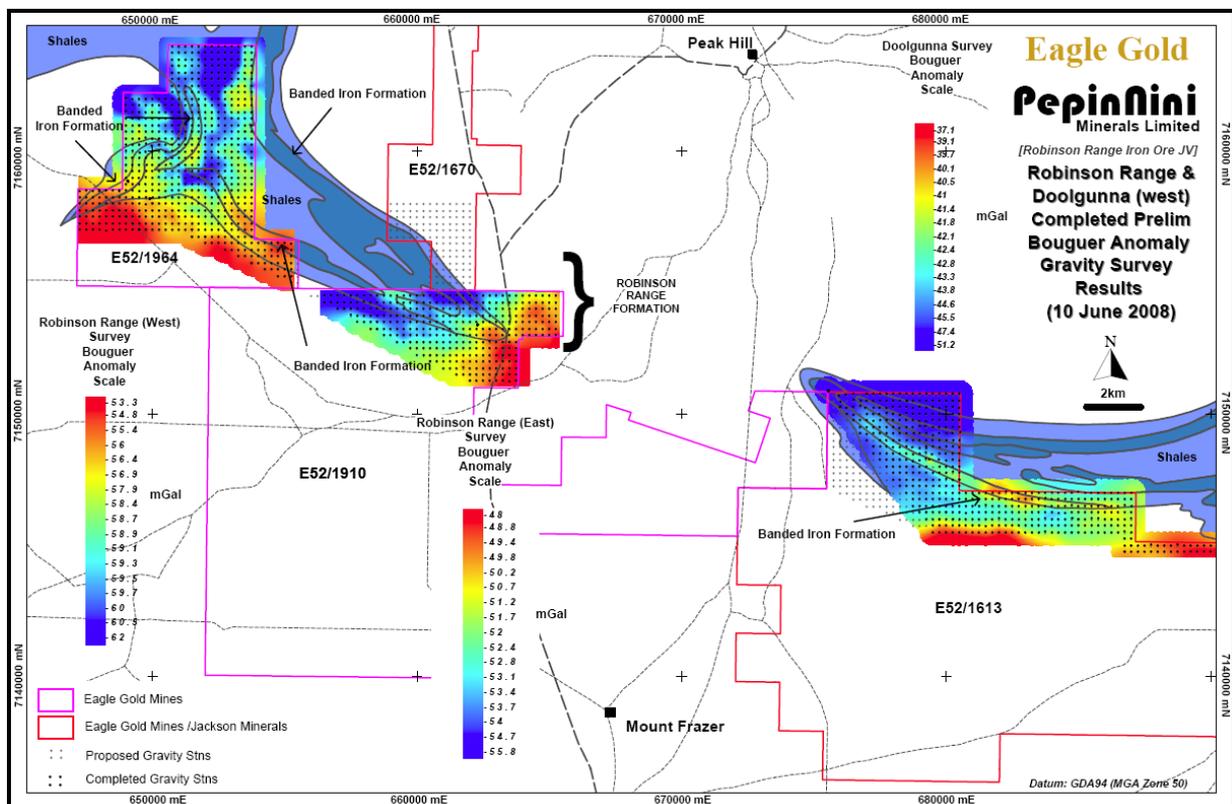
parties not completing a Gold Prepayment Facility Agreement in accordance with the BlueCrest Interim Gold Prepayment Facility Agreement. The Gold Prepayment Facility was intended to fund the ongoing development of the Fortnum Gold Mine. The parties have not been able to conclude a reasonable resolution to the situation.

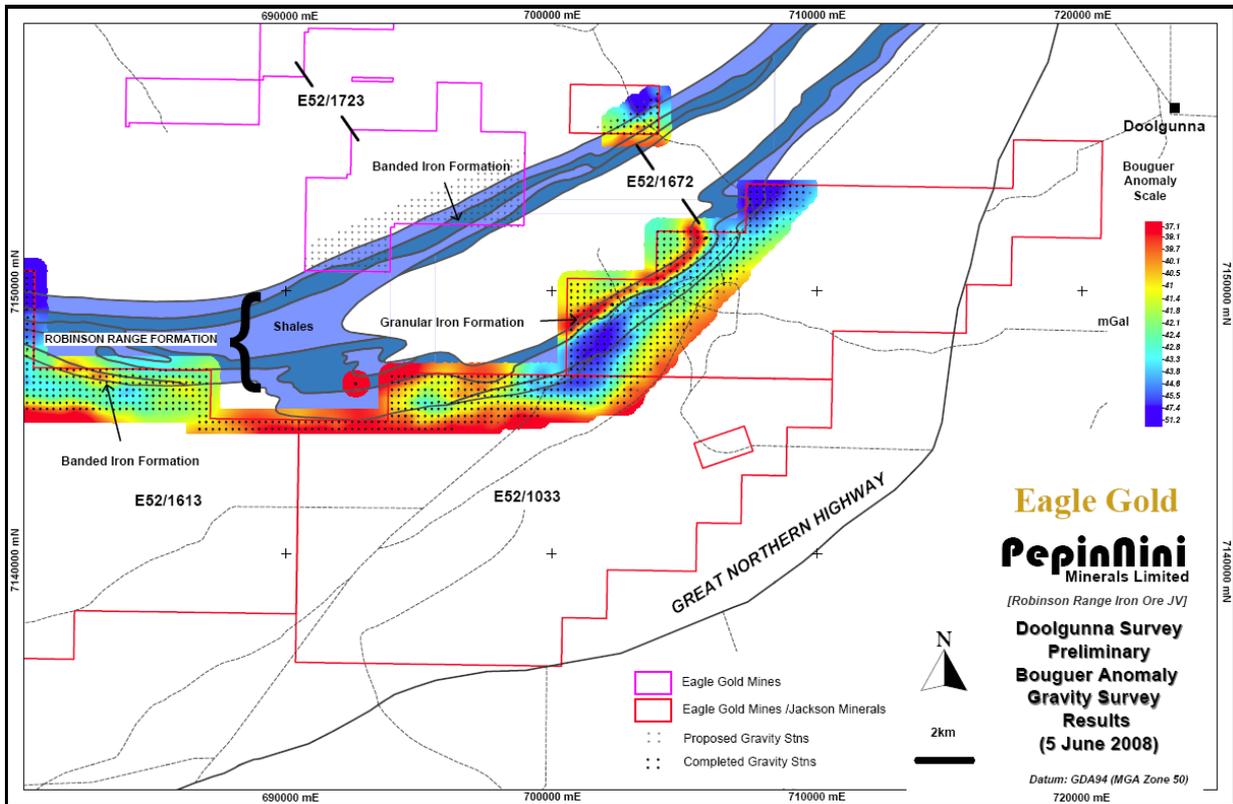
PepinNini is assessing its options regarding the project and its 51% interest in the issued share capital of EGM. PepinNini is of the opinion the Farm-in and Joint Venture with EGM to explore the iron ore potential of seven tenements held by EGM Pty Ltd will not be affected by the appointment of a Receiver and intends to continue investigating the iron ore potential within the Joint Venture tenements. PepinNini has recently completed a detailed gravity survey within the tenements and is currently assessing the data.

### Robinson Range Iron Ore Project

PepinNini Minerals has entered a Farm-In Agreement with Eagle Gold Mines Pty Limited whereby it can earn 50% of the Robinson Range Iron Ore Project through the expenditure of \$500,000 on exploration over the next two years. The seven tenements subject to the Farm-In Agreement contain a significant portion of the area within the Bryah-Padbury Basin deemed prospective for Iron Ore. The potential Iron Ore deposits have grades of up to 65% Fe with low phosphorous content suitable for exploitation as Direct Shipping Ore (DSO). The prospects have never been drilled, and exploration for iron ore has not been conducted over this ground since 1974.

PepinNini Minerals has identified approximately 40 kms strike length of the Robinson Range Formation within the JV tenements. During May and June, 2008 a detailed 250m grid gravity survey was completed to identify priority drill targets for a resource definition drilling operation to commence as soon as possible. The completed gravity survey comprised of 2192 stations in 212 lines.

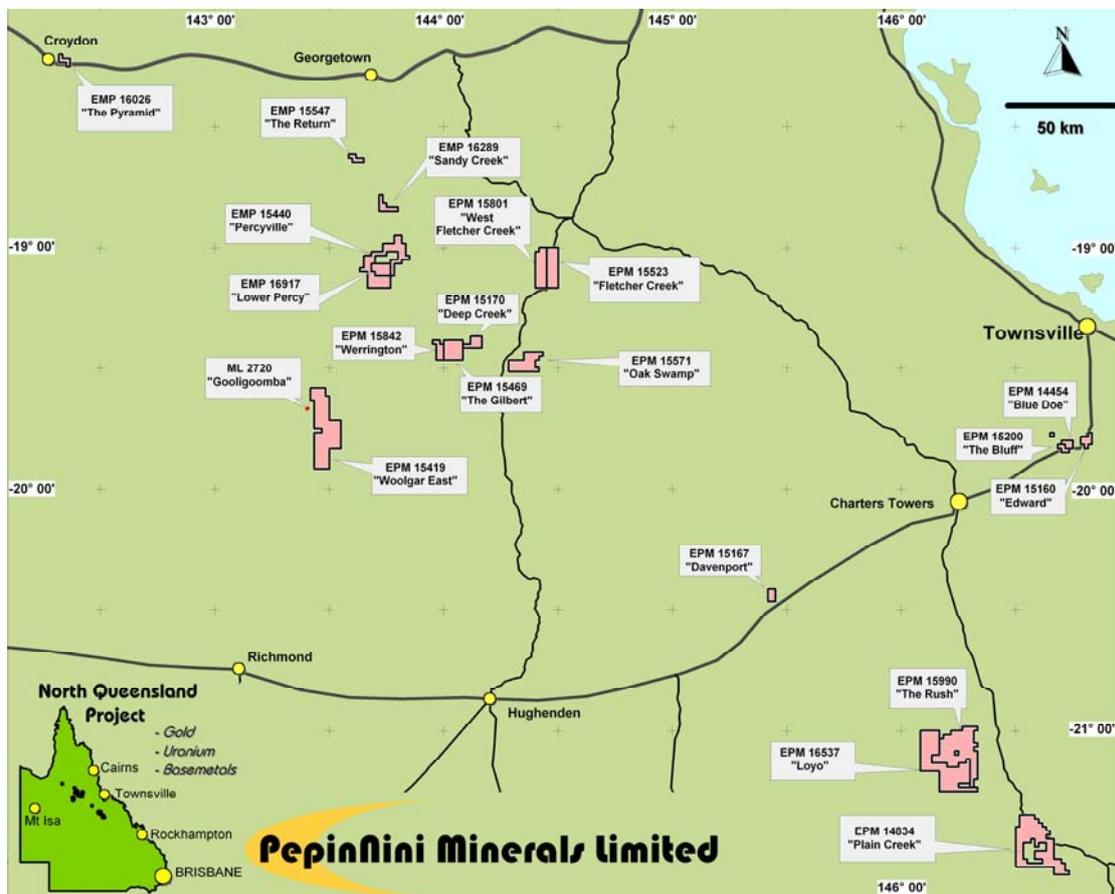




## NORTH QUEENSLAND

### Georgetown Inlier/Woolgar Goldfield Project

PepinNini Minerals have established a significant presence in North Queensland with 19 exploration tenements and 1 mining lease covering approximately 2,007 sq kms.

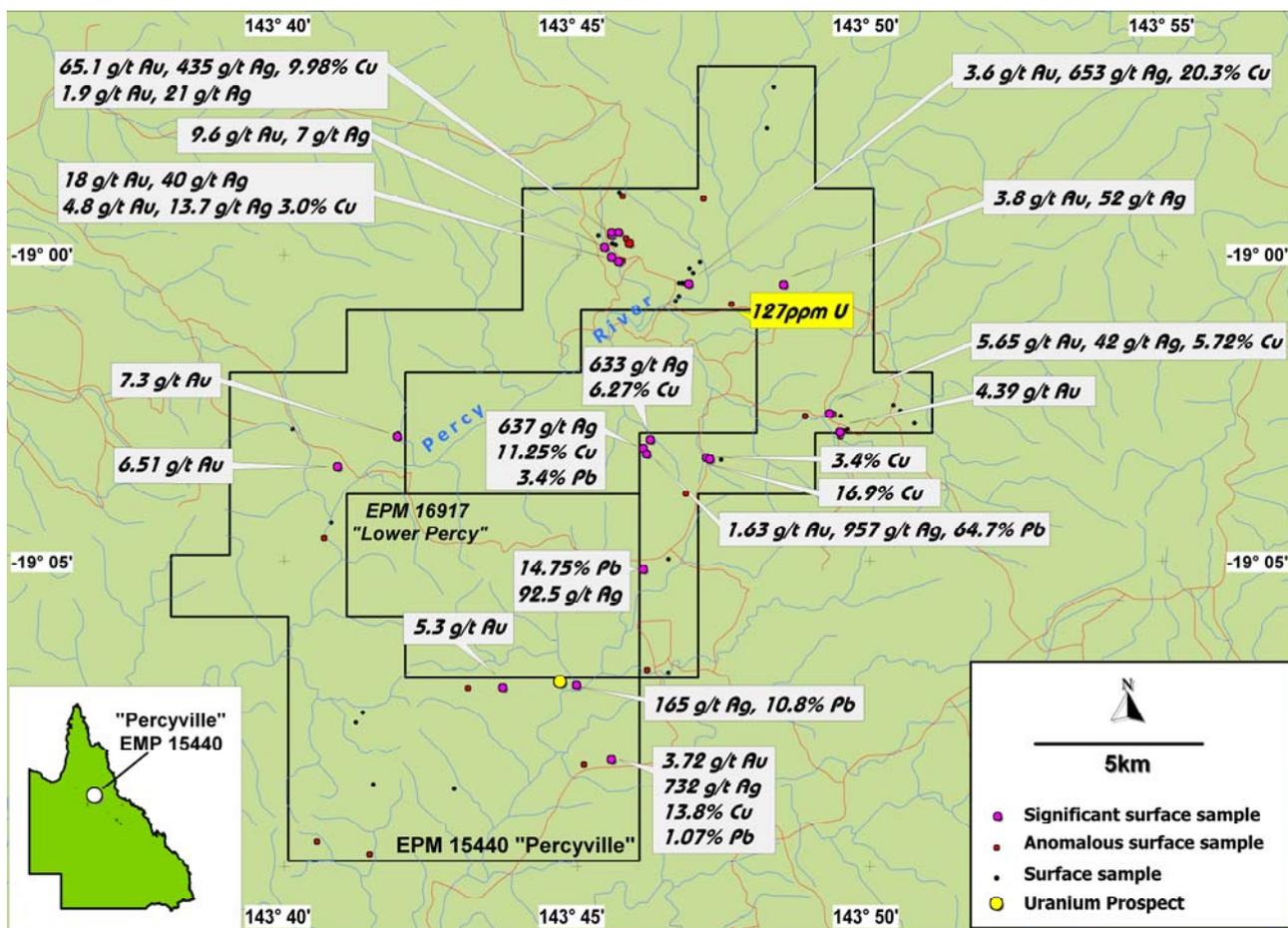


Initial priority exploration targets have been identified as gold and base metals in EPM 15440 Percyville and uranium and phosphate in EPM 14834 Plain Creek.

Widespread copper, gold, silver and lead mineralization has been identified in rock chip samples collected during an initial regional reconnaissance survey of EPM 15440. Some of the more significant assays include:

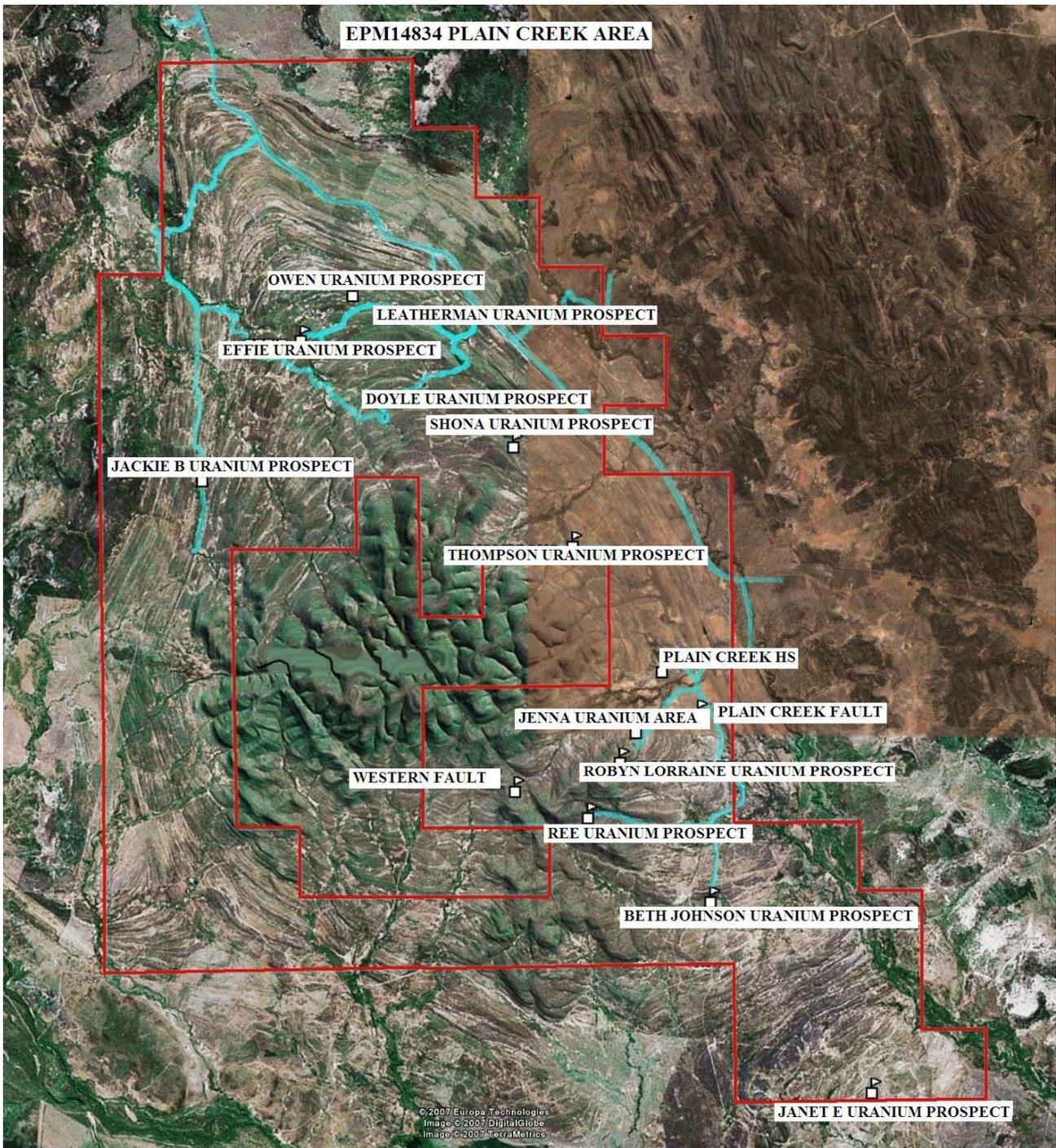
- **65.1g/t gold**, 435g/t silver, 9.98% copper
- 3.6g/t gold, 653g/t silver, **20.30% copper**
- 5.65g/t gold, 42g/t silver, 5.72% copper
- 0.7g/t gold, 22g/t silver, 16.90% copper
- 3.72g/t gold, 732g/t silver, 13.8% copper, 1.07% lead
- 0.6g/t gold, 637g/t silver, 11.25% copper, 3.4% lead
- 0.27g/t gold, 165g/t silver, 10.8% lead
- 1.63g/t gold, **957g/t silver, 64.7% lead**

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



**Regional Surface Sampling program – EPM 15440 Percyville**

Within the Plain Creek EPM 14834 (259 sq kms) extensive uranium mineralisation associated with a phosphate rich horizon in the upper part of the Drummond Basin sediments has been identified by previous explorers. Uranium grades of up to 0.42%  $U_3O_8$  have been reported from rock chip samples. Phosphate grades of up to 17% have also been reported by previous explorers



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

**For further information please contact:**

Mr Norman Kennedy  
 Chairman and Managing Director, PepinNini Minerals Limited  
 Phone: (02) 9417 6212

**Note:** Additional information on PepinNini Minerals Limited can be found on the website:  
[www.pepinnini.com.au](http://www.pepinnini.com.au)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**PepinNini Minerals Limited**

ABN

**55 101 714 989**

Quarter ended ("current quarter")

**June 2008**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (... 12. months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	<b>(831)</b>	(2,561)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	<b>262</b>	1,361
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	<b>(6,139)</b>	(6,139)
1.7 Other - Drilling Services receipts		36
<b>Net Operating Cash Flows</b>	<b>(7,246)</b>	(8,430)
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	<b>(48)</b>	(150) (5,512) (191)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities	<b>(43)</b>	(43)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) – controlled entity contributing cash	<b>70</b>	70
<b>Net investing cash flows</b>	<b>(21)</b>	(5,826)
1.13 Total operating and investing cash flows (carried forward)	<b>(7,225)</b>	(14,256)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	<b>(7,225)</b>	(14,256)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		1,265
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		(3,460)
1.19	Other – On market Share Buy-back		(1,373)
	<b>Net financing cash flows</b>	<b>-</b>	<b>(3,568)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(7,225)</b>	<b>(17,824)</b>
1.20	Cash at beginning of quarter/year to date	<b>22,646</b>	33,245
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>15,421</b>	15,421

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

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	139
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Within Item 1.2	
1. Managing Director, Administration Director and non-executive directors' remuneration	\$127,141
2. Reimbursement of Directors' expenses	\$11,932

**Non-cash financing and investing activities**

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

--

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

--

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	600
4.2	Development	
<b>Total</b>		<b>600</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	<b>5,421</b>	<b>12,646</b>
5.2 Deposits at call	<b>10,000</b>	<b>10,000</b>
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>15,421</b>	<b>22,646</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	EPM15200	Purchase of tenement	0	100%

+ See chapter 19 for defined terms.

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

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

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	68,404,195	68,404,195	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a)696,696	(a)696,696		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	500,000		<i>Exercise price</i> 138cents	<i>Expiry date</i> 30 Nov 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

.....

Date **30<sup>th</sup> July 2008..**

Print name:

.....**Rebecca Holland-Kennedy**.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

=====