

PNN.AU

PepinNini Minerals Limited

A\$ 1.89

26 March 2007
 Uranium, Nickel, Copper/Gold, Lead/Zinc
 Australia (SA,QLD)
 Advanced Exploration
 Exchanges: ASX:PNN

Potential for significant new uranium resources to be discovered at the Curnamona Province project in 2007. PNN's exploration budget exceeds A\$10m over 18 months - nickel and uranium focus. Sinosteel JV expected to close 2Q07.

Capital Profile

Share price (A\$)	1.89
52 week range (A\$/share)	0.26 to 2.20
Number of shares (m)	58.5
Options and warrants (m)	10.7
Convertible notes (m)	0
Fully diluted (m)	69.2
Market capitalisation (undiluted) (A\$m)	110.3
Debt (A\$m) - Mar 06F	0.0
Enterprise value (A\$m)	110.3
Major shareholders: NL Kennedy (13%), RA Holland-Kennedy (13%)	
WHL Resources (6%), Sinosteel Corporation (6%)	
Avg monthly volume (m)	5
Cash (A\$m) - Mar 06F	9.8
Price/Cash (x)	11.2
Price/Book (x)	8.7
Company options:	No

Production and Financial Forecasts

YEAR END: June	Dec-06a	Mar-07F	2006a	2007F	2008F
Exploration and evaluation (A\$m)	0.36	0.60	1.89	2.84	6.00
Corporate (A\$m)	0.28	0.15	0.50	0.86	0.60
Exploration/(Expl.+ Corporate) (%)	56	80	79	77	91
Funding duration at current burn (years)			0.6	10.5	5.4
Shares on issue (pr end) (m shares)	59	59	49	59	59
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	0	3,500	12,000	6,000	6,000
Land holding ('000 ha)*	458	458	458	458	458
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	5.4	0.0	0.2	8.6	0.0
Funding from JV partners (A\$m)	1.0	1.0	0.0	3.0	4.0
Cash (A\$m)	9.4	9.8	1.4	38.9	35.5
Cash backing (Ac/share)	16.0	16.8	2.9	66.5	60.7
Net asset backing (Ac/share)	20.9	21.6	8.3	71.3	65.6

*Uranium prospective tenements only, both held and applied for.

Investment Points

PNN's most advanced exploration project is Crocker Well/Mt Victoria uranium. In ground value US\$1.7bn (US\$90/lb U₃O₈).

Scoping study completed at Crocker Well 2006, BFS anticipated 2007. Production potential 2010/11.

Potential for significant new resources to be discovered at the Curnamona Province project.

High grade samples reported 1Q07 include: Becaroo (2.62% U₃O₈); Anomaly A (2.41% and 1.48% U₃O₈) and Anomaly H (0.89% U₃O₈).

Curnamona: A\$5m exploration program focused on expanding uranium resources 2007.

Musgrave (Ni, SA), prospective Voisey Bay style target: substantial massive sulphide intersected (Ni-Cu); A\$5m exploration budget over 18 months starting 1Q07.

Company Comment

Overview: PNN listed on the ASX in April 2005. The company explores for nickel, copper/gold, lead/zinc and uranium in South Australia and uranium and gold in Queensland.

JV with Sinosteel: A binding Investment Co-operation Agreement was signed with Sinosteel Feb. '07 on terms that are the same as previously reported (A\$31.5m for a 60% in the Curnamona Province project, plus A\$11m in exploration and development expenditure). JV formation remains dependent on Australian and Chinese government approvals and final JV documentation - expected 2Q07. In the meantime, PNN is advancing exploration at the project.

Crocker Well/Mt Victoria: 26 additional uranium prospects have been identified within a 15km radius of Crocker Well and have potential to double resources. A reconnaissance program (rock chips, scintillometer) 4Q06 confirms the potential of the region. High uranium grades were returned from 3 prospect areas (Becaroo, Anomaly A and H) with grades up to 2.6% U₃O₈. Follow up drilling and JORC upgrade expected 2007. The tenements are also prospective for IOCG (Black Hill), palaeochannel and unconformity related uranium mineralisation. Based on spot uranium price (US\$90/lb) and production of 1,000tpa (2.2mlbspa), PNN estimates operating cash flow could reach A\$175mpa.

Musgrave Province: Nickel projects host prominent magnetic features and initial drilling has intersected substantial massive sulphides (Ni -Cu). The projects were the basis for PNN's IPO in 2005. An initial shallow RC program 2Q06 intersected mixed sulphide mineralisation in the Mt Marcus Intrusion assaying up to 0.46% Cu and 0.13% Ni. PNN plans to expand and accelerate drilling programs at Mt. Marcus, Mt Moulden and Mt Caroline targets spending A\$5m on exploration 1Q07 to 2Q08. Drill targets are currently being defined based on magnetic surveys and geochem conducted 4Q06.

Georgetown Inlier/Woolgar Goldfield (900km², QLD): Uranium and gold prospects on 7 tenements - uranium targets are hard rock volcanic deposits similar to nearby Maureen and Ben Lomond deposits.

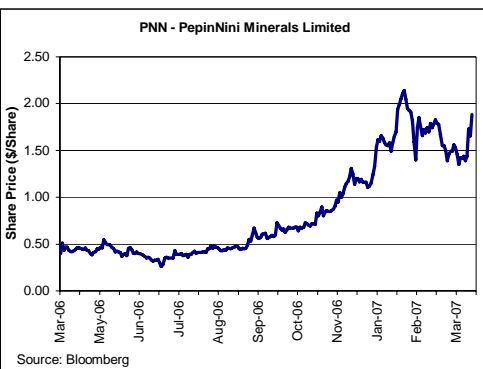
Investment Comment: The pending JV with Sinosteel underscores the upside at Crocker Well/Mt Victoria. PNN has a solid base for growth given its high cash backing (A\$39m post deal), positive outlook for the uranium price and potential for resource expansion and exploration discovery in 2007 for uranium and nickel. PNN has significant potential for re-rating as project milestones are achieved and project timing is confirmed and should be an early beneficiary of ALP uranium policy reversal expected Apr. '07.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)							
Uranium (U ₃ O ₈)	Classification	Project	Ore	Grade	Cut Off	Eqty			
		Eqty	Mt	%	ppm	Kt	Mib	Mib	
Reserves									
Resources									
Curnamona Province	Inferred	100% ^	19.2	0.045	250	8.6	18.9	18.9	
(Mt Victoria **	Inferred	100% ^	0.3	0.160	300	0.4	0.9	0.9	
(Crocker Original **	Inferred	100% ^	8.4	0.046	300	3.9	8.5	8.5	
(Crocker Central **	Inferred	100% ^	1.1	0.043	300	0.5	1.0	1.0	
(Crocker Eastern **	Inferred	100% ^	2.9	0.069	300	2.0	4.4	4.4	
(Total**			12.7	0.053	300	6.7	14.9	14.9	
Total			19.2	0.045	250	8.6	18.9	18.9	
Historical (est., non compliant with JORC)									
						0.0	0.0	0.0	

** high grade resource (300ppm cutoff) included in 250ppm cutoff resource figure.

^ 40% subject to deal closure with Sinosteel. (PNN currently 100% ownership).



Contacts

Norman Kennedy (MD)
 PepinNini Minerals Limited
 Tel: 61 (0) 2 9417 6212
 Sydney, Australia
www.pepinini.com.au

Directors

N. Kennedy (Chair, MD)
 R. Holland-Kennedy
 A. Harris (Non-Ex Dir)
 C. Lambert (Non-Ex Dir)

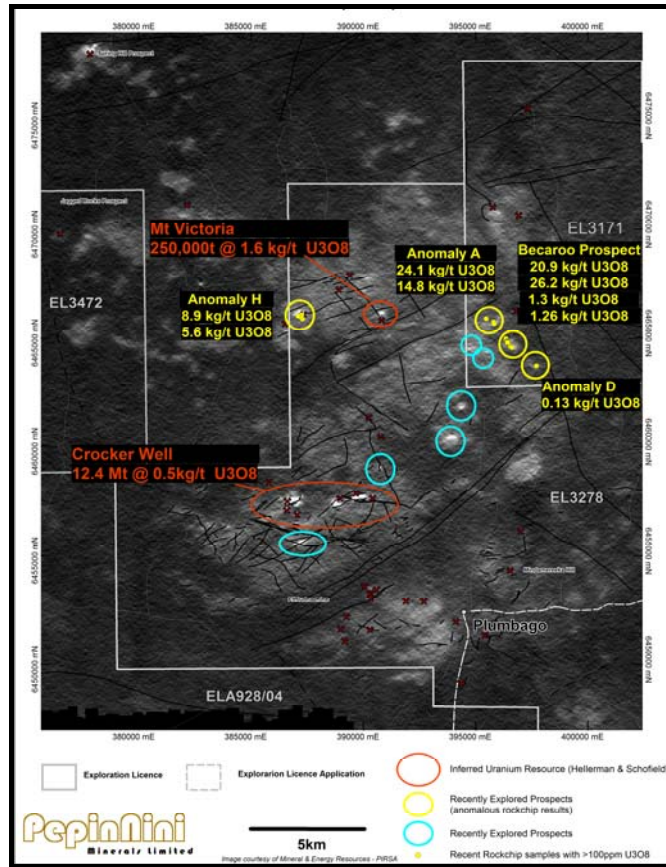
Analyst: John Wilson
johnwilson@rcresearch.com.au

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Curnamona - Bimbowrie	100/40%^	IOCGU	Sinosteel	Breccia	convent'nl	Adv. Expl.	Aus (SA)
Curnamona - Kalabity*	100/40%^	IOCGU	Sinosteel	Breccia	convent'nl	Adv. Expl.	Aus (SA)
Curnamona - Scott Hill	100/40%^	U	Sinosteel	Sandstone	ISL potent.	Adv. Expl.	Aus (SA)
Musgrave Province	100%	Ni-Cu	na	na	Sulphide	Early Expl.	Aus (SA)
Georgetown	100%	U, Au	na	na	na	Early Expl.	Aus (QLD)
Woolgar	100%	Au-Ag	na	na	CIP	Mid Expl.	Aus (QLD)

* Rio Tinto has a 70% claw back right. ^ Subject to deal closure with Sinosteel. (PNN currently 100% ownership).

Curnamona Province uranium prospects: Reconnaissance rock chip sample results (1Q07). Well defined uranium targets in the region have potential to significantly boost resources in 2007.



Summary of scoping study parameters for Crocker Well (and Mt. Victoria) uranium project: GRD Minproc report (March 2006) and RCR conceptual cash flows*.

URANIUM PRICE ASSUMPTION	:US\$/lb	35.00	60.00	90.00	120.00
EXCHANGE RATE	:AUUS	0.75	0.75	0.75	0.75
TOTAL CASH COSTS	:US\$/lb	17.92	17.92	17.92	17.92
CASH MARGIN	:US\$/lb	17	42	72	102
OPERATING CASH FLOW	:US\$mpa	22	54	93	132

MINING METHOD	OPEN PIT
	1. Truck and excavator, drill and blast. At surface deposits - low stripping ratio of 1:2.3.
	2. Truck ore from satellite projects (underground mine Mt Victoria)
PROCESS METHOD	DEDICATED URANIUM PLANT
	1. Conventional crushing and milling.
	2. Acid leach
	3. CCD, solvent extraction, precipitation, calcination to U ₃ O ₈ .
BASE CASE ASSUMPTIONS	
	<u>Base/Average</u> <u>Crocker Well</u> <u>Mt Victoria</u>
PRODUCTION RATE	:tpa 1,725,000 1,725,000 1,725,000
AVERAGE HEAD GRADE - U ₃ O ₈	:% 0.053 0.051 0.156
HIGH GRADE	:% na
RECOVERY - URANIUM	:% 63.8 63.8 63.8
NORMALISED URANIUM PRODUCTION	:mlbspa 1.3
CAPITAL COSTS	:A\$m 160
OPERATING COSTS	:A\$/t 17.50 15.43 39.27
SUSTAINING CAPEX	:A\$/t 2.90 (A\$5mpa, RCR estimate)
CASH COST	:US\$/lb 15.02 15.26 13.13 (AUUS exchange rate: 0.74)
TAX	:% 30
MINE LIFE	:Years 5 Years
COMMISSION PROJECT	: 1Q 2011

* Cash flow figures are preliminary in nature, based on Inferred Resources and are intended to provide only a conceptual indication of project scale and robustness. Considerable refinement may result from subsequent feasibility studies, expected to be completed in 2007.