

PepinNini Minerals Limited

ACN 101 714 989

Entitlement Issue Prospectus

This Prospectus relates to an offer of New Options on a 2 for 3 basis to Shareholders.

The New Options are offered at a price of 1 cent each to raise up to \$767,853 and are exercisable at 5 cents each on or before 30 June 2015 to raise up to \$3,839,266.

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your stockbroker or other professional adviser.

CORPORATE DIRECTORY

Directors

Rebecca Holland-Kennedy (Managing Director)

Philip Clifford (Technical Director)

Robert (Wei) Sun (Non-Executive Director)

Company Secretary

Justin Nelson

Registered Office

96 Babbage Rd
Roseville Chase NSW 2069

Principal Place of Business

Level 1, 76 Waymouth Street
Adelaide, South Australia, 5000

Phone: 08 8218 5000

Fax: 08 8212 5717

Website

www.pepinnini.com.au

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235
Enquiries (within Australia): 1300 554 474

Enquiries (outside Australia): 61 2 8280 7111

Stock Exchange Listing

Australian Securities Exchange

ASX Code: PNN

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Managing Director's Letter

Dear Shareholder

On behalf of the directors of PepinNini Minerals Limited (Company), I am pleased to invite you to participate in a pro rata non-renounceable rights issue on the basis of two (2) New Options for every three (3) Shares held by Shareholders on the Record Date at an issue price of \$0.01 per New Option to raise initially \$767,853 (Offer). The New Options are exercisable from Quotation Date at a price of \$0.05 per option until 30 June 2015 to raise a further \$3,839,266.

The Company intends to apply the funds raised from the Offer as set out in Section 1.5 of this Prospectus.

The Offer provides Eligible Shareholders with the opportunity to increase their investment in the Company at an attractive price and demonstrate their commitment to the next phase of evaluation and development of the Company's projects.

Eligible Shareholders may also apply for additional New Options in excess of their Entitlement at the same issue price of A\$0.01 per New Option under the Shortfall Offer. This is an opportunity for Eligible Shareholders to apply for additional New Options in order to top up their holdings at the issue price.

You are encouraged to read this Prospectus and the accompanying Entitlement and Acceptance Form fully. If you have any queries in relation to the Offer, you should consult your stockbroker or other professional advisor.

The Prospectus contains important information about the Offer, including:

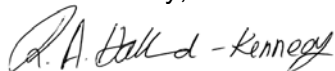
- (a) details of the Offer, including key dates;
- (b) actions required by Shareholders; and
- (c) risk factors associated with the Offer.

Should you elect to participate in the Offer, you must complete the personalised Entitlement and Acceptance Form in accordance with the instructions provided.

Shareholders who have any queries about the Offer can contact the Company at any time from 9.00am to 5:00pm (Adelaide time) during the Offer period.

The Directors consider that the Company has a positive future and recommend this Offer to you as an opportunity to participate in the future growth of the Company. As an endorsement of their commitment to the Company all Directors intend to participate in the Offer.

Yours faithfully,



Rebecca Holland-Kennedy
Managing Director

Important Notices

Risks

An investment in the Offer made under this Prospectus should be considered speculative. The attention of investors is drawn to the Risks section of this Prospectus.

Lodgement

This Prospectus is dated 24 June 2013 (**Prospectus Date**). A copy of this Prospectus was lodged with ASIC on that date. ASIC takes no responsibility as to the contents of this Prospectus.

Expiry Date

No securities will be issued or allotted on the basis of this Prospectus later than 13 months after the Prospectus Date.

Advice

This is an important document. Before deciding to apply for New Options you should consider whether they are a suitable investment for you. Persons wishing to subscribe for New Options offered by this Prospectus should carefully read this Prospectus and consult their professional advisers for the purpose of making an informed assessment of the effect of investing in the Company and the rights and liabilities attaching to, and the nature of, the New Options offered by this Prospectus.

Jurisdiction

This Offer is only being made to members of the public within Australia and New Zealand. The Company has determined that it would be unreasonable to make an offer under this Prospectus to persons that are not residents of Australia and New Zealand, having regard to the cost of complying with legal requirements in foreign countries. Neither this Prospectus nor the Entitlement and Acceptance Form constitute an offer of, or an invitation by or on behalf of the Company to subscribe for

or purchase any of the New Options in any jurisdiction or to any person to whom it is unlawful to make such an offer or invitation.

Entitlement and Acceptance Forms

Applications for New Options may only be made using an Entitlement and Acceptance Form attached to or accompanying the Prospectus.

The Corporations Act prohibits any person from passing on to another person an Entitlement and Acceptance Form unless it is attached to or accompanies a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Representations

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Offer.

Summary of Key Dates

| EVENT | DATE |
|---|------------------------|
| Prospectus lodged with ASIC and ASX | 24 June 2013 |
| “Ex” date | 26 June 2013 |
| Record Date to identify Shareholders entitled to participate in the Offer | 7pm(AEST) 2 July 2013 |
| Prospectus and Entitlement and Acceptance Forms dispatched to Shareholders | 8 July 2013 |
| Opening date | 8 July 2013 |
| Closing date for acceptances | 5pm(AEST) 22 July 2013 |
| Shares quoted on a deferred settlement basis | 23 July 2013 |
| Notification to ASX of under subscriptions | 25 July 2013 |
| Issue date for New Options issued under the Offer Deferred settlement trading ends | 30 July 2013 |
| Despatch of holding statements for New Options | 31 July 2013 |
| Trading of New Options on ASX commences | 31 July 2013 |

This timetable is indicative only and subject to change. The Company reserves the right to vary the dates of the Offer subject to the Corporations Act, ASX Listing Rules and other applicable laws.

1. Details of the Offer

1.1 The Offer

This is an offer of 76,785,329 New Options to the Shareholders of the Company who are registered on the Record Date. The New Options are being offered on the basis of two New Options for every three Shares then held. The New Options are exercisable from Quotation Date until the Expiry Date of 30 June 2015 at a price of \$0.05 per option to convert into 76,785,329 ordinary New Shares.

Under the Rights Issue, the Company is seeking to raise approximately \$767,853 (before costs) and a further \$3,839,266 (before costs) on exercise of the New Options.

1.2 Issue Price

The issue price is one cent per New Option and is payable in full on application.

1.3 Exercise Price

The exercise price is five cents per ordinary New Share and is payable in full on exercise.

1.4 Fractional entitlements

Fractional entitlements will be rounded up to the nearest whole number of New Options. The number of New Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

1.5 Purpose of the Rights Issue

The purpose of the Offer is to raise up to \$767,853 for New Options and \$3,839,266 on exercise of the New Options. There is no guarantee that all or any of the New Options will be exercised. The funds raised from the Offer are to be used for:

- Drill testing and vacuum sampling of nickel copper sulphide targets from recently completed geophysical ground EM survey in the Musgrave Province, South Australia
- Ground geophysical surveys and drill testing of copper/gold targets at the Santa Ines and Chivinar Projects, Salta Province Argentina
- Drilling DSO Iron Ore targets delineated by field sampling and Braemar Magnetite Iron Ore Formation outcrop delineated by magnetic geophysical survey in the Company's Curnamona Joint venture in South Australia
- General working capital
- Expenses of the Offer

1.6 Effect of the Offer on Capital Structure

The effect of the Offer and ultimate exercise of the New Options on the capital structure of the Company is set out in the following table:

| | Pre-Offer | Post-Offer (Assuming 76,785,329 New Options are issued under the Offer) | Assuming exercise of all the New Options and Pre- Offer Options |
|-----------------|-------------|--|---|
| Ordinary shares | 115,177,993 | 115,177,993 | 198,563,322 |
| Options | 6,600,000 | 83,385,329 | Nil |

The table is based on the maximum number of New Options that may be issued under the Offer and all New Options being exercised prior to the Expiry Date.

1.7 Effect of the Offer on Control

Rebecca Holland-Kennedy is a substantial shareholder of the Company as at the date of this Prospectus. She has a relevant interest in 36,273,892 Shares which equates to 31.49% of all Shares on issue. Depending on a number of factors, such as her participation in the Offer, the number of New Options issued under the Offer and the ultimate exercise of the New Options by her

and other optionholders, her voting power may change. Assuming Rebecca Holland-Kennedy's participation in the Offer to the full extent of her Entitlement and further, assuming that she ultimately exercises all of her New Options with no other optionholder exercising any New Options and the Company not issuing any other additional Shares, her voting power would increase from 31.49% to 43.38%. This represents the maximum extent to which Rebecca Holland-Kennedy's voting power could increase as a result of the Offer, subject to these various assumptions. There is no certainty that Rebecca Holland-Kennedy's voting power in the Company will increase to this extent, or at all, as a result of the Offer.

Further, the exercise by Rebecca Holland-Kennedy of New Options in to Shares is subject to section 606 of the Corporations Act which, subject to certain exceptions, prohibits acquisitions of a relevant interest in Shares in a company which would increase the acquirer's voting power between 20% and 90%.

1.8 Opening and Closing Dates

The Rights Issue will open for receipt of acceptances on the Opening Date and closes on the Closing Date. The Directors reserve the right to vary the dates of the Offer, including extending the Closing Date subject to the Corporations Act, ASX Listing Rules or other applicable laws. Investors are therefore urged to lodge their Entitlement and Acceptance Forms as soon as possible.

1.9 Rights Trading

The Rights to the New Options are non-renounceable, which means that Rights will not be traded.

1.10 Acceptances

Shareholders may accept all or part of their Entitlement.

Instructions for completion are set out on the accompanying Entitlement and Acceptance Form. Acceptance must not exceed your Entitlement as shown on that form.

1.11 ASX Listing

Application has been made for the New Options offered under this Prospectus to be granted official quotation by the ASX. The granting by ASX for the official quotation of the New Options is not guaranteed.

If the New Options are not admitted to quotation on the ASX within 3 months after the date of this Prospectus, none of the New Options offered under this Prospectus will be issued and allotted and all application monies will be refunded.

The ASX takes no responsibility for the contents of this Prospectus.

1.12 Terms of the New Options

The terms and conditions of the New Options are as follows.

- (1) Each New Option entitles the holder to subscribe for one Share.
- (2) The New Options will expire at 5pm (Adelaide time) on 30 June 2015 (**Expiry Date**). Any New Option which has not been exercised before that date automatically lapses.
- (3) Each New Option is exercisable at an exercise price of 5 cents per Share at any time before the Expiry Date.
- (4) Some or all of the New Options may be exercised at any one time or times prior to the Expiry Date provided that if the number of New Options held is less than 50,000 then all the New Options must be exercised at one time and if more than 50,000 New Options are held they must be exercised in parcels of at least 50,000.
- (5) New Options will be fully transferable in accordance with the constitution of the Company and, for such time as the Company is listed, the Listing Rules.
- (6) No certificates will be issued for the New Options, but holding statements will be issued to holders for New Options issued.
- (7) Shares issued pursuant to the exercise of any New Option will rank in all respects on equal terms with the existing Shares.
- (8) Shares issued pursuant to the exercise of a New Option will be issued on a date which will not be more than 10 business days after the receipt of a properly executed notice of exercise of option and the application moneys in respect of the exercise of the New Option.
- (9) Application will be made by the Company to the ASX for permission for quotation to be granted in respect of Shares issued upon exercise of any of the New Options in the manner required by the Listing Rules.
- (10) Holders can exercise New Options by completing and submitting a notice of exercise of options (which is set out on the holding statement for the New Options or, if none, such form as the Directors may accept) to the Company's share registry together with the required exercise price.
- (11) A New Option will not entitle the holder to participate in any new issue of Shares by the Company, unless the New Option has been duly exercised prior to the relevant record date.
- (12) If there is a reconstruction or reorganisation (including consolidation, sub-division, reduction or return) of the capital of the Company, the rights of the holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of the restructure or reorganisation. Any changes to the terms of the New Options will not result in any benefit being conferred on the holder which is not conferred on the Shareholders of the Company.
- (13) If there is a pro-rata issue (except a bonus issue) to the holders of Shares, the exercise price of each New Option will be reduced according to the following formula:

$$O' = \frac{O - E[P - (S + D)]}{N + 1}$$

Where

O' = The new exercise price of the New Option

O = The old exercise price of the New Option

E = The number of Shares into which one New Option is exercisable

P = The average market price per Share (weighted by volume) of Shares during the 5 trading days ending on the day before the ex-rights or ex-entitlements date

S = The subscription price for a Share under the pro-rata issue

D = The dividend due but not yet paid on Shares (except those to be issued under the pro-rata issue)

N = The number of Shares with rights or entitlements that must be held to receive a right to one new Share

- (14) If there is a bonus issue to the holders of Shares, the number of Shares over which the New Option is exercisable will be increased by the number of Shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.
- (15) In the event of a winding up of the Company unexercised New Options will have no right to a distribution of surplus assets of the Company.
- (16) The Listing Rules prevail to the extent of any inconsistency with these terms.
- (17) These terms are governed by the laws of South Australia and the holder submits to the non-exclusive jurisdiction of South Australian courts and courts of appeal from them.

1.13 Rights attaching to Shares

If you exercise your New Options you will be issued Shares in the Company. Full details of the rights attaching to Shares are set out in the Company's constitution, a copy of which may be inspected at the Company's registered office. A summary of the rights follows.

Voting rights

At a general meeting every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and every shareholder present in person or by proxy, attorney or representative has one vote for each Share on a poll.

Dividends

Dividends are declared by the Directors at their discretion and subject to any special rights (at present there are none) are payable on all Shares in proportion to the amount of capital for the time being paid up or credited as paid up on those Shares.

Transfer of Shares

Generally, Shares are freely transferable. Where the Listing Rules or the law require the Company to do so, the Directors must decline to register a transfer. If Shares are subject to a restriction agreement entered into by the Company and Shareholder, except as permitted by the Listing Rules, a Shareholder may not dispose of the Shares and the Directors and the Company will not register a dealing in the Shares.

Future increases in capital

The allotment or issue of any Shares of the Company is under the control of the Directors who may, subject to the Corporations Act and the Listing Rules, allot or otherwise dispose of them on such conditions as they see fit.

Variation of rights

The rights and privileges attaching to Shares can be altered by special resolution of the Shareholders. A special resolution is a resolution passed by a majority of not less than 75% of those present and voting.

Rights on winding up

In the event of a winding up of the Company:

- any surplus will be divided among the Shareholders in the proportion that the amount paid up on the Shares bears to the total amount paid up on all Shares of the Company on issue;
- surplus assets in kind may, with the sanction of a special resolution, be divided among Shareholders in such proportion as the liquidator may determine.

1.14 **Effect of the Rights Issue on Option holders**

The Company currently has 6,600,000 options on issue.

Option holders may participate in the Rights Issue by exercising any or all of these options before the Record Date. The exercise of any options prior to the Record Date will increase the issued capital of the Company and may increase the number of New Options issued under the Rights Issue and the total amount raised under the Rights Issue.

Option holders cannot participate in the Rights Issue without exercising their options.

1.15 **Minimum Capital Raising**

There is no minimum amount of capital to be raised under the Rights Issue.

1.16 **Shortfall in subscription**

The Directors reserve the right to issue any shortfall in subscription for New Options at their discretion within 3 months after the close of the Offer (**Shortfall Offer**). Offers of shortfall are made as a separate offer under this Prospectus. Should the Directors decide to issue any shortfall, the Shortfall Offer will remain open after the Closing Date.

1.17 **Overseas Shareholders**

This Offer is only being extended to Shareholders with registered addresses in Australia and New Zealand. All other Shareholders (**Non-Resident Shareholders**) will not be offered Rights under this Prospectus. The Company has determined, in accordance with the Listing Rules, that it would be unreasonable to make an offer under this Prospectus to Non-Resident Shareholders having regard to:

- the number of Shareholders in the places where the offer would be made;
- the number and value of the Rights that would be offered; and
- the cost of complying with the legal requirements in those places.

No Entitlement and Acceptance Forms are being sent to Non-Resident Shareholders.

Neither this Prospectus nor the Entitlement and Acceptance Form constitute an offer of, or an invitation by or on behalf of the Company to subscribe for or purchase any of the New Options in any jurisdiction or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and Entitlement and Acceptance Form, and the offering of New Options, in certain jurisdictions may be restricted by law. Persons into whose possession such documents come should inform themselves about and comply with those restrictions.

1.18 Taxation

Shareholders should be aware that there are taxation implications for subscribing for New Options. These taxation implications will vary between different Shareholders and Shareholders should consult their own professional tax adviser in relation to the taxation implications.

2. How to Apply

2.1 What you may do

The number of New Options to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. You may:

- take up all of your Entitlement to New Options;
- take up all of your Entitlement to New Options and apply for any Entitlement not taken up by other Shareholders;
- take up part of your Entitlement and allow the balance to lapse; or
- not take up any of your Entitlement and allow it to lapse.

2.2 Complete and return the Entitlement and Acceptance Form

Refer to the Entitlement and Acceptance Form for instructions on its completion. Please send your completed Entitlement and Acceptance Form together with your cheque for the total amount payable to reach the Company's share registry by 5:00 pm (AEST) on the Closing Date.

For payment by BPAY, please follow the instructions on the Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY, you do not need to submit the Entitlement and Acceptance Form. Your BPAY payment must be received by 5:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with respect to electronic payment and you should take this into account when making payment.

2.3 Applying for Additional Options

If a Shareholder wishes to take up any New Options offered on the basis of this Prospectus which are not taken up by other Shareholders (**Additional New Options**), Shareholders must, in addition to completing the portion of their Entitlement and Acceptance Form which relates to their Entitlement, complete the portion of the Form relating to the Additional New Options they wish to take up.

The number of Additional New Options available will depend on the level of acceptance of Entitlements by Eligible Shareholders and whether the directors decide to issue the shortfall. Accordingly you may not receive the full amount or any of the Additional New Options for which you have applied. Additional New Options, if available, will be issued under the Shortfall Offer.

2.4 **Shortfall**

Investors in Australia and New Zealand other than Shareholders that wish to take up any New Options offered on the basis of this Prospectus not taken up by Shareholders must complete a Shortfall Application Form.

Shortfall Application Forms will be provided to investors on request. Refer to the Shortfall Application Form for instructions on its completion.

2.5 **Entitlements not taken up**

If you decide to take up only part of your Entitlement or not to accept any of your Entitlement, your Entitlement will lapse to that extent and may be placed by the Directors within 3 months after the close of the Offer under the Shortfall Offer.

3. **Information about the Company**

3.1 **Disclosing Entity**

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

The Company is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, the Company is subject to the Listing Rules of the ASX which require continuous disclosure to the market of any information the Company has which a reasonable person would expect to have a material effect on the price or value of the Company's Shares.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX during normal working hours or via the ASX website at www.asx.com.au. In addition, copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, any Regional Office of the ASIC.

3.2 **Information Available to Shareholders and Prospective Investors**

The Company will provide a copy of each of the following documents free of charge, to any Shareholder or prospective investor who so requests during the application period under this Prospectus:

- the 2012 Annual Report of the Company which contains the financial statements and consolidated financial statements for the 2012 financial year;
- the half-year report of the Company for the period ended 31 December 2012; and

:

- the following announcements lodged with the ASX since release of the 2012 Annual Report

| Date | Announcement |
|-------------|--|
| 15 Oct 2012 | Divestment of Qld Tenements |
| 17 Oct 2012 | Notice of AGM |
| 19 Oct 2012 | Sulphides intersected in SkyTEM follow up Drilling Musgrave Project SA |
| 22 Oct 2012 | Entitlement Issue Shortfall Not to Proceed |
| 30 Oct 2012 | Sep Quarter Activities and Cash Flow Report |
| 2 Nov 2012 | Drilling of V-TEM targets commences at Cooperinna, Musgrave Project SA |
| 12 Nov 2012 | Australian Resources Conference Investor Exchange Presentation - Chairman Norman Kennedy |
| 21 Nov 2012 | Withdrawal of AGM Resolution 3 - Director Chris Lambert nomination for re-election |
| 22 Nov 2012 | Results of AGM 2012 |
| 27 Nov 2012 | Final Director's Interest Notification |
| 29 Nov 2012 | Curnamona DSO Iron Ore Project Encouraging Surface Sampling Results |
| 3 Dec 2012 | Cooperinna Project - Exploration Update, Musgrave Project SA |
| 14 Dec 2012 | New High Grade Prospect Identified Curnamona DSO Iron Ore Project |
| 23 Jan 2013 | Dec quarter activities and cash flow report |
| 11 Feb 2013 | Drilling Commences Curnamona DSO Iron Ore Project |
| 14 Feb 2013 | Cooperinna Project Exploration Update Musgrave Project SA |
| 26 Feb 2013 | Financial Report for the period ending 31 Dec 2012 |
| 14 Mar 2013 | Norman Kennedy Managing Director & Chairman |
| 25 Mar 2013 | Initial Drilling Results Curnamona Iron Ore Project |
| 27 Mar 2013 | Final Director's Interest Notification |
| 9 Apr 2013 | Appointment of New Directors |
| 10 Apr 2013 | Initial Director's Interest Notification |
| 18 Apr 2013 | Drilling Commences Mt Victor - Curnamona Project SA |
| 22 Apr 2013 | Drilling Results Update - Billeroo Prospect Curnamona Iron Ore Project SA |
| 26 Apr 2013 | Mar quarter activities and cash flow report |
| 29 Apr 2013 | Cooperinna Project Exploration Update Musgrave Project SA |
| 6 May 2013 | Change of Company Secretary |
| 30 May 2013 | Cooperinna Project Exploration Update Musgrave Project SA |
| 7 Jun 2013 | Cooperinna Project Exploration Update Musgrave Project SA |
| 13 Jun 2013 | Expiry of Unquoted Employee Options |
| 17 Jun 2013 | Drilling Results – Braemer Iron Formation, Mt Victor Project |
| 17 Jun 2013 | Amended Initial Director's Interest Notification |
| 20 Jun 2013 | Change of Director's Interest Notice |

3.3 Market Prices of the Company's Shares on ASX

The highest and lowest market sale price of the Company's shares on the ASX during the 3 months immediately preceding the date of this Prospectus, and the respective dates of those sales, and the last sale on the ASX trading day immediately preceding the date of this Prospectus were as follows:

| | Price | Dates |
|----------------|--------------|--------------|
| Highest | 5.4c | 12 April |
| Lowest | 2.1c | 27 May |
| Latest | 2.3c | 20 June |

3.4 **Effect of the Rights Issue on the Company**

The principal effects of the Rights Issue on the Company will be, if it is fully subscribed, to:

- increase cash reserves by \$767,853 (before expenses of the Rights Issue are taken into account) to enable the Company to pursue its objectives;
- result in the Company having on issue an additional 76,785,329 options.
- Increase cash reserves by \$3,839,266 on exercise of the New Options
- result in the Company having on issue on exercise of the New Options, an additional 76,785,329 Shares

These amounts do not take into account the effect of the exercise of any options over unissued Shares that may occur prior to the Record Date.

3.5 **Statement of Financial Position**

Set out in this section of the Prospectus is a Pro Forma Consolidated Statement of Financial Position of the Company taking into account the Rights Issue. It is based on consolidated financial statements for the six months ended 31 December 2012. The Pro Forma Consolidated Statement of Financial Position illustrates the effect of the Rights Issue as if the Rights Issue had occurred on 31 December 2012, fully subscribed.

| | Audit Review 31 December 2012 \$ | Changes New Option \$ | Pro Forma 31 December 2012 \$ |
|--|--|--------------------------|-------------------------------------|
| Current assets | | | |
| Cash and cash equivalents | 1,599,869 | 767,853 | 2,367,722 |
| Trade and other receivables | 484,947 | - | 484,947 |
| Tenements held for sale | 850,000 | - | 850,000 |
| Total current assets | 2,934,816 | 767,853 | 3,702,669 |
| Non-current assets | | | |
| Exploration expenditure | 20,592,454 | - | 20,592,454 |
| Exploration bonds | 33,250 | - | 33,250 |
| Property, plant and equipment | 352,460 | - | 352,460 |
| Total non-current assets | 20,978,164 | - | 20,978,164 |
| Total assets | 23,912,980 | 767,853 | 24,680,833 |
| Current liabilities | | | |
| Trade and other payables | 124,024 | - | 124,024 |
| Provisions | 306,657 | - | 306,657 |
| Deferred Income | 600,000 | - | 600,000 |
| Total current liabilities | 1,030,681 | - | 1,030,681 |
| Non-current liabilities | | | |
| Provisions | 14,466 | - | 14,466 |
| Total non-current liabilities | 14,466 | - | 14,466 |
| Total liabilities | 1,045,147 | - | 1,045,147 |
| Net assets | 22,867,833 | 767,853 | 23,635,686 |
| Equity | | | |
| Issued capital | 19,890,287 | 767,853 | 20,658,140 |
| Reserves | 362,620 | - | 362,620 |
| Retained earnings | 2,614,926 | - | 2,614,926 |
| Total equity attributable to equity holders | 22,867,833 | 767,853 | 23,635,686 |

Exercise of all New Options would increase Current Cash assets by up to \$3,839,266

4. Risks

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and

its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Company specific risks

(a) Exploration costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) Exploration success

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(c) Agreements with third parties

The Company has signed various agreements with a number of third parties. There is a risk of financial failure or default by the third party to these arrangements. Any breach or failure may lead to penalties or termination of the relevant contract. In addition, our interest in the relevant subject matter (tenement, for example) may be jeopardised.

(d) Risks associated with operating in Argentina

The Company conducts exploration activities in Argentina. The Company's properties in Argentina may be subject to the effects of political changes, war and civil conflict, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

These changes may impact the profitability and viability of the Company's Tenements. The effect of unrest and instability on political, social or economic conditions in Argentina could result in the impairment of exploration, development and mining operations and the Company's legal title to its mineral Tenements. Any such changes are beyond the control of the Company and may adversely affect its business.

Some of the Company's key assets are its contractual interests in Tenements in Argentina. Changes in Argentina's laws and regulations may have a significant effect on the Company's exploration operations, especially changes to environmental, mining, grant or renewal of concessions, royalties and taxation.

4.2 **Industry specific risks**

(a) Exploration

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, and possible relinquishment of the Tenements.

(b) Native title and Aboriginal Heritage

In relation to Tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to Tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Further to this, it is possible that an Indigenous Land Use Agreement (ILUA) may be registered against one or more of the Tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Directors will closely monitor the potential effect of native title claims involving Tenements in which the Company has or may have an interest.

(c) Operations

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure

or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) Resource estimates

The Company has JORC Code compliant resources on Tenements in which it has an interest. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

4.3 General risks

(a) Additional requirements for capital

Additional funding is likely to be required in the future to effectively implement the Company's business and operations plans, take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(b) Commodity price and exchange rate fluctuations

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be

taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and Australian dollar as determined in international markets.

(c) Competition risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(d) General equity market risk

The value of the Company's Shares, including New Shares exercised from New Options to be issued under the Offer may fluctuate. In recent times, the extent of the volatility in the price of the Company's Shares and the wider market has been significant.

Investments in equity markets are generally speculative in nature and potential investors should carefully consider this risk before making any investment in Shares.

There is no guarantee that the Shares will trade at or above the sum of the price pursuant to the Offer and the exercise price of the New Options. Potential investors should also note that past performance of the Shares on ASX provides no guidance as to the future performance of these Shares on ASX.

Many factors will affect the price of securities including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, the commencement of, or escalation in, any war, armed conflict, hostilities between nations, civil unrest or terrorist activities may affect the price of securities.

(e) Economic factors

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(f) Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(g) Government policy changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia, South Australia or Queensland may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(h) Regulatory risks

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.

(i) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(j) Risk of international operations generally

International sales and operations are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

5. Additional Information

5.1 Directors' Interests

Other than as set out below or elsewhere in this Prospectus:

- (a) no director or proposed director has, or has had in the two years before the date of this Prospectus, any interest in:
- the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to:
- any director or proposed director to induce him or her to become, or to qualify as, a director of the Company; or
 - any director or proposed director for services which he or she has provided in connection with the formation or promotion of the Company or the Offer.

5.2 Interests in securities

The securities of the Company in which Directors have Relevant Interests are:

| Director | Shares | Options |
|-------------------------|------------|-----------|
| Rebecca Holland-Kennedy | 36,273,892 | Nil |
| Philip Clifford | 401,000 | 6,600,000 |
| Robert (Wei) Sun | 112,690 | Nil |

5.3 Directors' fees

The following table shows the total remuneration paid per financial year to Directors (inclusive of superannuation).

| Director | Fee (inclusive of superannuation) (2012 Financial Year) | Fee (inclusive of superannuation) (2013 Financial Year) |
|---|--|--|
| Rebecca Holland-Kennedy Executive Director | 180,000 | 184,332 |
| Philip Clifford Executive Director | 178,051 | 177,911 |
| Robert (Wei) Sun (<i>commenced Dec 2011</i>) Non executive Director | 23,333 | 40,000 |

5.4 **Interests of persons involved in the Offer**

Other than as set out below or elsewhere in this Prospectus:

- (a) no promoter of the Company or person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has in the two years before the date of this Prospectus had, any interest in:
- the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any promoter of the Company, underwriter to the Offer or a financial services licensee involved in the Offer or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or provided in connection with the formation or promotion of the Company, or the Offer.

5.5 **Expenses of the Rights Issue**

On the assumption that the Rights Issue is fully subscribed, the total expenses connected with the Rights Issue, including legal and other advisory fees, listing, printing and other miscellaneous expenses are estimated to be approximately \$38,000.

5.6 **Consents**

Link Market Services Limited has consented to being named in this Prospectus as share registry for the Company in the form and context in which it is named. Link Market Services Limited takes no responsibility for any part of this Prospectus other than references to its name. Link Market Services Limited does not make any statement in this Prospectus nor is any statement based upon a statement by Link Market Services Limited.

Each Director has consented to the issue and lodgment of this Prospectus.

6. Glossary and Interpretation

In this Prospectus, unless the contrary intention appears:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited;

Closing Date means the closing date of the Rights Issue listed in the “Summary of Key Dates” section of this Prospectus;

Company means PepinNini Minerals Limited ACN 101 714 989;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the Directors of the Company;

Eligible Shareholders means on the Record Date, Shareholders recorded on the register of members of the Company as holders of ordinary shares, that have registered addresses in Australia or New Zealand;

Entitlement means the entitlement of an Eligible Shareholder to apply for a number of New Options under the Offer;

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Prospectus;

Listing Rules means the listing rules of ASX;

New Options means options issued pursuant to this Prospectus;

New Shares means shares exercised from New Options pursuant to this Prospectus;

Offer means the offer of New Options made on the basis of this Prospectus;

Opening Date means the opening date of the Rights Issue listed in the “Summary of Key Dates” section of this Prospectus;

Prospectus means this document;

Quotation Date means the date of quotation as that term is used in the Listing Rules;

Record Date means the record date to determine the Shareholders entitled to participate in the Rights Issue determined in accordance with the ASX Listing Rules, listed in the “Summary of Key Dates” section of this Prospectus;

Rights means the rights to subscribe for New Options under this Prospectus;

Rights Issue means the non-renounceable rights issue the subject of this Prospectus;

Shareholders means a holder of Shares;

Shares means fully paid ordinary shares in the Company;

Shortfall Application Form means the shortfall form to be used by an applicant who is not a Shareholder to subscribe for New Options pursuant to the Prospectus; and

Shortfall Offer has the meaning in section 1.16;

Tenements means those mining tenements in which, as of the date of this Prospectus, the Company has rights to or a contractual or other interest in;

In this Prospectus, unless the contrary intention appears:

- 6.1 words importing the singular include the plural and the plural includes the singular and any gender include the other genders;
- 6.2 if a word or phrase is defined in the Corporations Act or the ASX Listing Rules, it bears the same meaning;
- 6.3 if a word or phrase is defined other parts of speech or grammatical forms of that word have corresponding definitions;
- 6.4 a reference in this Prospectus to a clause, paragraph or section is to a clause, paragraph or section of this Prospectus;
- 6.5 a reference to an annexure is to an annexure to this Prospectus and this Prospectus includes any annexure;
- 6.6 a reference to:
 - 6.6.1 a person includes a natural person, partnership, firm, unincorporated association, corporation and a government or statutory body or authority or other entity;
 - 6.6.2 a person includes the legal personal representatives, successors and assigns of that person;
 - 6.6.3 a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 6.7 time is Adelaide, South Australia time unless stated otherwise;
- 6.8 a right includes a benefit, remedy, direction or power; and
- 6.9 A\$, \$A, \$, dollars (\$) and cents (c) are references to the lawful currency of Australia;
- 6.10 annexures to this Prospectus form part of this Prospectus;
- 6.11 headings are for reference and do not affect interpretation.