

# PNN.AU

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

## PepinNini Minerals Limited

A\$ 2.02

**JV with Sinosteel completed 2Q07. An A\$11m exploration program over 2 years is underway with focus on the Curnamona Province (uranium, base metals) and Musgrave (base metals). Drilling has commenced at Crocker Well with potential for significant new uranium resources.**

### Capital Profile

Share price (A\$)	2.02
52 week range (A\$/share)	0.26 to 3.30
Number of shares (m)	58.8
Options and warrants (m)	10.4
Convertible notes (m)	0
Fully diluted (m)	69.2
Market capitalisation (undiluted) (A\$m)	118.8
Debt (A\$m) - June 07F	0.0
Enterprise value (A\$m)	118.8
Major shareholders: NL Kennedy (13%), RA Holland-Kennedy (13%)	
WHL Resources (6%), Sinosteel Corporation (6%)	
Avg monthly volume (m)	3
Cash (A\$m) - June 07F	38.2
Price/Cash (x)	3.1
Price/Book (x)	2.9
Company options:	No

### Investment Points

PNN's most advanced exploration project is Crocker Well/Mt Victoria uranium. In-ground value US\$2.5bn (US\$133/lb U<sub>3</sub>O<sub>8</sub>).

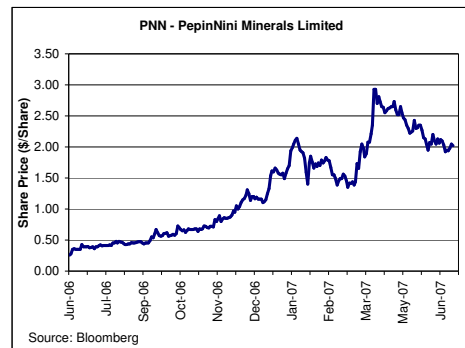
Crocker Well exploration focused on expanding uranium resources in 2007. BFS anticipated 2007. Production potential 2010/11.

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

High grade samples reported 1Q07 include: Becaroo (2.62% U<sub>3</sub>O<sub>8</sub>); Anomaly A (2.41% and 1.48% U<sub>3</sub>O<sub>8</sub>) and Anomaly H (0.89% U<sub>3</sub>O<sub>8</sub>).

Plus 30 base metal (Cu, Pb/Zn) targets drill ready at Curnamona.

Musgrave (Ni, SA), prospective Voisey Bay style target: substantial massive sulphide intersected (Ni-Cu) - drill rig acquired.



### Production and Financial Forecasts

YEAR END: June	Mar-07a	Jun-07F	2006a	2007F	2008F
Exploration and evaluation (A\$m)	0.25	0.25	1.89	1.24	1.00
Corporate (A\$m)	0.25	0.15	0.50	0.96	0.60
Exploration/(Expl.+ Corporate) (%)	50	63	79	56	63
Funding duration at current burn (years)			0.6	17.3	24.6
Shares on issue (pr end) (m shares)	59	59	49	59	59
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	3,500	2,500	12,000	6,000	6,000
Land holding ('000 ha)*	458	458	458	458	458
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.0	0.0	0.2	8.6	0.0
Funding from JV partners (A\$m)	0.0	1.4	0.0	1.4	5.5
Cash (A\$m)	9.9	38.2	1.4	38.2	39.3
Cash backing (A\$/share)	16.8	64.9	2.9	64.9	66.9
Net asset backing (A\$/share)	21.6	69.7	8.3	69.7	71.7

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

### 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:** The JV with Sinosteel was completed 2Q07 following Australian and Chinese government approvals. Terms 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).

**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 and 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% U<sub>3</sub>O<sub>8</sub>. In 2Q07, mullock heaps near the shafts were found to contain over 100t of ore grade material which could potentially be used for metallurgical and pilot scale tests. A 57 hole drill program has commenced to upgrade and expand the resource and test 3 other prospects. JORC upgrade expected 4Q07. The tenements are also prospective for IOCG (Black Hill), palaeochannel and unconformity related uranium mineralisation. Based on spot uranium price (US\$133/lb) and production of 1,000tpa (2.2mlbspa), PNN estimates operating cash flow could exceed A\$200mpa.

**Musgrave Province:** Nickel projects host prominent magnetic features and initial drilling has intersected substantial massive sulphides (Ni-Cu). A shallow RC program 2Q06 intersected mixed sulphide mineralisation in the Mt Hercul intrusion assaying up to 0.46% Cu and 0.13% Ni. Additional ground was acquired 2Q07, viz the Pine Ridge exploration licence (purchased from RIO). PNN plans to expand and accelerate drilling programs at Mt. Hercul, Mt Moulden and Mt Caroline with a budget of A\$5m through 2008. Drilling is expected to commence late 3Q07.

**Georgetown Inlier/Woolgar Goldfield (900km<sup>2</sup>, 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:** PNN is trading at A\$2.02/share, A\$119m, ~33% off its high. It has a solid base for growth, 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. SA is supportive of new uranium mines.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)		Project	Ore	Grade	Cut Off	Eqty		
Uranium (U <sub>3</sub> O <sub>8</sub> )	Classification	Eqty	Mt	%	ppm	Kt	Mib	Mib
<b>Reserves</b>								
<b>Resources</b>								
Curnamona Province	Inferred	40%	19.2	0.045	250	8.6	18.9	7.6
(Mt Victoria **	Inferred	40%	0.3	0.160	300	0.4	0.9	0.4
(Crocker Original **	Inferred	40%	8.4	0.046	300	3.9	8.5	3.4
(Crocker Central **	Inferred	40%	1.1	0.043	300	0.5	1.0	0.4
(Crocker Eastern **	Inferred	40%	2.9	0.069	300	2.0	4.4	1.8
(Total**			12.7	0.053	300	6.7	14.9	14.9
<b>Total</b>			<b>19.2</b>	<b>0.045</b>	<b>250</b>	<b>8.6</b>	<b>18.9</b>	<b>7.6</b>
<b>Historical</b> (est., non compliant with JORC)						0.0	0.0	0.0

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

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### Directors

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

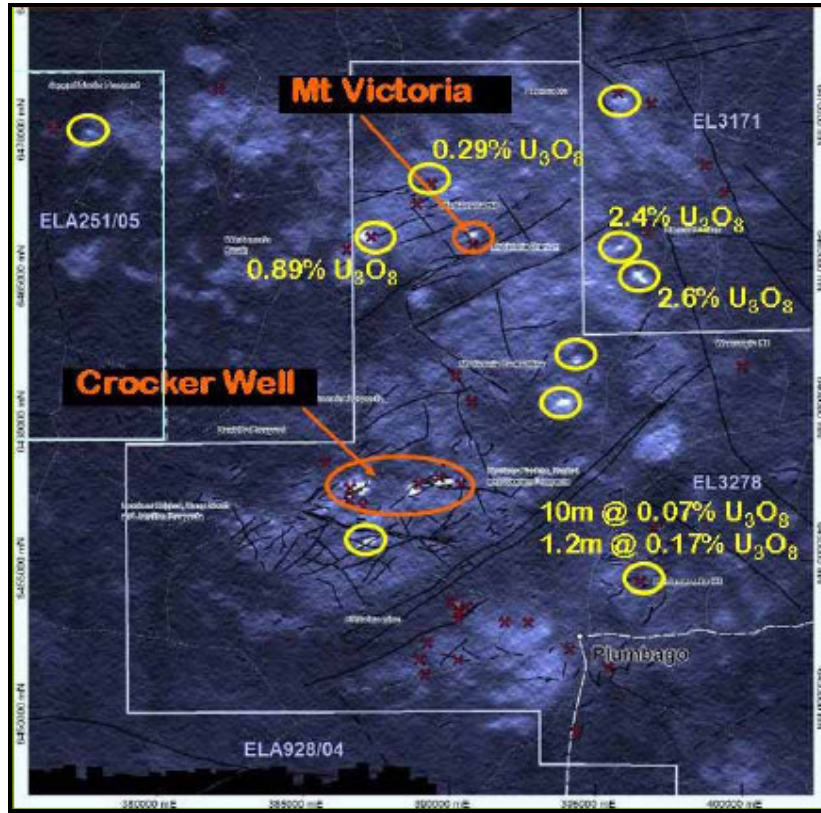
Analyst: John Wilson  
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### Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Curnamona - Bimbowrie	40%	IOCGU	Sinosteel	Breccia	convent'nl	Adv. Expl.	Aus (SA)
Curnamona - Kalibity*	40%	IOCGU	Sinosteel	Breccia	convent'nl	Adv. Expl.	Aus (SA)
Curnamona - Scott Hill	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.

Curnamona Province uranium prospects: Reconnaissance rock chip sample results. Well defined uranium targets in the region have potential to significantly boost resources in 2007. 10 outcrops are drill ready.



Crocker East Uranium Deposit (Curanama Province, SA): Proposed validation drilling 2007.

