PepinNini Minerals Limited

With the Crocker Well Uranium FS (90% SinoSteel, 10% PNN), 11.7m resource on hold, PNN's focus is on the project's rare earths potential, as well as advancing a DSO iron ore resource in WA and scooping study on high grade gold mineralisation in N QLD.

**Capital Profile**

- Share price (A$): 0.19
- 52 week range (A$/share): 0.13 to 0.37
- Number of shares (m): 79.2
- Options and warrants (m): 0.0
- Convertible notes (m): 0.0
- Fully diluted (m): 78.2
- Market capitalisation (undiluted) (A$m): 14.5
- Debt (A$m) - Mar 11F: 0.0
- Enterprise value (A$m): 14.5
- Major shareholders: NL Kennedy (10.6%), RA Holland-Kennedy (10.6%) Sinosteel Corporation Pty Ltd (3.7%), National Noms (2.4%)
- Ag earnings (aud/m): 5
- Cash (A$m) - Mar 11F: 5.4
- Price/Cash (x): 2.7
- Price/Book (x): 0.6
- Listed company options: No

**Investment Points**

- Flagship is the Crocker Well/Mt Victoria uranium project (11.7m resource). SinoSteel (60%) is a strong partner.
- Focus shifting to high grade rare earths potential, plus base metals and iron ore targets, Curnamona Province (SA), while the Crocker Well BIFS remains on hold.
- Strong newsflow expected in 2011: REE, base metals drilling (Curnamona, SA), maiden resource (WA), scooping study, possible initial gold resource (N QLD), further REE/base metal drilling (Musgrave, SA).

**Company Comment**

Overview: PNN listed on the ASX in April 2005. PNN is a diversified explorer - targeting uranium, base metals, rare earths and iron ore in S.A. and Qld, and iron ore in W.A.

Curnamona Province – 3,778 km² (SA) – Sinosteel JV. Crocker Well/Mt Victoria: The Crocker Well Uranium Project (discovered in the 1950’s) is a JV between Sinosteel Corporation (“SSC”), operator (60%) and PNN (40%). An initial 14.8m U3O8 resource was established Sep 05. Scoping Study was completed Mar ’06 (1.3mtpa production). A BIFS in 2008 was put on ice pending more favourable uranium prices and AUS/US$ exchange rates. In 2010 a revised JORC resource for Crocker Well of 11.7m @ 280ppm was announced. Over A$14m has been spent to date, mostly funded by SSC, A$5m remaining to be spent in JV before PNN is required to contribute. Rare Earth Targets: Focus has now switched to rare earth targets where 2010 JV drilling at high grade targets has yielded significant high grade uranium and rare earths values. At Baccara (e.g. 10m @ 972ppm Ce and 948 ppm REE), Crocker Well, and Victoria (e.g. 1m @ 4927ppm), 1.76% total rare earths. JV Base Metals Targets: PNN is continuing to drill funding (A$5m spend) drilling of multiple base metals and gold targets in the Curnamona Province. Over 30 targets have been identified. A 4 hole diamond drilling program has commenced 1Q11.

Robinson Range Iron Ore Project (WA): 700km², (50%-40%). Iron ore exploration is now becoming a high priority for PNN. PNN has farmed into a total of seven tenements in the Midwest iron ore province – WA’s second major iron ore province after the Pilbara. The tenements cover 45km of the Robinson Range banded iron formation, 550 km NE of Geraldton. PNN is the operator. Surface sampling at 12 sites has identified out-cropping high grade hematite mineralisation (up to 67.3%Fe, low PhP), suggesting direct shipping ore (DSO) potential. An initial 5,000m RC drilling campaign is likely to commence 2Q11, targeting an initial 10mt DSO JORC resource. PNN believes the total resource potential is >100mt.

Georgetown Inlier/Woolgar Goldfield (QLD), 2,773km², (100%): This area has demonstrated uranium and phosphorus potential, but PNN is focusing on precious metals, with extensive narrow vein high grade Au + Ag mineralisation at Percyville, 35km SE of the Kidston mine and nearby ‘The Return’ prospects confirmed in the initial 3,250m 4Q10 RC drilling program of priority targets. Results include 2m @ 10.1g/t Au, 33g/t Ag and 1m@ 20.3g/t Au. A inaugural JORC resource is possible in 2011, dependent on results of a scooping study now underway for economic viability. Advancing rapidly.

Musgrave Province (SA): 3,961 km² (100%), Rio Tinto Farm-in 1.382km² (51%): PNN is focusing on priority AEM anomaly Ni-Cu targets, Vosey’s Bay type settings in this largely unexplored province. Potential for major Porphyroclastic hosted mineralised systems. Recent drilling confirmed favourable lithologies for stratabound Cu-Ni mineralisation. This is long term big target greenfields exploration.

Argentina: The company has said it intends to assess exploration opportunities in Argentina. Corporate: A$3.1m raised in Jan 11 via a placement at A$0.27/share. Est. cash at 31 March is A$5.4m. Investment Comment: After some wild price fluctuations in January, and the Japanese nuclear fallout in March, PNN is now trading at around half of our assessed value of A$0.33/share. The market finds it difficult to value such a diversified explorer, but when we look at the sum of the parts, we see real value now, particularly if the gold, rare earths or iron ore potential starts to generate headlines later in 2011.

**Reserves and Resources/Mineralised Material**

**Key Projects**

**Production and Financial Forecasts**

**YEAHN END: June**

- Exploration and evaluation (A$m): 0.91
- Corporate (A$m): 0.52
- Exploration (Expl.+ Corporate) (%): 63
- Funding duration at current burn (years): 1.0
- Shares on issue (m): 78
- Drilling - vacuum/aircore (m): 1,058
- Land holding (100ha)*: 1,607
- Tenement costs (A$/year): 1,607
- Capital raisings (share buybacks/A$m)*: 3.0
- Funding from JV partners (A$m): 1.0
- Cash (A$m): 3.4
- Cash backing (A$/share): 4.3
- Net asset backing (A$/share): 29.8

**Company Contacts**

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- Analyst: Dr Tony Parry
Our current assessed value of PNN is A$0.33/share comprising A$0.11/share for the Crocker Well Uranium Project JV with uranium/rare earths/base metals resource upside, cash A$0.06/share, and A$0.26/share for PNN’s iron ore (WA) and extensive strategic SA/QLD gold/base metals/uranium exploration projects.

### PEPINNINI MINERALS VALUATION

<table>
<thead>
<tr>
<th>Project Value</th>
<th>PNN Valuation</th>
<th>Valuation</th>
<th>Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A$m</td>
<td>Equity A$/share</td>
<td>A$m</td>
<td>A$/share</td>
</tr>
<tr>
<td>Curanamona Province JV (Sinosteel 60%)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Crocker Well Uranium Project - BFS Stage</td>
<td>Total Resource (mlb) 8.7</td>
<td>Project Valuation (US$/lb) 1.00</td>
<td></td>
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<tr>
<td>Project Value</td>
<td>8.7</td>
<td>40%</td>
<td>3.5</td>
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<tr>
<td>Curanamona Exploration (Uranium, REE - multiple targets to drill)</td>
<td>10.0</td>
<td>40%</td>
<td>4.0</td>
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<tr>
<td>Curanamona Exploration (Base metals - multiple targets)*</td>
<td>6.0</td>
<td>40%</td>
<td>2.4</td>
</tr>
<tr>
<td>Sub Total (Curanamona Province equivalent - PNN)</td>
<td>9.9</td>
<td>0.11</td>
<td></td>
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<tr>
<td>* (A$m spend sole-funded by Sinosteel)</td>
<td></td>
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<tr>
<td>+ Musgrave Province Project (large unexplored area, Cu/Ni Voisey’s Bay style targets)</td>
<td>100%</td>
<td>3.0</td>
<td>0.03</td>
</tr>
<tr>
<td>+ Musgrave Rio Tinto Farm-in tenements (multiple Ni/Cu targets, PNN earning 51%)</td>
<td>51%</td>
<td>2.0</td>
<td>0.02</td>
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<tr>
<td>+ N QLD - Gold Exploration (High grade gold intercepts - resource imminent?)</td>
<td>100%</td>
<td>8.0</td>
<td>0.09</td>
</tr>
<tr>
<td>+ WA Project - Robinson Range Iron Ore (50% JV, 10mt DSO Potential)</td>
<td>50%/40%</td>
<td>10.0</td>
<td>0.11</td>
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<tr>
<td>Sub Total (Musgrave, N QLD, Robinson Range Exploration &amp; Cash)</td>
<td>23.0</td>
<td>0.26</td>
<td></td>
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<tr>
<td>+ Cash (f’cast end Mar ’11)</td>
<td>5.4</td>
<td>0.06</td>
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<tr>
<td>- Corporate</td>
<td>-8.6</td>
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<tr>
<td>- Tax Losses</td>
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<tr>
<td>Sub Total</td>
<td>-3.2</td>
<td>-0.04</td>
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<tr>
<td>PNN NET ASSET VALUE</td>
<td>29.7</td>
<td>0.33</td>
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### Capital Structure

- Shares 89.7
- Fully Diluted Shares 89.7

### PNN NET ASSET VALUE PER SHARE

- A$/share 0.33

### PNN NET ASSET VALUE DILUTED

- A$/share fully diluted 0.33

PepinNini has developed a strong and highly diversified project pipeline. Two project areas that are likely to generate strong newsflow in 2011 are the Robinson Range Iron Ore Project (WA, LH graphic) and the North Queensland high grade gold-silver exploration near Kidston (RH graphic).
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