

PNN.AU

24 March 2006
 Uranium, Nickel, Copper, Gold, Lead, Zinc
 Australia (SA,QLD)
 Advanced Exploration
 Exchanges: ASX:PNN

PepinNini Minerals Limited

A\$ 0.31

GRD Minproc scoping study (March '06) for Crocker Well (and Mt Victoria) uranium project (SA) clarifies geological and engineering targets required to achieve project viability. PNN has good potential to expand resources, increase recoveries, and lower capex.

Capital Profile

Share price (A\$)	0.31
52 week range (A\$/share)	0.13 to 0.69
Number of shares (m)	48
Options and warrants (m)	13
Convertible notes (m)	0
Fully diluted (m)	61
Market capitalisation (undiluted) (A\$m)	14.8
Debt (A\$m) - Mar 06	0.0
Enterprise value (A\$m)	14.8
Major shareholders: NL Kennedy (14.47%), RA Holland-Kennedy (14.47%) HC Geniry (12.56%)	
Avg monthly volume (m)	3
Cash (A\$m) - Mar 06	1.8
Price/Cash (x)	8.2
Price/Book (x)	5.1
Company options:	No

Production and Financial Forecasts

YEAR END: June	Dec-05	Mar-06	2005a	2006F	2007F
Exploration and evaluation (A\$m)	0.47	0.60	0.72	1.99	1.35
Corporate (A\$m)	0.14	0.08	0.22	0.35	0.30
Exploration/(Expl.+ Corporate) (%)	77	89	76	85	82
Funding duration at current burn (years)			1.8	0.6	0.8
Shares on issue (pr end) (m shares)	48	48	48	48	48
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	2,500	3,000	0	12,000	0
Land holding ('000 ha)*	326	326	326	326	326
Tenement costs (\$k per year)	-	-	-	-	-
Capital Raisings (A\$m)	0.0	0.0	4.4	0.0	0.0
Funding from JV partners (A\$m)	0.0	0.0	0.0	0.0	0.0
Cash (A\$m)	2.2	1.8	3.3	1.3	1.3
Cash backing (Ac/share)	4.5	3.7	6.8	2.7	2.7
Net asset backing (Ac/share)	6.7	5.9	8.8	4.9	1.6

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

Investment Points

A scoping study at Crocker Well (and Mt Victoria) uranium deposits (100% PNN) completed March '06.

A good pedigree project - one of 9 Australian uranium projects to go through full feasibility in the 1970/80's.

Resource upside potential confirmed by surface sample grades up to 2.1% U₃O₈ at Becaroo (4Q05). Drilling expected 2Q to 3Q06.

Feasibility study likely to commence 2H06 subject to further resources being identified.

Project viability may depend on the uranium price outlook exceeding US\$35/lb.

Musgrave (SA) - 3 priority nickel targets. Mineralisation similar to Voisey's Bay. Drilling from 1Q06.

Company Comment

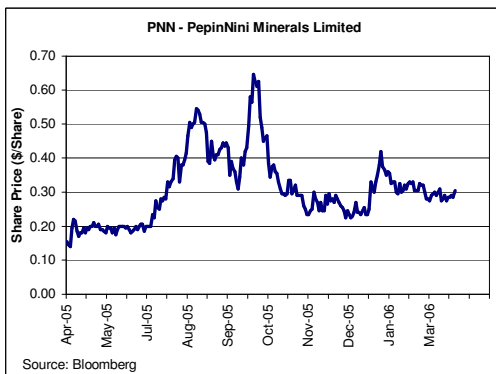
Overview: PNN listed on the ASX in April 2005 to explore for nickel, copper and uranium in South Australia and gold in Queensland.

GRD Minproc Scoping Study: Crocker Well and Mt Victoria, Curnamona Province are hard rock, low grade granitic targets with brannerite mineralisation. Study highlights assume an open pit mine at Crocker Well, with a conventional acid leach plant. The capital cost is A\$160m, U₃O₈ recovery is 63.8%, and operating costs are around US\$13/lb to US\$15/lb. Based on an inferred resource of 14.9mlbs U₃O₈ at US\$30/lb long term uranium price, the project needs to improve NPV by a minimum of A\$80m to be viable (or A\$30m NPV at US\$40/lb U₃O₈). **Areas with most potential for upside are: Ore resources:** Radiometric data and historic work has identified 20 uranium prospects within a 15km radius. Four outcrops returned economic surface samples, including Becaroo, with grades of up to 2.1% U₃O₈, a further five outcrops are yet to be tested. There is potential to double resources, or better. **Capital Costs:** Process plant A\$70m, tailings dam A\$40m, water/power/rehab A\$50m. Water costs could be reduced if local sources can be secured or if costs could be shared with the nearby Honeymoon, where a development decision could be announced as early as June '06. **Recovery:** The study figure (63.8%) is based on historical work. Work in 2H06 has potential to raise this, viz., ESSO in the 80's had selective recoveries of 85%; and SMM is anticipating 70% to 75% recovery of its brannerite ore at Valhalla. Economic levels of acid consumption will be a key driver of ore recovery.

Investment summary: Capital cost estimates at Crocker Well were higher than anticipated, due to the A\$40m tailings dam estimate. PNN needs to demonstrate additional resources and higher recovery levels at Crocker Well to give confidence in the project's potential at a US\$30/lb long term uranium price. PNN is drilling 2Q to 3Q06 to upgrade and expand its uranium resources and aims to convert the Inferred Resource to Indicated and Measured status prior to making a decision to commence a BFS 2H06.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)								
Uranium (U ₃ O ₈)	Classification/ Geology	Project Equity	Ore Mt	Grade %	Cut Off ppm	Kt	Mib	Eqty Mib
Reserves						0.0	0.0	0.0
Resources								
Mt Victoria (Bimb'wie)	Inferred/breccia	100%	0.3	0.160	300	0.4	0.9	0.9
Crocker Original (Bimb'ie)	Inferred/breccia	100%	8.4	0.046	300	3.9	8.5	8.5
Crocker Central (Bimb'ie)	Inferred/breccia	100%	1.1	0.043	300	0.5	1.0	1.0
Crocker Eastern (Bimb'ie)	Inferred/breccia	100%	<u>2.9</u>	<u>0.069</u>	300	<u>2.0</u>	<u>4.4</u>	<u>4.4</u>
			12.7	0.053		6.7	14.9	14.9
Historical (est., non compliant with JORC)						0.0	0.0	0.0



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Key Projects

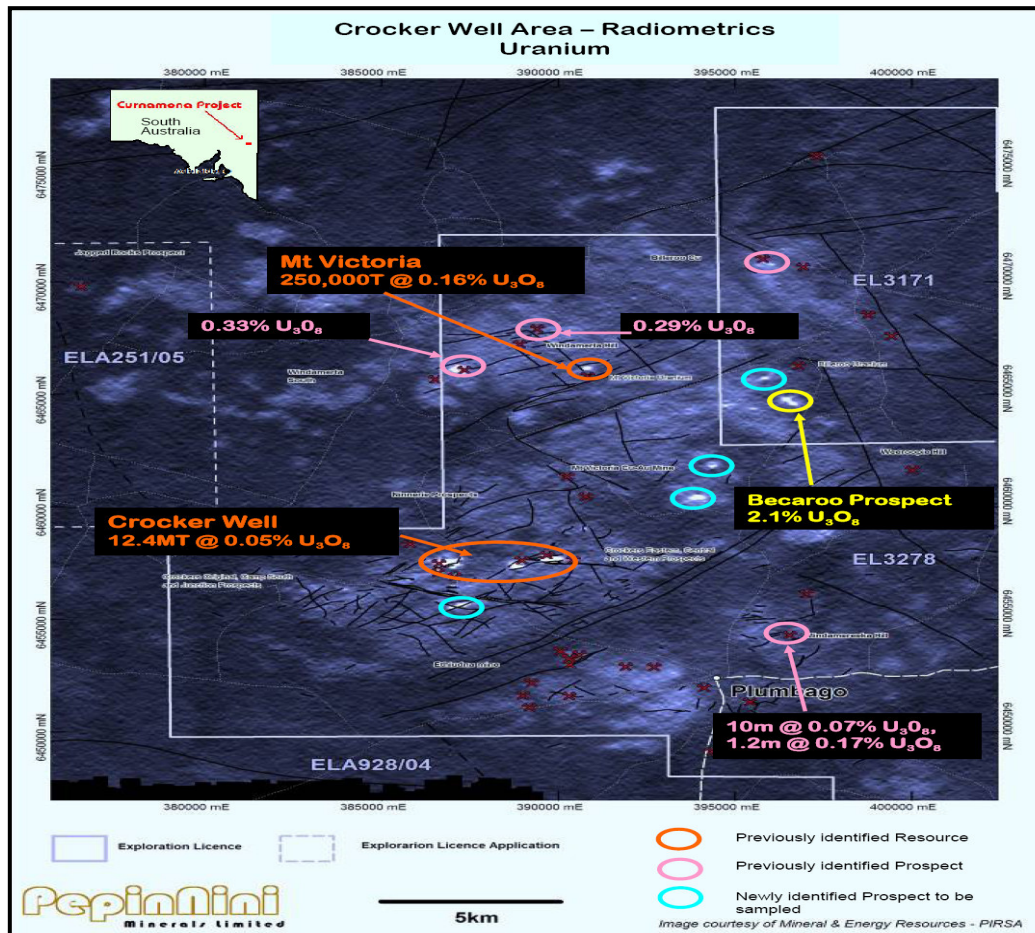
Project	Ownership/ Option	Metal	JV Partner	Plant Cap.	Process Route	Project Status	Location
Curnamona - Bimb'wie	100%	IOCGU	na	na	ISL potent.	Mid Expl.	Aus (SA)
Curnamona - Kalabity*	100%	IOCGU	na	na	convent'nl	Mid Expl.	Aus (SA)
Curnamona - Mt Victor	100%	U	na	na	ISL potent.	Mid Expl.	Aus (SA)
Musgrave Province	100%	Ni-Cu	na	na	Sulphide	Early Expl.	Aus (SA)
Woolgar	100%	Au-Ag	na	na	CIP	Mid Expl.	Aus (QLD)

* Rio Tinto has a 70% claw back right.

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

RESOURCE ESTIMATES					
	Uranium Resource	Cutoff	Tonnes Mt	Grade % U ₃ O ₈	Uranium Mlbs
INFERRED	Crocker Well	300ppm	12.40	0.051	13.8
INFERRED	Mt Victoria	300ppm	0.25	0.156	0.9
TOTAL		300ppm	12.66	0.053	14.8
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					
		Base/Average	Crocker Well	Mt Victoria	
PRODUCTION RATE	:tpa	1,725,000	1,725,000	1,725,000	
AVERAGE HEAD GRADE - U3O8	:%	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	:\$m	160			
OPERATING COSTS	:\$/t	17.50	15.43	39.27	
SUSTAINING CAPEX	:\$/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			

Crocker Well and Mt Victoria uranium deposits have a JORC resource of 14.7mlbs U₃O₈. Well defined uranium targets in the region have potential to significantly boost resources during 2006.



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