

PNN.AU

PepinNini Minerals Limited

A\$ 0.33

20 August 2009
Uranium, Nickel, Copper/Gold, Lead/Zinc
Australia (SA,QLD)
BFS, Advanced Exploration
Exchanges: ASX:PNN

The BFS for PNN's Crocker Well project (60% Sinosteel, 40% PNN; 14.9mlb U resource) delayed till Dec '09 (flowsheet revisions), but recoveries have improved dramatically. Meanwhile, exploration in SA/QLD uranium, Au and base metals projects gains momentum.

Capital Profile

Share price (A\$)	0.33
52 week range (A\$/share)	0.14 to 0.68
Number of shares (m)	78.2
Options and warrants (m)	0.8
Convertible notes (m)	0
Fully diluted (m)	79.0
Market capitalisation (undiluted) (A\$m)	25.4
Debt (A\$m) - Sep 09F	0.0
Enterprise value (A\$m)	25.4
Major shareholders: NL Kennedy (12.2%), RA Holland-Kennedy (12.2%) Sinosteel Corporation Pty Ltd (4.2%)	
Avg monthly volume (m)	2
Cash (A\$m) - Sep 09F	9.3
Price/Cash (x)	2.7
Price/Book (x)	0.8
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	Jun-09a	Sep-09F	2008a	2009F	2010F
Exploration and evaluation (A\$m)	2.54	2.00	2.56	7.09	7.60
Corporate (A\$m)	0.29	0.40	1.75	1.16	1.60
Exploration/(Expl.+ Corporate) (%)	90	83	59	86	83
Funding duration at current burn (years)			0.3	1.4	0.3
Shares on issue (pr end) (m shares)	78	78	49	78	78
Drilling - RAB (m)	3,445	5,000	5,000	18,445	20,000
Drilling - Other/Diamond (m)	8,100	4,000	16,000	22,100	19,000
Land holding ('000 ha)*	1,580	1,580	1,580	1,580	1,580
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (share buybacks)(A\$m)	3.3	0.0	0.0	3.3	0.0
Funding from JV partners (A\$m)	1.2	1.2	5.8	4.8	2.4
Cash (A\$m)	11.4	9.3	1.4	11.4	3.1
Cash backing (Ac/share)	14.6	11.9	2.9	14.6	4.0
Net asset backing (Ac/share)	44.1	41.4	44.0	44.1	33.5

*Tenements held or applied for

Investment Points

Flagship is the Crocker Well/Mt Victoria uranium project (14.9mlb resource). Sinosteel (60%) is a strong partner.

Crocker Well BFS now delayed to 4Q09 due to further met. testwork that has indicates greatly improved recoveries. Potential production start 2H11.

Crocker Well regional U exploration commencing 3Q09 - potential to double U resource - multiple drill targets.

Musgrave Province (SA): numerous Voisey Bay style targets, drilling underway - major Cu/Ni and Pb/Zn/Ag anomalies. Recent RIO Musgrave Province farm-in deal underpins potential.

N Qld drilling 2H09: targets for gold and base metals - high gold grades in rock chip sampling.

Cash (Sep '09) A\$9.3m (12c/share), no debt.

Our assessed value is A\$0.76/share, (cash and Crocker Well A\$0.53/share).

Current price reflects zero value for excellent base metals, uranium, gold exploration potential.

Company Comment

Overview: PNN listed on the ASX in April 2005. PNN is diversified Australian explorer- targeting uranium, base metals and gold in S.A., Qld, and W.A.

Curnamona Province – 3,778 km² (SA) – Sinosteel JV. Crocker Well/Mt Victoria: The Crocker Well Uranium Project is a JV between Sinosteel Corporation ("SSC"), operator (60%) and PNN (40%). A JORC inferred resource of 12.65mt @ 0.053% U₃O₈ (14.9mlb) was established Sep '05. Mar '06 scoping study indicated A\$160m capex 1.7mtpa, opex US\$15.26/lb, recovery 63%. BFS is continuing (>A\$15m spent to date, mostly funded by SCC, PNN now contributing), release now delayed till Dec '09 due to further metallurgical testwork and proposed flowsheet changes to improve opex and recoveries. Modified flowsheet incorporates flotation, pressure filtration, SX extraction, carbonate strip, precipitation, dewatering, drying and drum, with much improved recoveries - 80% is now expected. 30,000m RC and diamond drilling program is nearing completion, to upgrade resource status from inferred to indicated or measured (expect JORC upgrade 3Q09). ML applications lodged. Production could commence by 2H11.

Additional Resources: 26 additional uranium prospects (radiometric anomalies) have been identified within a 15km radius of Crocker Well - potential to double resources. Recon. program on 4 targets returned high U₃O₈ grades (up to 2.62%) from surface samples. Mag/radiomag heli survey was undertaken 2Q09. These targets will be drilled 2H09 with the aim to expand the resource base.

Musgrave Province (SA), 8,143 km² (100%): PNN is focussing on priority AEM anomaly Ni-Cu targets, Voisey Bay type settings. Recent drilling 2Q09 at Pine Ridge - 3,445m RAB + 1,007m DDH, results are positive with intersection of stratabound copper mineralisation, lithologies similar to Broken Hill Pb-Zn-Ag. RAB drilling identified further Cu-Ni and new Pb-Zn-Ag anomalies and anomalous rare earths.

Musgrave Province, Rio Tinto Farm-in, 1,382km². PNN has recently announced a farm-in JV agreement with RIO whereby PNN can earn 51% in 3 RIO tenements adjacent to PNN Musgrave tenements through expenditure of A\$4m within 4 years. Importantly, in the event of a major discovery, RIO can revert back to 70% by funding a FS or spending A\$20m. The tenements have a number of Ni/Cu EM targets which will be high priority for ground geophysical surveys and then drilling by PNN.

Georgetown Inlier/Woolgar Goldfield (QLD), 2,007km², (100%): Uranium, phosphate and gold prospects. Rock chip sampling at Percyville (Au/Ag/Cu), 30km SE Kidston mine, and nearby The Return prospects has continued to produce high grade gold mineralisation (Au grades to 1,710g/t). Highly prospective targets are being refined (heli-mag surveys this Q) - initial target drilling expected 4Q09.

Investment Comment: PNN is trading at less than half of our assessed value of A\$0.76/share. This discount is likely to narrow in the next 6 months with the Crocker Well BFS release and the move towards drilling of targets in the QLD/SA uranium, base metals and gold exploration projects

Reserves and Resources/Mineralised Material

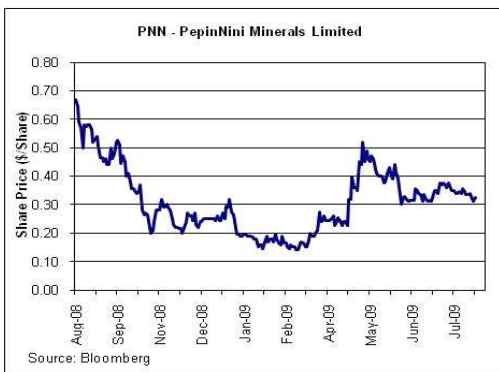
Code for reporting mineral resources - Australian: (JORC)

Uranium (U ₃ O ₈)	Classification	Project	Ore	Grade	Cut Off	Eqty		
						Equity	Mt	%
						Kt	Mlb	Mlb
						0.0	0.0	0.0
Reserves								
Resources								
Curnamona Province	Inferred	40%	19.8	0.045	250	9.0	19.8	7.9
(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 - 2006 Scoping Study)**			12.7	0.053	300	6.7	14.9	6.0
Total Province	Inferred		19.8	0.045	250	9.0	19.8	7.9

Historical (est., non compliant with JORC)

0.0 0.0 0.0

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



Contacts

Mr Norman Kennedy
Managing Director
Tel: 61 (0) 2 9417 6212
Sydney, Australia
www.pepinini.com.au

Analyst: Dr Tony Parry
tonyparry@rcresearch.com.au

Directors

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

Key Projects

Project	Ownership/ Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Curnamona Province	40%	U,Cu,Au	Sinosteel	various	na	Early Expl.	Aus (SA)
Musgrave Province	100%	Ni-Cu	na	ultramafic	Sulphide	Early Expl.	Aus (SA)
Musgrave Rio Tinto JV	0/51%	Ni-Cu	na	ultramafic	Sulphide	Early Expl.	Aus (SA)
Georgetown	100%	U, Au	na	na	na	Early Expl.	Aus (QLD)
Woolgar Inlier	100%	Au-Ag	na	na	CIP	Mid Expl.	Aus (QLD)

Our current assessed value of PNN is A\$0.76/share comprising A\$0.41/share for the Crocker Well Uranium Project stake (BFS due 4Q09), cash of A\$0.12/share, and A\$0.30/share for PNN's extensive strategic SA/QLD base metals/uranium exploration projects.

PEPINNINI MINERALS VALUATION

	Project Value A\$m	PNN Equity	Valuation A\$m	Valuation A\$/share
Curanamona Province (Sinosteel 60%)				
Crocker Well Uranium Project				
Total Resource (mlb)	14.9			
Project Valuation (US\$/lb)	4.50			
Project Value	80.8	40%	32.3	0.41
Curanamona Exploration (U and base metals - multiple targets)	10.0	40%	4.0	0.05
Sub Total (Curanamona Province equivalent - PNN)			36.3	0.46
+ Cash (f'cast end Sep '09)			9.3	0.12
+ Musgrave Province Project (large unexplored area, Cu/Ni Voisey Bay style targets)			5.0	0.06
+ Musgrave Rio Tinto Farm-in tenements (multiple Ni/Cu targets, PNN earning 51%)			3.0	0.04
+ QLD - Georgetown Inlier/Woolgar Goldfield (gold, uranium, phosphate, base metals potential)			6.0	0.08
+ WA Projects - Robinson Range Iron Ore & Peak Hill Gold			3.0	0.04
+ Tax Losses			0.0	0.00
- Corporate			3.5	0.04
PNN NET ASSET VALUE			59.1	0.76
Capital Structure				
Shares			78.2	
Fully Diluted Shares			79.0	
PNN NET ASSET VALUE PER SHARE	:A\$/share		0.76	
PNN NET ASSET VALUE DILUTED	:A\$/share fully diluted		0.76	

The Crocker Well project schedule indicates potential uranium production in 2011 – subject to the review of the BFS to be released in 4Q09. Extensive resource drilling and metallurgical testwork has been conducted in the last two years.

	2007		2008				2009				2010				2011									
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4							
Resource Verification (+Infill Drilling)	[Blue bar spanning Q4 2007 to Q4 2009]																							
Test Work	[Green bar spanning Q4 2007 to Q4 2009]																							
Pilot Plant	[Green bar spanning Q4 2009 to Q4 2010, labeled 'Unscheduled']																							
Concept Evaluation and Baseline	[Yellow bar: Concept]				[Yellow bar: Baseline]																			
MARP and Permits/Licences	[Yellow bar: Proposal (Q2 2009-Q4 2009), MARP (Q1 2010-Q2 2010), Permits (Q3 2010-Q4 2010)]																							
Mine Plan	[Red bar spanning Q3 2008 to Q4 2009]																							
Bankable Feasibility Study (BFS)	[Dark blue bar spanning Q3 2008 to Q4 2009]																							
Project Assessment	[Brown bar spanning Q4 2009 to Q4 2010]																							
Detailed Design	[Dark blue bar spanning Q1 2010 to Q1 2011]																							
EPCM Contract	[Red bar spanning Q1 2010 to Q4 2011]																							
Construction	[Red bar spanning Q3 2010 to Q4 2011]																							
Commissioning and Begin Operation	[Red bar spanning Q1 2012 to Q4 2012]																							

Disclosure and Disclaimer

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