

**ANNUAL
REPORT**

**20 -
17**



A DIVERSIFIED AUSTRALIAN MINERAL EXPLORATION COMPANY

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CHAIRMAN'S LETTER TO SHAREHOLDERS



"FOR SHAREHOLDERS THIS HAS
CREATED EXCITEMENT, ANTICIPATION
FOR EXPLORATION RESULTS AND
POTENTIAL FOR SHARE PRICE GAIN"

Rebecca Holland-Kennedy
Chairman and Managing Director
PepinNini Minerals Limited

Dear Shareholder,

It has been quite a ride for PepinNini over the last twelve months. The Company demonstrated its resilience and initiative when in June 2016 the Lithium brine project was established in Salta Province of north west Argentina and in June 2017 the tenure holding was consolidated and more than doubled to 15 licences over 37,184 hectares. All the tenure is within the lithium triangle of South America. This move into an attractive and useful commodity has seen a sixfold increase in average daily share trading volume over the year. For shareholders this has created excitement, anticipation for exploration results and potential for share price gain. Lithium is a commodity very much in demand and this has been our strategy in shifting focus to our Lithium Brine Project in Argentina. The demand is predicted to rise more than seven-fold from 2015 to 2030 and PepinNini is targeting a lithium resource to capitalise on this demand.

Operationally this year the focus has been the lithium brine project. Seven project areas were designated, an exploration team established and field reconnaissance, geophysical surveys and drilling undertaken. The testing of each of the project areas is on-going. PepinNini has an advantage with the choice and versatility of having a number of projects on different salars. We are taking advantage of that diversity to focus on the best resource potential project into 2018.

The Musgrave is our principal project in Australia. The collaboration with CSIRO, the South Australian Government, Geoscience Australia and PepinNini established in 2014 completed an airborne electromagnetic survey during the year. A number of targets have been identified and are ready for testing with the potential for exploration discovery of the target minerals; Nickel, Copper and Cobalt. Also in the Musgrave province the Farm-in Joint Venture with Rio Tinto has been consolidated and renegotiated during the year.

PepinNini has maintained and progressed to tenement grant the Mozart Diamond and Base Metal project, in the Amadeus Basin, WA. In addition to its prospectivity, the location suits our current Musgrave project. A new project was added during the year with success in a competitive tender for Toondulya Bluff, Gawler Craton in South Australia which targets gold. These projects, which were low cost to gain, give PepinNini diversity and versatility of commodity target.

Fundraising has been necessary this year to progress exploration and for that I would like to thank shareholders for their ongoing support. A total of \$4.6m was raised in the year to 30 June and all is directed to exploration.

PepinNini was pleased to receive a R&D tax offset refund of \$220,000 for work carried out on the Musgrave R&D project.

I am pleased to report that PepinNini has a gender balanced Board of Directors and seeks to maintain gender balance throughout the Company in Australia and Argentina. The Company has continued to maintain community involvement in all project areas and this is also the case in Argentina where it is important to explore and interact with the communities in a responsible and respectful manner.

On behalf of the Directors of PepinNini I would like to thank management and all PepinNini staff for their support, dedication and assistance during the year. I also extend our thanks to all our shareholders for their continued support and loyalty. We look forward to a rewarding year of exploration ahead in 2018.



2017 HIGHLIGHTS

Expansion of Lithium Brine Project in Argentina to more than double the tenure since June 2016 to 15 leases over 37,184 hectares all located within the South American Lithium Triangle.

Success for competitive Exploration Release Area (ERA) Gold prospect, Toondulya Bluff - Eyre Peninsula, Gawler Ranges, South Australia.

Establishment of local exploration team in Salta, Argentina.

Dramatic sixfold increase in average daily share trading volume due to interest in Lithium Brine Project.

Results from shallow brine samples from Salar de Pular indicate elevated levels of Lithium close to the surface.

The PNN/CSIRO/SA DSD regional collaborative AEM Project and infill airborne electromagnetic survey acquisition was completed and interpretation of the data identified a number of Tier 2 & 3 targets on the Central Musgrave Project in South Australia.

Research and Development Tax refund of \$220,000 for exploration in Australia.

Successfully completed fund raisings for a total of \$4.6m.

Progressing exploration activity on the Lithium Brine Project in Argentina - five geophysical surveys completed, drilling permits received for three projects and drilling of two boreholes for aquifer testing.

REVIEW OF OPERATIONS

INTRODUCTION

PepinNini Minerals has a diversified exploration portfolio including lithium brine projects in Argentina and projects prospective for nickel, copper, cobalt, platinum group metals, base metals, gold, and diamonds in Australia. This diversified portfolio gives PepinNini the ability to focus on the most prospective projects for relevant commodities with potential for development.

During the past year the Company has continued to focus and prioritise its Lithium brine exposure in Argentina within the 'Lithium Triangle'; with the Company now holding an expanded portfolio of twenty three granted mina (mining leases) in the Salta Province.

The current tenure position includes 23 minas (Mining Leases) covering approximately 56,010km²; including 15 mining leases acquired for their lithium brine potential and eight existing mining concessions targeting copper-gold porphyries; precious and base-metal epithermal systems and breccia-complexes associated with the Andean volcanic belt.

In Australia, at the conclusion of the 2016-17 financial reporting period, PepinNini held 100% of the ground



Photo 2 and 3: Salinas Grandes Community Discussions

over twelve (12) exploration tenements in Australia covering 14,524 km² located in the Musgrave Province and Gawler Craton of South Australia, and the western Amadeus Basin of Western Australia.

The Company's primary business objectives are to:

- reward shareholders;
- discover and participate in the development of major new mineral deposits;
- define, quantify and develop the mineral potential of exploration interests held by the Company;
- conduct exploration and corporate activities in a responsible and professional manner in accordance with industry standards whilst observing statutory requirements; and
- establish and maintain equitable and respectful relationships with the traditional owners of tenement areas held by the Company.

During the year the Company's exploration activities were focussed on:

The Lithium Brine Project in Argentina.



Photo 1: APY Community Engagement presentation

Within Australia the Company maintained three projects:

- Musgrave Province Project (Nickel-Copper-Cobalt and Platinum Group Elements)
- Toondulya Project, Gawler Craton (Gold-Silver)
- Mozart Project, West Amadeus Basin (Diamonds and Base-metals)

The Company is committed to building a strong social and environmental licence with the communities and traditional owners of its projects both in Australia and Argentina.



ARGENTINA

PepinNini subsidiary PepinNini SA holds seven projects in Salta Province, Argentina. The overall Project area is within the South American Lithium Triangle of Argentina, Bolivia and Chile.

This is an elevated area of the Andes Mountains in which the evaporation rate is high, precipitation low and which is geothermally active. These three factors combine to concentrate and enrich lithium as lithium salt in the elevated dry salt lakes (salares) of this Puna region of the Lithium triangle.

Lithium, which is the lightest metal is highly reactive and occurs in most rocks around the world however this unique combination of natural elements gives rise to the deposits found.

Lithium carbonate is produced from the lithium salt bearing brines as this compound is more stable and able to be safely transported. There are a number of companies in production in the Triangle on Atacama Salar in Chile, on Olaroz Salar and Salar del Hombre Muerto in Argentina.

The production process involves evaporation of the brine which is pumped from beneath the surface of the salar and concentrated on the salar then processed in a plant designed for the geochemistry of the deposit.

The cost of this processing is relatively low at around US\$2,500 to US\$3,500 per tonne of Lithium Carbonate(LCE) which is then able to be sold at around US\$10,000 per tonne with this figure forecast by Citigroup Inc to rise to US\$14,000 per tonne in 2018 and maintain US\$12,000 per tonne in 2019.

The demand for Lithium is predicted to increase seven fold from 2015 to 2030 due to the increased use of electric vehicles and shift away from fossil fuel powered automobiles according to Sanford C Bernstein Ltd (www.bernsteinresearch.com).

During the year PepinNini established an exploration team in Salta and commenced geophysical resistivity surveys called Vertical Electric Sounding (VES) over project areas:

1. Salar de Pular
2. Arizaro Salar
3. Pocitos Salar
4. Salinas Grandes
5. Cauchari
6. Rincon
7. Centenario

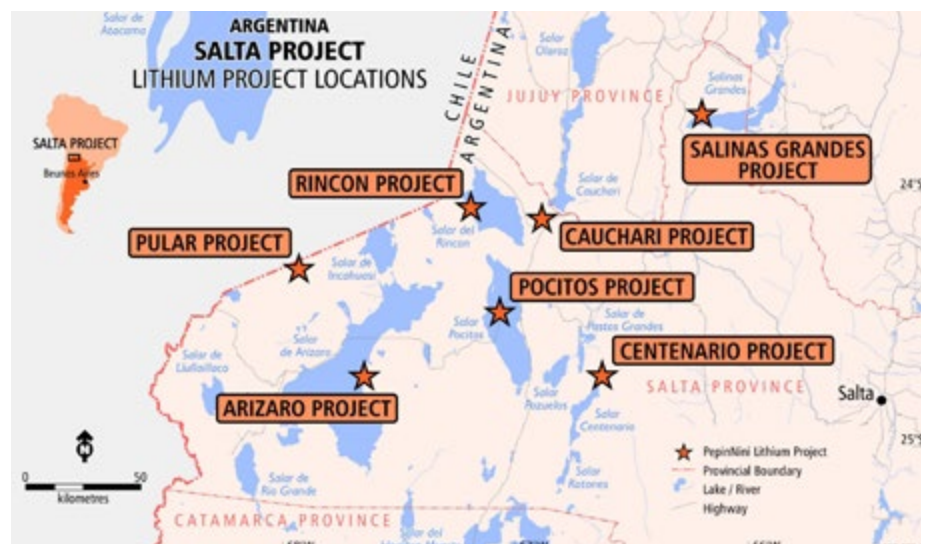




Figure 1: VES Survey Salta Lithium Project

The resistivity of the salar sediments is measured with the least resistive layers indicating a conductive layer interpreted as an aquifer layer. Aquifers layers in the salars generally contain lithium bearing brines of varying grades within the Lithium Triangle. The VES data is profiled as per Figures 2 and 3.

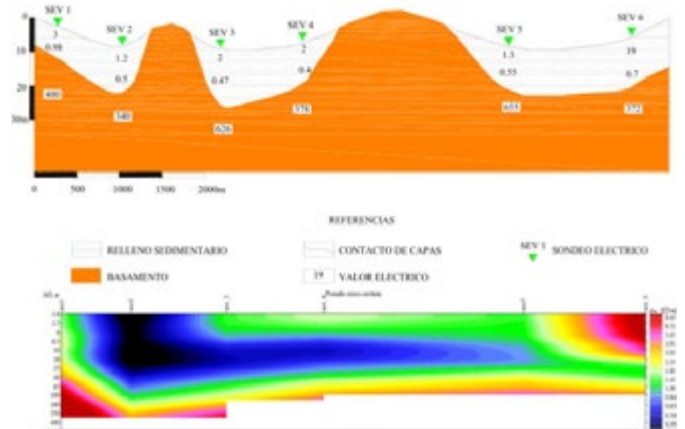


Figure 3: VES Profile – Rincon Salar

A preliminary surface sampling program was carried out over Salar de Pular. Samples were collected using a hand auger, with a maximum penetration depth of two meters.

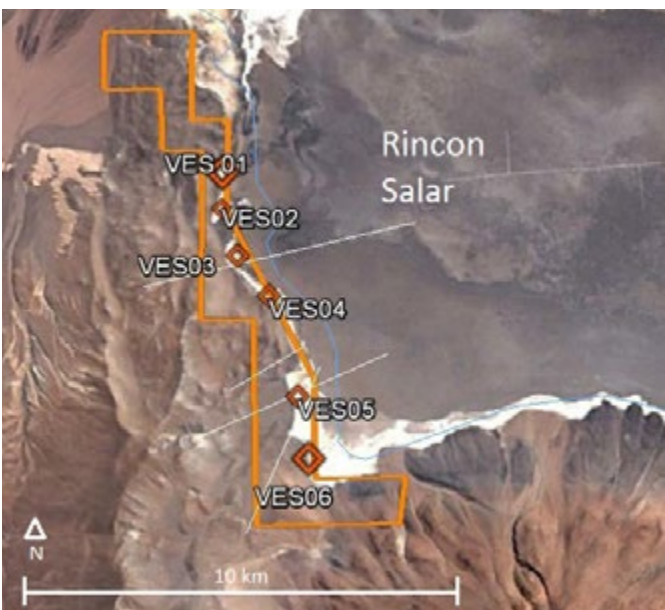


Figure 2: Rincon Salar – VES survey traverse and data points

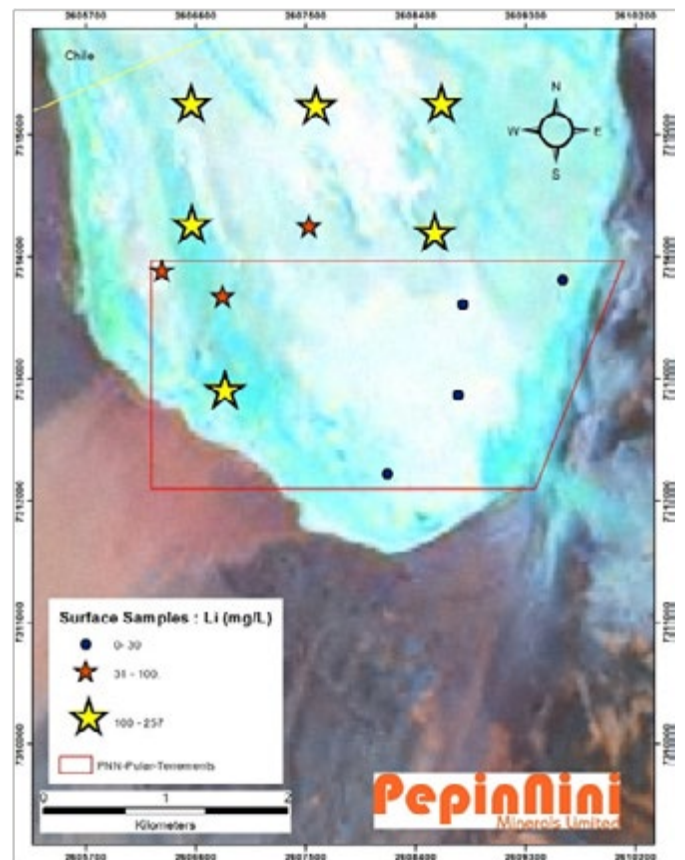


Figure 4: Surface sample results Salar de Pular

ARGENTINA CONTINUED



Figure 5: Surface sampling Salar de Pular

Following reconnaissance of the project sites combined with geophysical results, drilling to test aquifers was undertaken on Pocitos Salar. Sampling was conducted in accordance with CIM (Canadian Institute of Mines) guidelines for brine resource evaluation and in accordance with JORC 2012 guidelines, with an appropriate QAQC program for ensuring accuracy and repeatability of the analytical results.



Figure 8: Community Information Session Pocitos Village

The Company is committed to community consultation and engagement as an integral part of the exploration process and this process is ongoing. The Company has utilised local contractors and local inhabitants when and wherever available and suitable for the activities required.

The Company plans to drill test each project area in which geophysical surveys have indicated the potential for lithium brine bearing aquifers. If suitable lithium grade is recorded, pumping testing would be carried out to determine drainable porosity which is used for resource calculation. Each project area holds a unique geochemistry which gives the Company versatility. The Company is targeting lithium resources for the project with the best potential for lithium production.



Figure 6: Drilling Salta Lithium Project



Figure 7: Core Logging Salta Lithium Project



MUSGRAVE PROVINCE

OVERVIEW

Although the exploration focus this year has been on the Company's Lithium Brine Project, Argentina, exploration has continued in the Musgrave Province if at a slower pace. The company in collaboration with government and research bodies undertook the first regional geophysical survey over the South Australian portion of Musgrave Province in over 14 years, comprising a TEMPEST and SkyTEM Airborne Electromagnetic Survey (AEM). In conjunction with the AEM Survey the Company continued to work with the APY Community to 'clear' ground for future exploration programs comprising ground based geophysics, surface and sub surface geochemistry sampling, geological interpretation and mapping, and basement target drilling.

The Musgrave Province is a large Proterozoic crustal block in the far north-west corner of South Australia and extending across into the Northern Territory and Western Australia (Figure 1). The province remains the most unexplored regions in Australia and hosts a variety of prospective geological environments for mineral exploration. Similar age rocks in Australia are known to host significant mineral systems which contain a number of large mineral deposits including:

- Olympic Dam (Cu, Au, U)
- Broken Hill (Pb, Zn, Ag)
- Mt Isa (Cu, Pb, Zn, Ag)
- Hilton (Pb, Zn, Ag)
- Cannington (Pb, Zn, Ag)
- Century (Zn, Pb, Ag)
- Telfer (Au)
- Alligator River Field (U, Au, PGE)
- Hamersley Basin (Fe)
- Nova-Bollinger (Ni-Cu)
- Nebo Babel (Ni-Cu-PGE)
- McArthur River/HYC (Pb, Zn, Ag)

Other Australian Proterozoic mineral provinces which contain these deposits have generally been intensively explored, for example the Mt Isa Inlier and the Broken Hill Block; however the Musgrave Province is an exception, as was the Frazer Range prior to the discovery of the Nova-Bollinger Ni-Cu deposit. The limited exploration across the region due to the historical land access restrictions provides a unique opportunity for the discovery of large "elephant" deposits or new mineral districts within the Province.

PepinNini is primarily targeting the Province for large magmatic Ni-Cu-Co sulphide deposits similar to Voisey's Bay (Canada), Nova-Bollinger or Nebo-Babel (Western Australia) and platinum group element (PGE) sulphide deposits (Platreef, Merensky and UG-2 Reefs) of the Bushveld Complex in South Africa. The multi commodity exploration strategy also recognises that the Birksgate Complex metasediments which form much of the crustal block are equally prospective for Broken Hill style base metal (Pb-Zn-Ag) deposits and Mt Isa/Century style (SEDEX) base metal deposits.

The two projects that currently make up the exploration activity within the Musgrave Province are:

- Musgrave Project (100%);
- Rio Tinto (Pink Slipper) Farm-In Joint Venture Project.

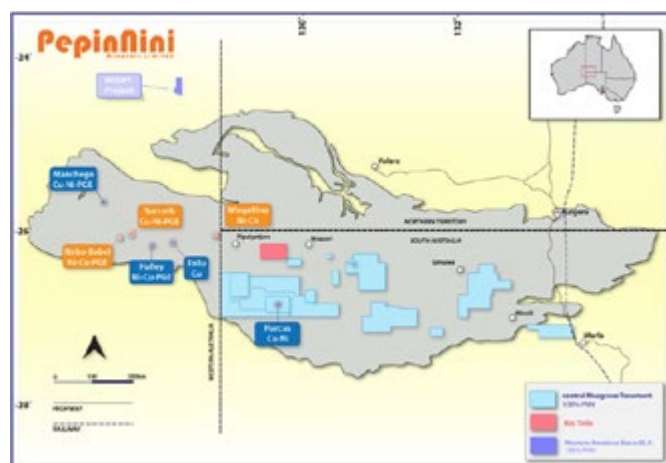


Figure 1: Musgrave Province - Project Location Plan

MUSGRAVE PROJECT

The Musgrave Project consists of two granted exploration licences EL5220 and EL5735 and eight exploration licence applications ELA118/96, ELA185/96, ELA367/09, ELA368/09, ELA189/15, ELA190/15, ELA191/15 and ELA197/15 which cover 14,003km². The licences are all held by PepinNini subsidiary (100% NiCuL Minerals Ltd)

NiCuL Minerals Ltd is undertaking exploration programs across the South Australian portion of the Musgrave Province primarily focused on discovering nickel-copper sulphides contained within the layered mafic-ultramafic Giles Complex rocks (Figure 1). The Giles Complex is considered to be highly prospective for Ni-Cu-Co sulphides and PGE mineralisation following the discovery of the Nebo-Babel deposit in Western Australia by WMC (392Mt @ 0.30%Ni and 0.33%Cu) and now held by Cassini Resources Ltd (ASX:CZI) in Joint Venture with Oz Minerals Ltd (ASX:OZL).

Several priority nickel-copper sulphide targets associated with encouraging structural settings of the basement architecture are identified from modelling of regional magnetic, gravity and recently acquired electromagnetic data. These targets are interpreted to represent mafic feeder dyke systems analogous to the geological setting of the Nebo-Babel deposits in the west Musgrave. These targets will be further investigated using ground electromagnetic surveys, vacuum regolith geochemical drilling and mapping, and diamond core bedrock drill testing.

In late 2016 a collaborative regional Airborne Electromagnetic (AEM) survey was flown across 31,000km² (approximately 16,000 line km) of the central and eastern Musgrave Province (figure 4). This is the first regional geophysical survey over the Musgrave Province in 14 years.

MUSGRAVE PROJECT CONTINUED

PepinNini first announced the Research and Development (R&D) collaboration back in 2014 with the Commonwealth Science and Industry Research Organisation (CSIRO), established under the “Minerals Down Under” flagship, to acquire geophysical data and undertake technical interpretation of the Caroline EL5220 and Annerinna Hills ELA118/96 target areas. Since then the project proposal was expanded to include co-funding with the South Australian Department of Premier and Cabinet (DPC), the Goyder Institute for Water Research (GI) and Geoscience Australia (GA). PepinNini contributed funding (<\$200,000) in collaboration with funding from DPC, GI, CSIRO and GA for a combined project value in excess of \$2.0 million.

The regional AEM Survey was flown in two parts; with the western zone flown using the TEMPEST® airborne fixed-wing time-domain electromagnetic (TDEM) survey system operated by Geoscience Group CGG; and the eastern zone flown by SkyTEM™ Surveys using the helicopter mounted SkyTEM312FAST TEM System. Both survey systems were flown in a North–South orientation with lines spaced 2km apart.

The regional survey covered approximately 20% (4,200 km²) of PepinNini’s tenure.

Technical interpretation and modelling of the regional survey data by PepinNini identified a number of areas of interest warranting infill surveying. PepinNini took the opportunity whilst the contractors were on site to utilise both the fixed wing TEMPEST and helicopter SkyTEM systems to conduct infill follow up surveys across identified target areas (figure 4 and 5).

Fourteen target areas were covered with additional AEM data acquisition. Three of the areas, located within the company’s Tietkins and Katalina tenure blocks, were completed using the fixed wing Tempest® and the remaining eleven targets are located within the company’s Caroline, Annerinna Hills and Ironwood Bore tenure blocks. The helicopter infill utilised the SkyTEM⁵¹⁶ system which is better suited to identifying buried mineral systems than the system used for the regional survey.

The research aims to determine the presence of any significant bedrock conductivity responses associated with the identified regional magnetic and gravity targets that may indicate massive or semi-massive nickel-copper-cobalt and PGE sulphide accumulations. In addition it will rapidly identify areas of conductive overburden where electromagnetic responses may be masked and prove infill data acquisition to be an undesirable investment.

Three ‘exciting’ priority targets were identified – Folwer (EL5220), Wintinginna Shear Zone (ELA2015/00197), and Ironwood Bore (ELA2015/00197). These anomalies have the potential for structurally controlled mineralization associated with mafic magmatism channelled laterally into the Wintinginna Shear Zone

In the Musgrave Province NiCuL conducts efficient cost effective exploration through the company owned and operated drilling equipment and field camp.



Figure 2: PepinNini Diamond Core Drilling Rig



Figure 3: PepinNini Field Camp and helicopter for SkyTEM⁵¹⁶ system

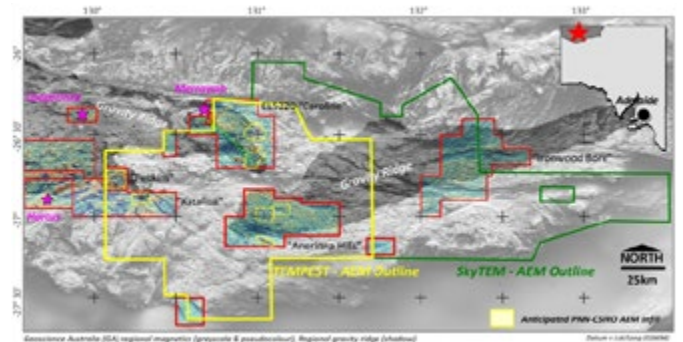


Figure 4: Regional AEM Survey

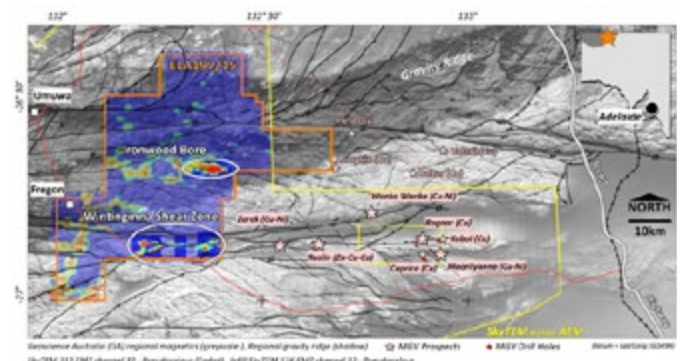


Figure 5: Ironwood Bore AEM anomalies

Rio Tinto - Farm-In Joint Venture

The RIO Farm-in Joint Venture commenced in June 2009, and was extended through to December 2015, this has now been extended with a restructured agreement to enable the ongoing partnership between the two companies. The new agreement includes four redesigned exploration licence areas covering 614 km² over the Pink Slipper Target (Figure 6). Under the agreement NiCul Minerals Ltd will earn 51% for PepinNini.

The four redesigned blocks (ELAs 211-214/15) are considered to favourably accommodate land custodial and heritage issues that may enable land access negotiations with Traditional Owners to be overcome.

Initial ground exploration activities over the Pink Slipper target following up on previously defined high priority airborne geophysical features, will advance rapidly once land access and Heritage Clearance Approvals are secured.

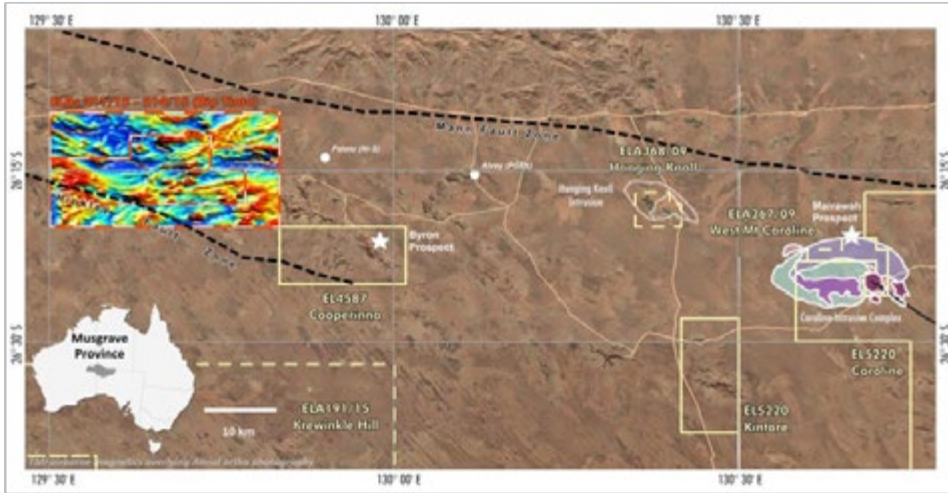


Figure 6: Rio Joint Venture Tenure showing Pink Slipper Project

TOONDULYA PROJECT

The Toondulya Project (EL5897) is located approximately 100km north east of Streaky Bay, on the Eyre Peninsula, South Australia (Figure 7). It lies within the Proterozoic gold province of the central Gawler Craton; along the margin of the Gawler Range Volcanics (GRV) where Hiltaba Suite granitoids intrude older basement rocks. The Province contains several gold and silver deposits including Tarcoola, Glenloth, Tunkillia, Paris and Barns. The tenure covers the southern extension of the highly prospective Yalbrinda Shear Zone which to the north is known to host a number of deposits including the Tunkillia Deposit reported to contain a resource estimate of 558,000 ounces of gold and 1.48 million ounces of silver (ASX:WPG 28/10/16).

Historic gold exploration at the Toondulya prospect (1996-97) identified a calcrete gold geochemical anomaly measuring 5 km by 2 km, overlying deeply weathered Precambrian basement concealed by Cainozoic cover. Maximum gold content in surficial calcrete was 39 ppb. Two adjacent calcrete anomalies are located 11 km to the east and 7 km to the southeast. Aircore drilling at the Toondulya prospect revealed a shallow relatively weak bedrock geochemical anomaly, with up to 0.98 g/t gold, concentrically zoned around anomalous concentrations of up to 0.17% copper. A subsequent detailed gravity survey defined a sub-circular gravity high partly coincident with the geochemical anomaly. PepinNini has reviewed this data and identified that no deeper drilling below the interpreted 'geochemical depletion' zone was undertaken, nor were the adjacent calcrete anomalies tested; hence further investigation is warranted.

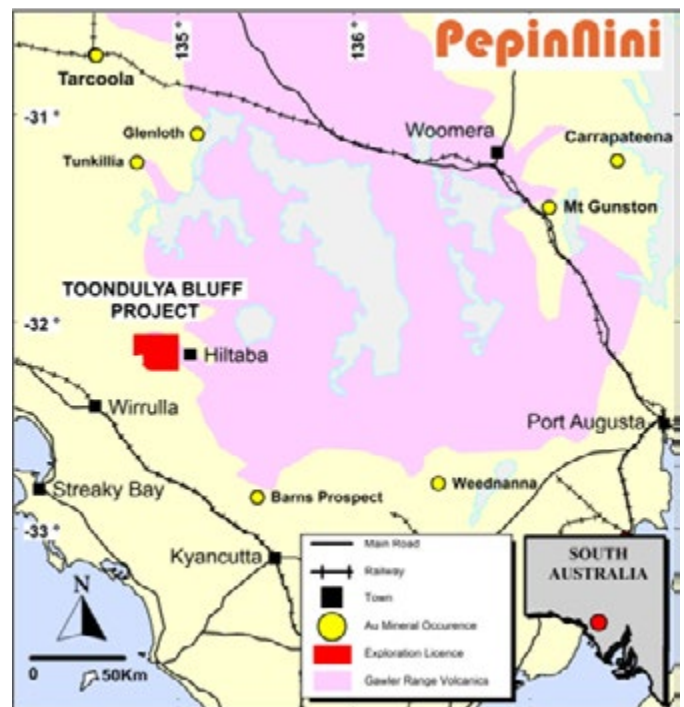


Figure 7 - Location map of EL "Toondulya", South Australia

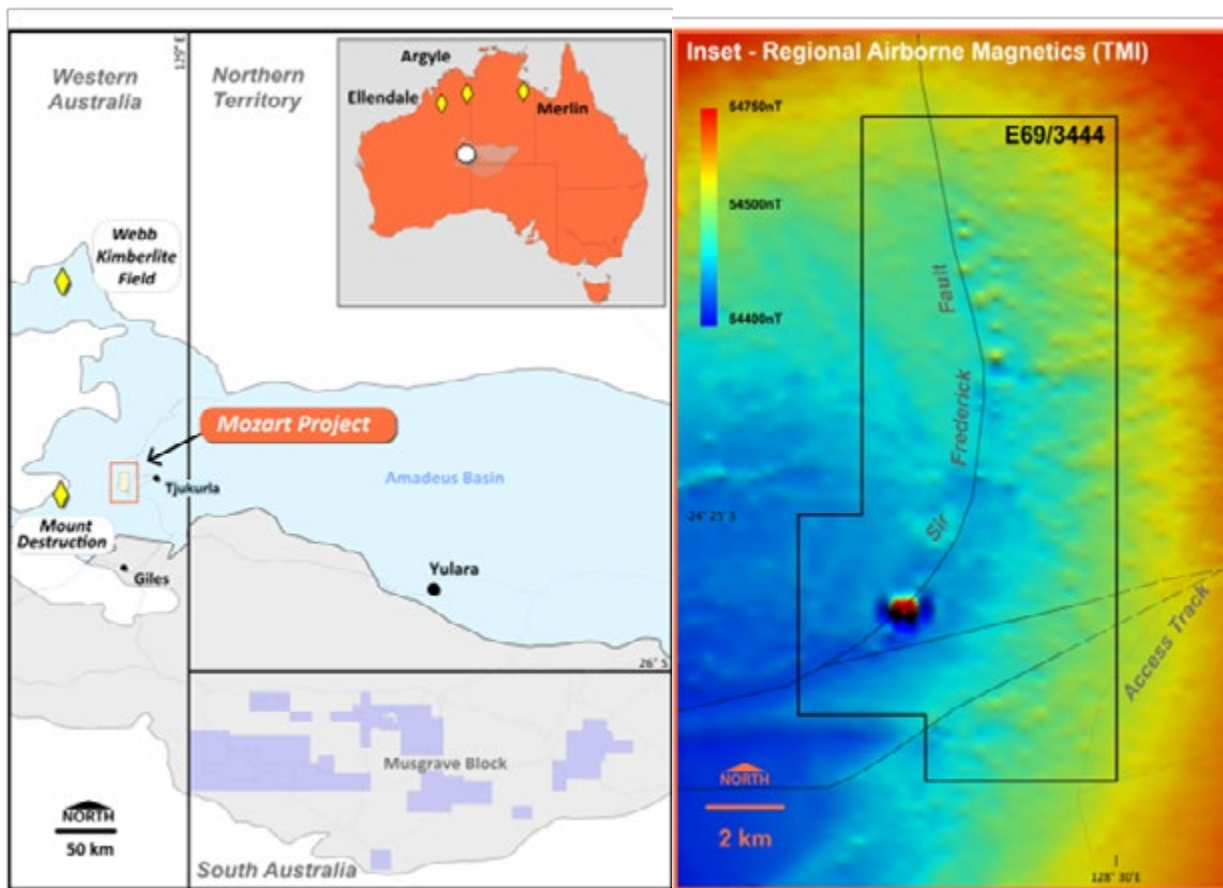


Figure 8 - Mozart Diamond Project - West Amadeus Basin (Western Australia)

MOZART

WEST AMADEUS BASIN MOZART DIAMOND/ BASE-METAL PROJECT

Exploration licence E69/3444 was granted on 28/2/17 for a 5 year period, covering targets identified by PepinNini as prospective for diamonds and / or base metals in the western parts of the Amadeus Basin (WA) Figure 8.

The 131km² block covers one very prominent (~300nT) feature as well as a cluster of small and subtle bullseye magnetic anomalies that could potentially represent kimberlitic intrusions.

The anomalies have never been investigated since the Western Australian Government airborne magnetic survey was released in 1996, although the ground had been held under application by CRA Exploration for diamonds in the early 1990s.

The recent discovery of numerous kimberlite bodies at the Webb Diamond JV Project (Meteoric Resources - GeoCrystal) located 200km to the north, as well as historic surface microdiamond occurrences at Mount Destruction by Goldsearch approximately 50km to the west suggest that these targets may be highly prospective.

The tenement and initial exploration targets are located within 5km of existing graded tracks and are believed to present a realistic and feasible exploration opportunity for the Company. Steps to negotiate land access agreements have been initiated.

PROJECT GENERATION

The Company is focussed on the Lithium Brine Project in Argentina and continues to seek tenure in Salta Province with the potential for a lithium resource.

TENEMENT SCHEDULE

AUSTRALIA TENEMENTS

| Tenement | Tenement Name | Area Km ² | JV | PepinNini Interest | Grant Date |
|-----------------------------|------------------|----------------------|------|--------------------|-------------|
| South Australia | | | | | |
| EL 5735 | Mt Marcus | 1,607 | | 100% | 25/10/10 |
| EL 5220 | Mt Caroline | 1,918 | | 100% | 25/2/13 |
| ELA 118/96 | Anerinna Hills | 2,415 | | 100% | application |
| ELA 185/96 | Willugudinna | 823 | | 100% | application |
| ELA 367/09 | Mt Caroline West | 46 | | 100% | application |
| ELA 368/09 | Hanging Knoll | 34 | | 100% | application |
| ELA 189/15 | Katalina | 2,360 | | 100% | application |
| ELA 190/15 | Mt Agnes | 1,342 | | 100% | application |
| ELA 191/15 | Krewinkel Hill | 1,256 | | 100% | application |
| ELA 197/15 | Ironwood Bore | 2,202 | | 100% | application |
| ELA 211/15 - formerly EX491 | Tjintalka | 184 | JV02 | Earning 51% * | application |
| ELA 212/15 - formerly EX491 | Kapura | 160 | JV02 | Earning 51% * | application |
| ELA 213/15 - formerly EX278 | Jalukana | 234 | JV02 | Earning 51% * | application |
| ELA 214/15 - formerly EX278 | Tjalukana | 37 | JV02 | Earning 51% * | application |
| EL5897 | Toondulya Bluff | 390 | | 100% | 25/11/16 |
| Western Australia | | | | | |
| E69/3444 | Mozart | 131 | | 100% | 28/2/17 |
| Totals | | 15,139 | | | |

ARGENTINA TENEMENTS

| Tenement | File # | Type | Project | Application | Granted | Applied Area Ha | Title Holder | |
|-----------------|-------------------|-------|---------|-------------------|-----------|------------------|--------------|-------------|
| Cu-Au | Santa Ines IV | 21680 | Mina | Chivinar | 25-Jun-12 | 10-Sep-13 | 3,500 | PNN SA 100% |
| Cu-Au | Santa Ines V | 21681 | Mina | Chivinar | 25-Jun-12 | 10-Sep-14 | 2,643 | PNN SA 100% |
| Cu-Au | Santa Ines VI | 21682 | Mina | Chivinar | 26-Jun-12 | 21-Nov-13 | 3,500 | PNN SA 100% |
| Cu-Au | Santa Ines IX | 22086 | Mina | Chivinar | 30-Jul-13 | 20-Aug-14 | 3,417 | PNN SA 100% |
| Cu-Au | Mina Santa Ines | 1201 | Mina | Santa Ines | 27-Sep-10 | 20-Sep-11 | 18 | PNN SA 100% |
| Cu-Au | Santa Ines VIII | 22074 | Mina | Santa Ines | 18-Jul-13 | 28-Aug-14 | 3,000 | PNN SA 100% |
| Cu-Au | Santa Ines XII | 22373 | Mina | Santa Ines | 11-Oct-14 | 30-Nov-15 | 511 | PNN SA 100% |
| Cu-Au | Santa Ines XIII | 22372 | Mina | Santa Ines | 11-Oct-14 | 9-Sep-15 | 3,311 | PNN SA 100% |
| | | | | | | 19,900 | | |
| Li Brine | Sulfa 1 | 19188 | Mina | Salar de Pular | 2-Jun-16 | 22-Feb-17 | 657 | PNN SA 100% |
| Li Brine | Luxemburgo | 18548 | Mina | Salinas Grandes | 2-Jun-16 | 22-Jun-16 | 2,495 | PNN SA 100% |
| Li Brine | Salinita Norte II | 21013 | Mina | Salinas Grandes | 2-Jun-16 | 22-Jun-16 | 2,994 | PNN SA 100% |
| Li Brine | Lidia I | 22735 | Mina | Salinas Grandes | 9-Aug-16 | 9-Sept-16 | 3,228 | PNN SA 100% |
| Li Brine | Lidia II | 22734 | Mina | Salinas Grandes | 9-Aug-16 | 9-Sept-16 | 2,719 | PNN SA 100% |
| Li Brine | Lidia III | 22739 | Mina | Salinas Grandes | 10-Aug-16 | 9-Sept-16 | 3,500 | PNN SA 100% |
| Li Brine | Lidia V | 22891 | Mina | Salinas Grandes | 17 Jan 17 | Not yet | 3,022 | PNN SA 100% |
| Li Brine | Ariza Sur 1 | 21391 | Mina | Salar de Arizaro | 2-Jun-16 | 22-Jun-16 | 3,004 | PNN SA 100% |
| Li Brine | Villanovena 1 | 19565 | Mina | Salina del Rincon | 2-Jun-16 | 22-Jun-16 | 1,586 | PNN SA 100% |
| Li Brine | Tabapocitos 02 | 19984 | Mina | Salar Pocitos | 2-Jun-16 | 22-Jun-16 | 2,970 | PNN SA 100% |
| Li Brine | Pocitos 11 | 22741 | Mina | Salar Pocitos | 17-Aug-16 | 19-Sept-16 | 3,000 | PNN SA 100% |
| Li Brine | Guayos II | 21196 | Mina | Salar de Cauchari | 17-Aug-16 | 19-Sept-16 | 1,610 | PNN SA 100% |
| Li Brine | Guayos III | 22865 | Mina | Salar de Cauchari | 16-Dec-16 | Granted date tbc | 1,906 | PNN SA 100% |
| Li Brine | Salinita VII | 19767 | Mina | Salinas Grandes | 9-Mar-17 | Not yet | 2,990 | PNN SA 100% |
| Li Brine | La Filomena | 19733 | Mina | Centenario Salar | 4-Apr-17 | 22-May-17 | 1,503 | PNN SA 100% |
| | | | | | | 37,184 | | |
| Total 23 | | | | | | 57,084 | | |

FINANCIAL AND CORPORATE STRATEGY

PepinNini is a mineral exploration company focussed on finding and proving up a mineral resource of a useful commodity and then maximising the value of the resource by development either with a strategic partner or as PepinNini Minerals Ltd 100%.

So our mission is

- to focus on a commodity with potential for market share
- explore with a high degree of integrity
- to respect family, the land and the culture of the indigenous peoples wherever they are
- explore with inclusiveness/ equality/fairness
- to care for all who come into contact with PepinNini
- to have meaningful community engagement and seek community participation
- to have fun exploring

The chart below shows the projects within the Company's control and the corporate entities that administer them as at 30 June 2017.

The corporate strategy to achieve our mission has been to, where possible, realise value within the holdings of the Company and to fund effective exploration activities within key priority project areas for key commodities to maximise the potential of a commercially viable mineral discovery. By using proprietary drilling expertise and our own drilling and exploration equipment within Australia PepinNini can generate and conclusively test valid exploration targets. In other locations the focus is on gaining tenure with minimum outlay and exploring in the most intelligent and cost effective way to prove up resources without carrying debt into project development.

Strategic equity raisings of capital have been and will be undertaken to ensure adequate funding for worthy ongoing activities and divestment of non-core assets to minimise depletion of cash reserves will continue.

Financially efficient and regulation compliant company and project administration is fundamental to the corporate strategy.

The annual financial report for the year ended 30 June 2017 is included within the annual report.

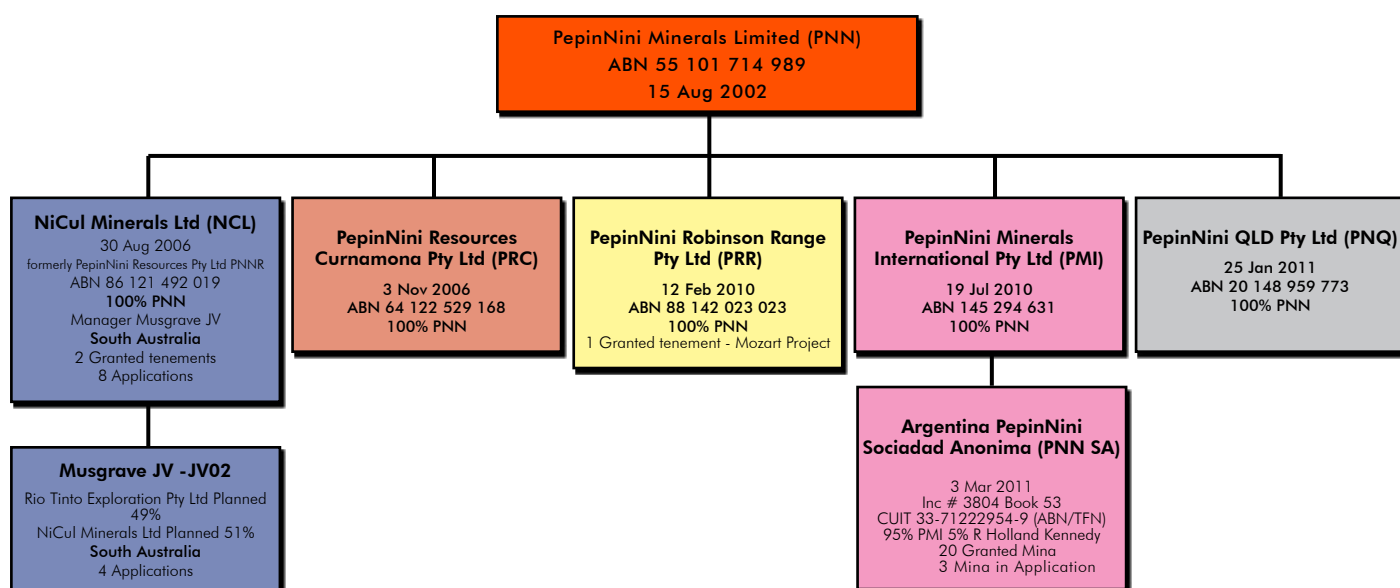
At 30 June 2017, the Company had cash of \$3m, and no debt.

A private placement in July 2016 raised \$1.072m, a second private placement in February – March 2017 raised \$1.246m and an entitlements issue in April May 2017 raised \$2.323m.

Expenditure of \$1.495m on exploration activities throughout the year was capitalised.

PepinNini Directors consider all core projects have the potential and positive prospectivity for the discovery of a significant mineral deposit and that project generation is central to ensuring a flow of exploration targets and assets for PepinNini.

PepinNini has proved in the past that we can release the value in our assets and will continue to ensure that our shareholders receive the maximum possible returns and have fun along the way.



The background image shows an industrial drilling site under a clear blue sky. A tall, slender metal drilling rig stands on the left. In the foreground, a worker in an orange safety vest and white hard hat is positioned near the base of the rig. To the right, a white water truck with a large cylindrical tank is parked. The tank has the text "AGUA INDUSTRIAL" and "HV-91" printed on it. The ground is dry and dusty, and there are some red safety barriers in the immediate foreground.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2017

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CORPORATE GOVERNANCE STATEMENT

PepinNini Minerals Limited (the Company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

The relationship between the board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

A description of the Company's main corporate governance practices is set out in the Corporate Governance Statement which is available on the Company's website at <http://www.pepinnini.com.au/about-us/corporate-governance/>. The corporate governance statement is current as at 30 June 2017 and has been approved by the Board. All of these practices, unless otherwise stated, were in place for the entire year.

DIRECTORS' REPORT

The directors of PepinNini Minerals Limited ("PepinNini" or the "Company") submit herewith the annual financial report of the consolidated group consisting of PepinNini Minerals Limited and the entities it controlled (the Group) at the end of, or during, the year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors' report as follows:

DIRECTORS

The following persons were Directors of PepinNini Minerals Limited during the whole of the financial year and up to the date of this report:

- Rebecca Holland-Kennedy
- Robert (Wei) Sun
- Phil Clifford
- Sarah Clifton-Brown

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted of exploration for:

- Lithium
- Copper
- Nickel
- Gold

DIVIDENDS

No dividends have been paid for the year ended 30 June 2017 or 30 June 2016.

No further dividends have been declared up to the date of this report.

REVIEW OF OPERATIONS

Operations this year have been focussed on lithium brine exploration in the Salta Province of north west Argentina. Since June 2016 the Company has more than doubled tenure held by PepinNini's Argentine entity PepinNini SA. Seven project areas have been designated in relation to the tenure held and an exploration team has been established based in Salta. Exploration has been undertaken and continues as of reporting date. All project areas are within the Lithium Triangle of South America so have potential for lithium brine exploitation and the development and production of Lithium Carbonate.

The long awaited collaborative airborne electromagnetic survey first announced by the Company in June 2014 finally commenced and was completed during the year. PepinNini collaborated with, CSIRO, Geoscience Australia and the South Australian Department of State Development. The survey has provided data which can be used for some time to come for target testing over the large area held by the Company as the Central Musgrave Project.

The Company was successful in competitively acquiring an exploration licence application with potential for Gold in the Gawler Ranges - Eyre Peninsula, SA. The application was granted in November 2016.

In February 2017 the Mozart Project tenement across an untested diamond target in the western Amadeus Basin (WA) was granted.

As at 30 June 2017 the Group held a 100% interest in twelve exploration licences or applications covering approximately 14,524 km² and is earning an interest (draft extension agreement in review) in a further 615 km² in the South Australian portion of the Musgrave Province, the Western Australian part of the Amadeus Basin, and the Gawler Ranges - Eyre Peninsula of South Australia. The Company has also expanded its tenure position in the Salta Province, Argentina and now holds fifteen granted or application Mina (mining leases) covering a total area of approximately 37,184 ha (371.8 km²) prospective for Lithium Brine resources and eight granted mina covering 19,900 ha (199.0 km²) prospective for Copper.

Argentina - Salta Project

PepinNini has been exploring in Argentina since 2010 and has a wholly owned subsidiary, PepinNini SA, which now holds a portfolio of nine projects in Salta Province, north west Argentina. Salta Province is recognised as one of the most mining-friendly regions in Argentina where mining rights are well regulated by the Mining Secretariat and Mining Court. Mining leases are granted in perpetuity conditional on the maintenance of the conditions of grant. The projects are all at elevations of over 3,000m on the Puna Plateau of the Andes and located within the Lithium Triangle of South America which contains 66% of the world's reserves for Lithium Carbonate (LCE), 53% of the world's high grade Lithium reserves, 48% of global LCE production in 2015 and 50% in 2016. In the area, a number of companies from Australia, Canada and the US are either exploring, in development or in production for Lithium Brine conversion to Lithium Carbonate. The area is well served with infrastructure of gas, rail, road and power.

Salta Lithium Brine Projects

The Group as of reporting date hold fifteen mina (mining licences) covering 37,184 hectares across ground considered prospective for lithium brine.

During the year the Group has focussed on the Lithium Brine Project to both accumulate and test prospective ground. Geophysical Vertical Electric Sounding (VES) surveys to test for the presence of sub-surface aquifers were carried out over five projects. The VES survey method uses electrical stimulus and records response to determine subsurface layers of low resistivity to electrical current. Low resistivity indicates high conductivity and this is interpreted as potential lithium brine bearing aquifer layers due to the location within the Lithium Triangle of South America.

The surveys on all project areas surveyed indicated the potential presence of aquifers thought due to the location to contain Lithium. Preliminary surface sampling indicated lithium brine at surface on

the Group's Pular Project. Drilling has been undertaken to test the sub-surface aquifers on the Pocitos Project. Two boreholes have been drilled to depths of 275.5m and 263.5m respectively.

Following the completion of drilling, core samples were collected from different depths for testing porosity of the main lithological units and brine samples were collected at different depths using packers to isolate the aquifer horizon being tested, for chemistry characterisation in that part of the basin. A total of twenty five samples were collected and are been analysed by ALS laboratory in Vancouver, Canada. Drilling is planned for the other lithium brine projects held by the Company with the target of defining a lithium carbonate equivalent (LCE) resource.

The Group undertook engagement with the local inhabitants of the project areas during the reporting year and all drill sites are being rehabilitated.

Salta Copper-Gold Projects

The Group also hold eight mina prospective for Copper-gold in Salta Province. The Company carried out exploration work in 2013-2014. During the reporting period no field work was carried out. Exploratory drilling to test beneath the historic workings and the magnetic bodies modelled at depth during the 2013-2014 exploration is being considered. The Group will continue to hold and maintain the tenements.

Musgrave Province Nickel/Copper/Cobalt Project

During the period the Group has two designated projects across the Musgrave Province of South Australia where the Company is developing targets to test for massive nickel-copper-cobalt sulphides for which the geology is felt to be prospective:

- Central Musgrave Project (SA)
- Rio Tinto (Woodroffe) Joint Venture Project (SA)

The Central Musgrave project incorporates two granted exploration licences (EL5220, EL5735) and eight

exploration licence applications (ELA118/96, ELA185/96, ELA367/09, ELA368/09, ELA189/15, ELA190/15, ELA191/15 & ELA197/15) covering 14,003 km². The licences and applications are held 100% by PepinNini subsidiary NiCul Minerals Limited.

In January 2016 the Farm-in and Joint Venture Agreement (The Woodroffe Joint Venture Project) with Rio Tinto Ltd subsidiary Rio Tinto Exploration Pty Limited expired with PepinNini unable to meet the expenditure to earn equity as the ELAs were not able to be granted as a result of delays to land access beyond its control. Negotiations have involved a rationalisation of the tenements held and the restructured agreement will focus on the exploration licence applications which have been reconfigured into four blocks covering the same 614 km² area. The redesign of the application blocks was initiated to accommodate negotiation of the priority area with the Indigenous land custodians by avoiding landforms and areas believed to contain heritage values that have prevented outcomes of all previous access discussions since the 1990s and felt to be more culturally sensitive to the traditional owners. The terms of the new agreement have been mutually drafted by both Companies and are currently being formulated into a final legal agreement nearing completion.

During the year, the airborne electromagnetic (AEM) survey first announced in 2014 was flown in collaboration with Commonwealth Science and Industry Research Organisation (CSIRO), South Australian Department of State Development and Geoscience Australia. The survey was flown over the Company's Central Musgrave Project as part of the regional data collection survey. PepinNini were able to collaborate on the regional nature of the survey as a key component of the Research and Development (R&D) collaboration with CSIRO to trial innovative and previously untried geophysical techniques for mapping of water resources and mineral system environments under cover in the Musgrave Province and incorporate data collection at greater density over tenure held by the Company.

Subsequent exploration activities during the year have been focused on this data collection and interpretation on the Company's Central Musgrave Project in South Australia. A number of priority targets have been identified on Mt Caroline EL 5220, Ironwood Bore ELA118/96 and Anerinna Hills ELA197/15. Interpretation is on-going over all tenure held by the Company in conjunction with CSIRO as are negotiations with the traditional owners for tenure granting of the application areas.

West Amadeus Basin - Mozart Diamond / Basemetals Project

Exploration licence application E69/3444 was granted 28 February 2017. It covers targets considered prospective for diamonds and or base metals in the western parts of the Amadeus Basin (WA) and steps to negotiate land access agreements with the traditional owners, the Ngaanyatjara Council, have been initiated. The 131km² block covers one very prominent and a small cluster of subtle bullseye magnetic anomalies that could potentially represent kimberlitic intrusions.

The discovery of numerous kimberlite bodies at the Meteoric Resources - GeoCrystal "Webb Diamond JV Project" located 200km to the north and historical surface microdiamond occurrences at Mount Destruction 50km to the west suggest that these targets may be highly prospective.

Toondulya Bluff - Gold Project - Gawler Ranges, South Australia

During the year the Group acquired an exploration licence application (ELA 2016/0092) through the exploration release area (ERA) competitive tender process of the South Australian Department of State Development (SA DSD). The ELA covers a 390km² area on the south western flank of the Gawler Range Volcanic Province located approximately 100km north east of Streaky Bay on the western coast of the Eyre Peninsula, South Australia. The ELA was granted as EL 5897 on 26 November 2016. The tenement lies on the southern end of the Yalbrinda Shear Zone which hosts the Nuckulla Hill and Tunkillia gold deposits. Review of historic exploration activities has identified a small number of untested gold and base metals targets within the tenement block and data review and planning for exploration activities was carried out during the year. No field activities were carried out in the reporting year.

PROJECT GENERATION

Project Generation throughout the year has focussed on the Lithium Brine Project in Salta Province, Argentina where prospective tenure has been sought and acquired.

Further information relating to the Group's projects and future directions have been made publicly available on the Company's website at www.pepinnini.com.au

CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the Group during the financial year, other than that referred to above.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has been no other matter or circumstance that has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- a. the Group's operations in future financial years, or
- b. the results of those operations in future financial years, or
- c. the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS IN FUTURE FINANCIAL YEARS AND EXPECTED RESULTS OF OPERATIONS

The Group intends to continue actively exploring its tenements in the Salta Province, Argentina Project for lithium brine and is targeting the definition of a maiden Lithium Carbonate resource during the coming year. The project area of best potential will then be focussed on with a scoping study for potential lithium brine production.

ENVIRONMENTAL REGULATIONS

The mining tenure granted to the Group pursuant to the various Mining Acts is granted subject to conditions which include standard environmental requirements. The Group adheres to these conditions and the directors are not aware of any contraventions of these regulations.

INFORMATION ON DIRECTORS

The particulars of the directors of the Company during or since the end of the financial year are:



Rebecca Holland-Kennedy

- Executive Director
- Managing Director

Qualifications:
BSc(Geology), MAusIMM,
BArts(Humanities), GAICD

Experience:
Rebecca Holland-Kennedy was a founding director of PepinNini Minerals Limited and has been a board member since 2002. She also held the position of company secretary from 2002 to 6 May 2013. She has more than 30 years' experience in exploration company administration and data management. She has held positions with Robertson Research, Macquarie University, NSW Department of Mines and Energy as well as acting as exploration and data management consultant to AGL, Amax, BHP, AGIP, Shell, CRA, Caltex and Meekatharra Mineral Limited. She is a Director of NiCul Minerals Ltd, PepinNini Robinson Range Pty Ltd, PepinNini QLD Pty Ltd, PepinNini Minerals International Pty Ltd and PepinNini Resources Curnamona Pty Ltd.



Robert (Wei) Sun

- Non-Executive Director

Qualifications:
M.Ecom(Commerce),
M.Econ(IEM)

Experience:
Robert (Wei) Sun was appointed a director of the company on 1 December 2011. He is a resource investment analyst with over 15 years' experience in international trade and the resource industries of China, Canada and Australia. He has held positions as a business manager, resource and project analyst with major Chinese and Australian companies. Robert has exceptional communication skills being able to communicate on a corporate and technical level in Chinese and English. He has maintained a close association with major Chinese companies involved in Mineral Resources and has established contacts within the Asian investment sector. He is a Director of NiCul Minerals Ltd, PepinNini QLD Pty Ltd and PepinNini Minerals International Pty Ltd



Phil Clifford

- Executive Director
- Technical Director

Qualifications:
BSc(Geology), MAusIMM

Experience:
Phil Clifford was appointed a director of the company on 9 April 2013. Phil Clifford has been Exploration Manager for PepinNini Minerals Limited since 2004 in charge of the South Australian Musgrave and Curnamona Projects and the Company's West Australian iron ore joint venture project at Robinson Range. Before joining PepinNini Minerals Limited he was a project geologist and team leader with CRA Exploration and Rio Tinto Exploration for 15 years in projects exploring for magmatic nickel sulphide, PGE's, gold, diamonds, base metals, uranium and coal. He is a Director of NiCul Minerals Ltd and PepinNini Robinson Range Pty Ltd.



Sarah Clifton-Brown

- Executive Director
- Finance Director

Qualifications:
BArts(Hon) Accountancy,
FCCA, GAICD

Experience:
Ms Clifton-Brown was appointed a director of the Company on 11 December 2014. She is a Fellow of the Association of Chartered Certified Accountants, a graduate member of the Australian Institute of Company Directors and has worked with the Company since May 2013. With over 12 years' experience in Australia and the United Kingdom, she brings to PepinNini Minerals Limited considerable knowledge and expertise in financial reporting, compliance and company management. She is a Director of PepinNini Resources Curnamona Pty Ltd

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

| Name | Company | Period of directorship | Stock Exchange |
|-------------------------|---|--|-------------------|
| Phil Clifford | - | - | - |
| Rebecca Holland-Kennedy | - | - | - |
| Robert (Wei) Sun | Ferrowest Ltd IMX Resources Living Cities Development Group Ltd | Oct 2012 to Dec 2015 Mar 2012 to Dec 2014 Jan 2016 to May 2017 | ASX ASX ASX |
| Sarah Clifton-Brown | - | - | - |

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares, and rights or options in shares of the Group as at the date of this report.

| PepinNini Minerals Limited | | |
|----------------------------|-------------------------------------|------------------------|
| Directors | Fully paid ordinary shares (Number) | Share options (Number) |
| Rebecca Holland-Kennedy | 93,986,475 | - |
| Phil Clifford | 600,000 | - |
| Robert (Wei) Sun | 174,139 | - |
| Sarah Clifton-Brown | 312,000 | 600,000 |

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During the financial year no share options were granted to directors or senior management.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares or interests under option as at the date of this report are:

| Issuing entity | Number of shares under option | Class of shares | Exercise price of option | Expiry date of options |
|----------------------------|-------------------------------|-----------------|--------------------------|------------------------|
| PepinNini Minerals Limited | 300,000 | Ordinary | 3cps | 9 November 2017 |
| PepinNini Minerals Limited | 300,000 | Ordinary | 6cps | 9 November 2018 |
| PepinNini Minerals Limited | 300,000 | Ordinary | 10cps | 9 November 2019 |
| PepinNini Minerals Limited | 100,000 | Ordinary | 3cps | 31 January 2019 |
| PepinNini Minerals Limited | 100,000 | Ordinary | 6cps | 31 January 2020 |
| PepinNini Minerals Limited | 100,000 | Ordinary | 10cps | 31 January 2021 |
| PepinNini Minerals Limited | 200,000 | Ordinary | 2cps | 30 April 2018 |
| PepinNini Minerals Limited | 200,000 | Ordinary | 5cps | 30 April 2019 |
| PepinNini Minerals Limited | 200,000 | Ordinary | 8cps | 30 April 2020 |
| Total | 1,500,000 | | | |

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

There were no shares or interests issued during or since the end of the financial year as a result of exercise of an option.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 20 to 24.

COMPANY SECRETARY

Justin Nelson was appointed company secretary 6 May 2013.

Qualifications and experience of Justin Nelson are detailed below.

Mr Nelson was formerly ASX's State Manager, SA and Manager, Listings (Adelaide). He holds a Bachelor of Laws, Bachelor of Arts (Jurisprudence), a Graduate Diploma of Applied Corporate Governance and is Special Counsel with DMAW Lawyers.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

| Directors | Board of directors | | | Corporate Governance Committee | | | Audit Committee | | | Remuneration Committee | | |
|-------------------------|--------------------|--------------|----------|--------------------------------|------------------|----------|-----------------|------------------|----------|------------------------|------------------|----------|
| | Held | Board Member | Attended | Held | Committee Member | Attended | Held | Committee Member | Attended | Held | Committee Member | Attended |
| Rebecca Holland-Kennedy | 8 | 8 | 8 | 1 | 1 | 1 | 2 | - | 2 | 1 | 1 | 1 |
| Phil Clifford | 8 | 8 | 7 | 1 | - | - | 2 | - | - | 1 | - | - |
| Robert (Wei) Sun* | 8 | 8 | 8 | 1 | 1 | 1 | 2 | 2 | 2 | 1 | 1 | 1 |
| Sarah Clifton-Brown | 8 | 8 | 8 | 1 | 1 | 1 | 2 | 2 | 2 | 1 | 1 | 1 |

* Robert (Wei) Sun is the independent chair of the Corporate Governance, Audit and Remuneration Committees.

SUMMARY OF FINANCIAL POSITION

| | 2017 | 2016 |
|---------------------------|--------------|--------------|
| Total Current Assets | \$3,315,667 | \$693,790 |
| Total Non-Current Assets | \$13,930,989 | \$12,658,865 |
| Total Current Liabilities | \$799,320 | \$315,114 |
| Net Assets | \$16,447,336 | \$13,037,541 |
| Equity | \$16,447,336 | \$13,037,541 |

The increase in Non-current assets is a result of exploration spend during the year.

The increase in Current Assets is a result of capital raised during the year.

The increase in Current Liabilities relates primarily to the increase in Trade and Other Payables, resulting from ongoing Exploration and Evaluation activities during the year.

SUMMARY OF FINANCIAL PERFORMANCE

Revenue received of \$16,720 in the year was interest income and the \$31,814 other income was a result of selling an application ballot position in Argentina.

Expenses incurred comprise salaries, operational expenditure, and impairment of assets, which do not meet the definition of exploration and evaluation expenditure, and include such expenses as accounting and legal, taxes and charges, office rental, and share registry and investor relations expenses. The major decrease in these expenses is due to an impairment of E&E assets recognised in the year ended 30 June 2016. There has been no significant change in salaries and operational expenditure for the year ended 30 June 2017.

REMUNERATION REPORT – AUDITED

This remuneration report sets out remuneration information for PepinNini Minerals Limited's directors and other key management personnel of the Group.

Role of Remuneration committee

The Remuneration committee is a committee of the board. It is primarily responsible for making recommendations to the board on:

- non-executive director fees
- executive remuneration (directors and other executives) and
- the overarching executive remuneration framework and incentive plan.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. In doing this, the Remuneration Committee seeks advice as required from independent remuneration consultants.

The corporate governance statement provides further information on the role of this committee.

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Executive remuneration policy and framework
- C. Use of remuneration consultants
- D. Voting and comments made at the company's 2016 Annual General Meeting
- E. Performance of PepinNini Minerals Limited
- F. Details of remuneration
- G. Service agreements
- H. Share based compensation
- I. Shareholdings of directors and other key management personnel

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices;

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

The board has established a remuneration committee which provides advice on remuneration and incentive policies and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and non-executive directors are remunerated for their services as Directors by a fixed sum and not a commission on a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to Shareholders. No share options were awarded to non-executive directors during 2017 (2016: nil). Directors are also entitled to reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any Committee engaged in the Group's business.

Directors' fees

The Company's constitution states that Directors are to be paid out of Company funds as remuneration for their services. At the Annual General Meeting of the company in 2004, it was resolved to fix the annual aggregate amount of fees payable to its Directors for director's duties at \$125,000.

Directors' retirement benefits

Any Director may be paid a retirement benefit as determined by the Board, consistent with the Corporations Act and the Listing Rules.

Directors' Voting Obligations

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a Director does vote, his or her vote will be not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a General Meeting if permitted by the Corporations Act.

B. Executive remuneration policy and framework

In determining executive remuneration, the board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent
- Aligned to the Company's strategic and business objectives and the creation of shareholder value
- Transparent, and
- Acceptable to shareholders.

The executive remuneration framework has three components:

- Base pay and benefits, including superannuation,
- Short-term performance incentives, and
- Long-term incentives through participation in the PepinNini Employee Option Plan

Executive remuneration mix

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a percentage (5%) of the employee's base pay is available as bonus based on achieving both personal and Company key performance indicators. These indicators are decided upon at the beginning of the financial year and assessed at the end of the financial year. The Company indicator is a share price target and the executive indicators relate to leadership, teamwork, competency and proficiency.

Base pay and benefits

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed pay increases included in any executives' contracts.

Executives do not receive any benefits.

Superannuation

Employees receive Superannuation Guarantee payments based on the statutory percentage of base salary. No other retirement benefits are provided directly by the Group unless approved by shareholders.

D. Voting and comments made at the company's 2016 Annual General Meeting

PepinNini Minerals Limited received 99% of "yes" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the Annual General Meeting of shareholders of the Company or throughout the year on its remuneration practices.

E. Performance of PepinNini Minerals Limited

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2017:

| | 30 June 2017 \$'000 | 30 June 2016 \$'000 | 30 June 2015 \$'000 | 30 June 2014 \$'000 | 30 June 2013 \$'000 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Revenue | 17 | 57 | 225 | 805 | 861 |
| Net (loss) / profit before tax | (859) | (2,479) | (6,044) | (3,634) | (1,357) |
| Net (loss) / profit after tax | (954) | (2,502) | (6,045) | (3,641) | (1,181) |
| Attributable to members of PepinNini Minerals Limited | (954) | (2,502) | (6,045) | (3,641) | (1,181) |

Short-term incentives

Executives have the opportunity to earn an annual short term incentive (STI) if predefined targets are achieved. The executive team have an STI opportunity of 5% of TEC. The Company target is share price for the Company and is reviewed annually. The executive targets relate to leadership, teamwork, competency and proficiency.

The remuneration committee is responsible for assessing whether KPIs are met. The committee has the discretion to adjust short-term incentives downwards in light of unexpected or unintended circumstances.

Long-term incentives

Long-term incentives are provided to certain employees via the PepinNini Minerals Limited Employee Share Option Plan which was approved by shareholders at the 2011 Annual General Meeting.

The PepinNini Minerals Limited Employee Share Option Plan is designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if the employees are still employed by the Company at the end of the vesting period. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The vesting conditions are determined by the board as a long term employment performance incentive specific to the employee and executive. Once vested, the options are exercisable at points over a period of years determined by the board. Options are granted under the plan for no consideration.

Share trading policy

The trading of shares issued to participants under any of the Company's employee equity plans is subject to, and conditional upon, compliance with the Company's employee share trading policy. The policy was issued to the ASX and all shareholders on 29 December 2010.

C. Use of remuneration consultants

No remuneration consultants have been used to review existing remuneration policies.

| | 30 June 2017 \$'000 | 30 June 2016 \$'000 | 30 June 2015 \$'000 | 30 June 2014 \$'000 | 30 June 2013 \$'000 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Share price at start of year | \$0.031 | \$0.017 | \$0.012 | \$0.02 | \$0.04 |
| Share price at end of year | \$0.016 | \$0.031 | \$0.017 | \$0.012 | \$0.02 |
| Interim dividend | - | - | - | - | - |
| Final dividend | - | - | - | - | - |
| Basic (loss) / earnings per share | (0.3) cps | (1.1) cps | (3.5) cps | (2.9) cps | (1.0) cps |
| Diluted (loss) / earnings per share | (0.3) cps | (1.1) cps | (3.5) cps | (2.9) cps | (1.0) cps |
| Short term incentive (% of maximum) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

The Performance Incentive Program for the 2016/17 year was based on the achievement of Corporate Objectives as well as Individual Objectives. The Corporate objectives include QHSE (quality, health, safety and environmental) targets. The performance measures do not take into account the performance of the Company over more than the current year. The payment of the short term incentive is at the discretion of the Board. The short-term incentive (Cash Bonus) as a percentage of the maximum available and the earnings per share for the current year and the previous four years are set out in the table above.

F. Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of PepinNini Minerals Limited and the PepinNini Minerals Limited Group are set out in the following tables. The key management personnel of the Group are the directors of PepinNini Minerals Limited (see page 17 above).

Key management personnel of the Group

| 2017 | Short term employee benefits | | | | Post employment benefit | Long term benefits | Termination benefits | Share based payments | Total |
|--|------------------------------|------------|-----------------------|----------|-------------------------|--------------------|----------------------|----------------------|----------------|
| Name | Cash salary and fees | Cash bonus | Non monetary benefits | Other | Super-annuation | Long service leave | Termination benefits | Options | Total |
| Directors | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Rebecca Holland-Kennedy | 178,996 | - | - | - | 17,005 | - | - | - | 196,001 |
| Robert (Wei) Sun | 19,026 | - | - | - | 1,807 | - | - | - | 20,833 |
| Phil Clifford | 97,706 | - | - | - | 9,282 | - | - | - | 106,988 |
| Sarah Clifton-Brown | 99,623 | - | - | - | 9,464 | - | - | - | 109,087 |
| Total Key Management Personnel Compensation (Group) | 395,351 | - | - | - | 37,558 | - | - | - | 432,909 |

| 2016 | Short term employee benefits | | | | Post employment benefit | Long term benefits | Termination benefits | Share based payments | Total |
|--|------------------------------|------------|-----------------------|----------|-------------------------|--------------------|----------------------|----------------------|----------------|
| Name | Cash salary and fees | Cash bonus | Non monetary benefits | Other | Super-annuation | Long service leave | Termination benefits | Options | Total |
| Directors | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Rebecca Holland-Kennedy | 149,590 | - | - | - | 14,211 | - | - | - | 163,801 |
| Robert (Wei) Sun | 19,968 | - | - | - | 2,032 | - | - | - | 22,000 |
| Phil Clifford (part time from 1 April 2014) | 113,990 | - | - | - | 10,829 | - | - | - | 124,819 |
| Sarah Clifton-Brown | 74,155 | - | - | - | 7,045 | - | - | 629 | 81,829 |
| Total Key Management Personnel Compensation (Group) | 357,703 | - | - | - | 34,117 | - | - | 629 | 392,449 |

The relative proportions of remuneration paid/payable that are linked to performance and those that are fixed are as follows:

| Name | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|--|--------------------|------|---------------|------|---------------|------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Executive directors of PepinNini Minerals Limited | | | | | | |
| Rebecca Holland-Kennedy | 100% | 100% | - | - | - | - |
| Robert (Wei) Sun | 100% | 100% | - | - | - | - |
| Phil Clifford | 100% | 100% | - | - | - | - |
| Sarah Clifton-Brown (commenced 11 December 2014) | 100% | 100% | - | - | - | - |

No director or member of senior management appointed during the period received any payments during the year other than those detailed above.

G. Service agreements

Rebecca Holland-Kennedy (Executive Director - Managing Director) has a contract for service, details of which are outlined as follows:

- She is required to work five days a week;
- Her current salary inclusive of superannuation is \$200,000 per year;
- Her contract commenced on 9 April 2013;
- Termination may be made by either party on providing six months' notice;
- Termination benefits payable upon termination to Mrs Holland-Kennedy are six months' pay.

Rebecca Holland-Kennedy has elected to reduce contracted salary, her salary under this arrangement is set at \$182,000 including superannuation.

Phil Clifford (Executive Director – Technical & Exploration Manager) has a contract for service, details of which are outlined as follows:

- He is required to work five days a week;
- His current full time salary inclusive of superannuation is \$180,000 per year;

- His contract commenced on 9 April 2013;
- Termination may be made by either party on providing one months' notice;
- Termination benefits payable upon termination to Mr Clifford are three months' pay.

Mr Clifford commenced part-time employment from 1 April 2014 for personal reasons. His salary is pro-rata from his employment contract for three days per week. Pro-rata salary under this arrangement is \$106,988 inclusive of superannuation.

Sarah Clifton-Brown (Executive Director – Finance Director) has a contract for service, details of which are outlined as follows:

- She is required to work three and a half days a week;
- Her current salary inclusive of superannuation is \$111,000 per year;
- Her contract commenced on 11 December 2014;
- Termination may be made by either party on providing three months' notice;
- Termination benefits payable upon termination to Mrs Clifton-Brown are three months' pay.

H. Share based compensation

Options

An employee share option scheme has been established whereby PepinNini Minerals Limited may, at the discretion of management, grant options over the ordinary shares of PepinNini Minerals Limited to directors and executives as part of a remuneration package offered for employment. The options so issued are for nil consideration and have variable exercise prices and expiry dates, i.e. last date to exercise the options.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

| Grant date | Date vested and exercisable | Expiry date | Exercise price | Value per option at grant date | Number of Options |
|----------------------|-----------------------------|------------------|----------------|--------------------------------|-------------------|
| (1) 8 April 2013 | 1 June 2013 | 1 June 2016 | \$0.04 | \$0.0104 | 2,500,000 |
| (2) 8 April 2013 | 1 November 2013 | 1 June 2016 | \$0.06 | \$0.0047 | 2,500,000 |
| (3) 8 April 2013 | 1 June 2014 | 1 June 2016 | \$0.125 | \$0.0005 | 1,600,000 |
| (4) 10 November 2014 | 10 November 2014 | 09 November 2017 | \$0.03 | \$0.0068 | 200,000 |
| (5) 10 November 2014 | 10 November 2015 | 09 November 2018 | \$0.06 | \$0.0054 | 200,000 |
| (6) 10 November 2014 | 10 November 2016 | 09 November 2019 | \$0.10 | \$0.0050 | 200,000 |

Options granted under the plan carry no dividend or voting rights.

Each option is convertible into one ordinary share on exercise. Options may be exercised at any time from the date of vesting to the date of their expiry.

Details of options over ordinary shares in the Group provided as remuneration to each director of PepinNini Minerals Limited and each of the key management personnel of the Group are set out below. Further information on the options is set out in note 26 to the financial statements.

(1), (4-6) Options in this series are entitled to beneficial interest at vesting date only if the recipients continue to be employed by the company at that date. (1-3) Employee options expired 1 June 2016.

Holders of the options granted are as follows, (1-3) Philip Clifford (4-6) Sarah Clifton-Brown.

| 2017 | Balance at start of the year (number) | Granted as Compensation (number) | Exercised (number) | Other changes (number) | Balance at end of the year (number) | Vested and exercisable (number) | Unvested (number) |
|--|---------------------------------------|----------------------------------|--------------------|------------------------|-------------------------------------|---------------------------------|-------------------|
| Name | | | | | | | |
| Directors of PepinNini Minerals Limited | | | | | | | |
| Rebecca Holland-Kennedy | - | - | - | - | - | - | - |
| Robert (Wei) Sun | - | - | - | - | - | - | - |
| Phil Clifford | - | - | - | - | - | - | - |
| Sarah Clifton-Brown | 600,000 | - | - | - | 600,000 | 600,000 | - |
| Other key management personnel of the Group | | | | | | | |
| - | - | - | - | - | - | - | - |

No options were granted to directors of PepinNini Minerals Limited during the year ended 30 June 2017 (2016: 0).

There were 600,000 unissued ordinary shares held by directors of PepinNini Minerals Limited and other key management personnel of the group under option at the date of this report.

No option holder has any right under the options to participate in any other share issue of the Group.

No ordinary shares in the Company were issued as a result of the exercise of remuneration options by directors of PepinNini Minerals Limited and other key management personnel of the Group for either the 30 June 2017 or 30 June 2016 financial year.

(I) Shareholdings

The number of shares in the company held during the financial year by each director of PepinNini Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

| 2017 | Balance at the start of the year (number) | Received during the year on the exercise of options (number) | Other changes during the year (number) | Balance at the end of the year (number) |
|--|---|--|--|---|
| Name | | | | |
| Directors of PepinNini Minerals Limited | | | | |
| Ordinary Shares | | | | |
| Rebecca Holland-Kennedy | 90,951,376 | - | 3,035,099 | 93,986,475 |
| Robert (Wei) Sun | 468,792 | - | (296,653) | 174,139 |
| Phil Clifford | 600,000 | - | - | 600,000 |
| Sarah Clifton-Brown | 270,000 | - | 42,000 | 312,000 |
| Other key management personnel of the Group | | | | |
| Ordinary Shares | | | | |
| - | - | - | - | - |

End of Audited Remuneration Report.

Identification of officers and auditors

PepinNini Minerals Limited has entered into standard deeds of indemnity and access with each of the directors. By these deeds, the Company has undertaken, consistent with the Corporations Act 2001, to indemnify each director in certain circumstances and to maintain directors' and officers' insurance cover in favour of the director for seven years after the director has ceased to be a director. The Company has paid a premium for the period 13 October 2016 to 13 October 2017 to insure the directors and officers of the Company. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, which is permitted under section 300(9) of the Corporations Act 2001.

Proceedings on behalf of the Company

There are no proceedings on behalf of the Company at the date of this report.

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-assurance services

BDO Audit (SA) Pty Ltd did not provide any non-assurance services during the year ended 30 June 2017.

Details of amounts paid or payable to the auditor BDO Audit (SA) Pty Ltd for assurance services provided during the year by the auditor are outlined in note 21 to the financial statements.

Auditor

BDO Audit (SA) Pty Ltd were appointed auditor on 15th January 2016.

Auditor's independence declaration

The auditor's independence declaration is included on page 17 of the annual financial report.

Resolution of Directors

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors



Rebecca Holland-Kennedy
Managing Director
PepinNini Minerals Limited

Adelaide, 14 September 2017

AUDITOR'S INDEPENDENCE DECLARATION



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BDO Centre
Level 7, 420 King William Street
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Australia

DECLARATION OF INDEPENDENCE BY MICHAEL HAYDON TO THE DIRECTORS OF PEPINNINI MINERALS LIMITED

As lead auditor of PepinNini Minerals Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of PepinNini Minerals Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'm haydon', with a long horizontal line extending to the right.

Michael Haydon
Director

BDO Audit (SA) Pty Ltd

Adelaide, 13 September 2017

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

| | Note | Consolidated | |
|--|------|------------------|--------------------|
| | | 2017 \$ | 2016 \$ |
| Revenue from Continuing Operations | 7 | 16,720 | 56,715 |
| Other Income | 7 | 31,814 | 5,645 |
| Expenses | | | |
| Depreciation expense | 6 | (8,459) | (16,763) |
| Salary & employment costs | 8 | (368,726) | (362,758) |
| Operating expenses | | (401,162) | (384,548) |
| Operating lease rental expense | | (23,180) | (20,782) |
| Professional fees | | (67,433) | (163,783) |
| Administration expenses | | (5,479) | (272) |
| Legal fees | | (33,054) | (44,282) |
| Impairment of exploration asset | | - | (1,548,126) |
| Total expenses | | (907,493) | (2,541,315) |
| Loss before tax | | (858,959) | (2,478,955) |
| Income tax benefit/(expense) | 10 | (95,162) | (22,702) |
| Loss for the year | | (954,121) | (2,501,656) |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss | | - | - |
| Items that will not be reclassified to profit or loss | | - | - |
| Total comprehensive Loss for the year | | (954,121) | (2,501,656) |
| Attributable to: | | | |
| Members of PepinNini Mineral Limited | | (954,121) | (2,501,656) |
| | | (954,121) | (2,501,656) |
| Earnings per share for loss attributable to the ordinary equity holders of the company: | | | |
| Basic loss (cents per share) | 12 | (0.3) | (1.1) |
| Diluted loss (cents per share) | 12 | (0.3) | (1.1) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

| | Note | Consolidated | |
|---|------|-------------------|-------------------|
| | | 2017 \$ | 2016 \$ |
| Current assets | | | |
| Cash and cash equivalents | 3 | 3,011,200 | 415,466 |
| Trade and other receivables | 9 | 288,403 | 251,645 |
| Prepayments | | 16,064 | 26,679 |
| Total current assets | | 3,315,667 | 693,790 |
| Non-current assets | | | |
| Exploration and evaluation expenditure | 4 | 13,920,017 | 12,635,222 |
| Exploration bonds | | 3,990 | 3,990 |
| Property, plant and equipment | 6 | 6,982 | 19,653 |
| Total non-current assets | | 13,930,989 | 12,658,865 |
| Total assets | | 17,246,656 | 13,352,655 |
| Current liabilities | | | |
| Trade and other payables | | 581,752 | 87,880 |
| Annual and long service leave | | 217,568 | 227,234 |
| Total current liabilities | | 799,320 | 315,114 |
| Total liabilities | | 799,320 | 315,114 |
| Net assets | | 16,447,336 | 13,037,541 |
| Equity | | | |
| Issued capital | 11 | 26,695,248 | 22,278,263 |
| Reserves | 11 | 404,150 | 457,219 |
| Retained earnings | 11 | (10,652,062) | (9,697,941) |
| Total Equity attributable to equity holders of the Company | | 16,447,336 | 13,037,541 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

| Consolidated | Issued Capital Note 11(a) | | Reserves Note 11(b) | | Retained Earnings Note 11(b) | Total attributable to equity holders of the Company \$ |
|---|--|-----------------------------|-----------------------------------|--|------------------------------------|---|
| | Fully paid ordinary shares \$ | Fully paid options \$ | Prepaid share reserve \$ | Equity settled employee benefits reserve \$ | Retained earnings \$ | |
| Balance at 1 July 2015 | 21,154,842 | 553,623 | | 405,968 | (7,196,285) | 14,918,148 |
| Loss for the year | | | | | (2,501,656) | (2,501,656) |
| Other comprehensive income | | | | | | |
| Total comprehensive (loss)/income | | | | | (2,501,656) | (2,501,656) |
| Issue of shares, net of transactions costs and tax (note 11(a)) | 569,787 | | 52,035 | | | 621,833 |
| Employee share options | | | | (784) | | (784) |
| Balance at 30 June 2016 | 21,724,640 | 553,623 | 52,035 | 405,184 | (9,697,941) | 13,037,541 |
| Balance at 1 July 2016 | 21,724,640 | 553,623 | 52,035 | 405,184 | (9,697,941) | 13,037,541 |
| Loss for the year | | | | | (954,121) | (954,121) |
| Other comprehensive income | | | | | | |
| Total comprehensive (loss)/income | | | | | | |
| Issue of shares, net of transaction costs and tax (note 11(a)) | 4,416,985 | | (52,035) | | | 4,364,950 |
| Employee share options | | | | (1,034) | | (1,034) |
| Balance at 30 June 2017 | 26,141,625 | 553,623 | | 404,150 | (10,652,062) | 16,447,336 |

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

| | Note | Consolidated | |
|---|----------|--------------------|--------------------|
| | | 2017 \$ | 2016 \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees (inclusive of GST) | | | |
| Receipts in the course of business (inclusive of GST) | | (480,309) | (1,048,763) |
| Interest and other costs of finance paid | | (824) | 32,985 |
| Net cash (used in) operating activities | 3 | (481,133) | (1,015,778) |
| Cash flows from investing activities | | | |
| Interest received | | 16,720 | 14,692 |
| Research & Development concession received | | 220,743 | 362,061 |
| Payment for exploration activities | | (1,554,394) | (832,808) |
| Payments for property, plant and equipment | | (1,958) | - |
| Proceeds from disposal of property, plant and equipment | | 31,814 | 39,133 |
| Net cash provided by/ (used in) investing activities | | (1,287,075) | (416,922) |
| Cash flows from financing activities | | | |
| Proceeds from issues of equity securities | | 4,364,950 | 599,132 |
| Net cash provided by financing activities | | 4,364,950 | 599,132 |
| Net increase / (decrease) in cash and cash equivalents | | 2,596,742 | (833,568) |
| Cash and cash equivalents at the beginning of the financial year | | 415,466 | 1,248,382 |
| Net foreign exchange differences on foreign cash balances | | (1,008) | 652 |
| Cash and cash equivalents at the end of the financial year | 3 | 3,011,200 | 415,466 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

STRUCTURE OF NOTES AND MATERIALITY

Note disclosures are split into five sections shown below to enable a better understanding of how the Group performed.

General information

1. General information
2. Significant accounting policies

The business' performance

3. Cash
4. Exploration and evaluation expenditure
5. Business and geographical segments
6. Property, plant and equipment
7. Revenue and other income
8. Compensation
9. Trade and other receivables
10. Taxation

Capital

11. Equity
12. Earnings per share
13. Share based payments

Structures

14. Parent entity information
15. Consolidation
16. Investment in subsidiaries

Unrecognised items and additional information

17. Financial risk management
18. Related party transactions
19. Commitments for expenditure
20. Subsequent events
21. Remuneration of auditors

Accounting policies and critical accounting judgements applied to the preparation of financial statements have been moved to the relevant section.

Information is only being included in the Notes to the extent that it has been considered material and relevant to the understanding of the financial statements.

GENERAL INFORMATION

NOTE 1. GENERAL INFORMATION

This financial report covers the consolidated financial statements for the consolidated entity consisting of PepinNini Minerals Limited (the "Company" or "Parent") and its controlled entities (the "Group" or the "consolidated entity").

The Company's registered office and its principal place of business are as follows:

Registered office:

96 Babbage Road
ROSEVILLE CHASE NSW 2069
Tel: +61 (0)2 9417 6212
Fax: +61 (0)2 9417 3043
Email: admin@pepinnini.com.au

Exploration office WA:

56 Kathleen Street
TRIGG WA 6029
Tel: +61 (0)8 9246 4829
Fax: +61 (0)8 9246 4829

Exploration office SA:

22A Charlotte Street
SMITHFIELD SA 5114
Tel: +61 (0)8 8254 2044
Fax: +61 (0)8 8254 2033

Principal office:

Level 6, 108 King William Street
ADELAIDE SA 5000
Tel: +61 (0)8 8218 5000
Fax: +61 (0)8 8218 5717
Email: admin@pepinnini.com.au

PepinNini Minerals Limited was incorporated in Australia and is domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 13 September 2017. The Group has the power to amend and reissue the financial report.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. PepinNini Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(iii) Critical accounting estimates (continued)

The Group makes estimates and assumptions concerning the future, the results of which, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the respective notes:

- (a) Reserves and resources (note 4)
- (b) Deferred tax assets (note 10)

(iv) Reclassification

When the presentation or classification of items in the financial report is amended, comparative amounts are reclassified to ensure comparability.

(b) Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(c) New accounting standards and interpretations

There are no standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is PepinNini Minerals Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each profit and loss item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

THE BUSINESS' PERFORMANCE

NOTE 3. CASH

Cash and cash equivalents at 30 June 2017 was \$3,011,200 (2016: \$415,466).

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

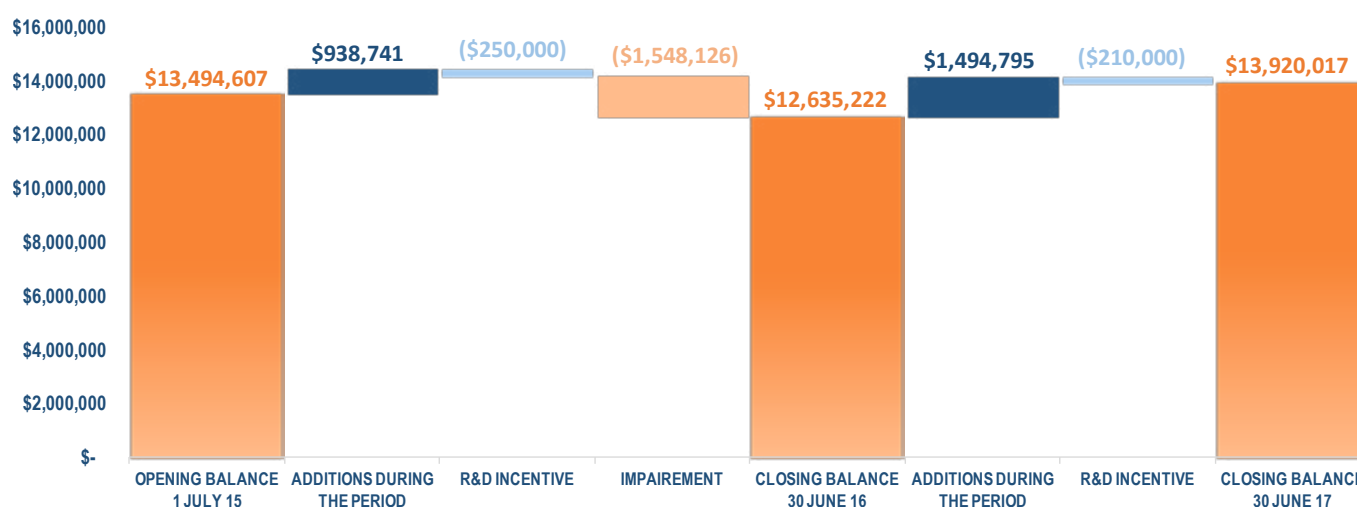
To manage exposure to credit risk, cash and cash equivalents must have a minimum credit rating of "A".

The Group's weighted average interest rate is between 0.70% - 2.07% (2016: 1.07% - 2.22%).

(a) Reconciliation of loss after income tax to net cash outflow from operating activities, and non-cash activities

| | Consolidated | |
|---|------------------|--------------------|
| | 2017 \$ | 2016 \$ |
| Loss for the year after tax | (954,121) | (2,501,656) |
| Non-cash items | - | - |
| Depreciation expensed | 8,459 | 16,763 |
| (Gain)/loss on disposal of PPE | (31,814) | (14,545) |
| Impairment of exploration assets | - | 1,548,126 |
| Employee options expense | (1,034) | (784) |
| Movement in deferred tax asset | - | - |
| Foreign Exchange | 1,008 | (655) |
| Items not classified as operating | | |
| Interest income | (16,720) | (13,507) |
| Income tax expense | 95,162 | 22,702 |
| Changes in net assets and liabilities | | |
| (Increase) / decrease in assets: | | |
| Trade and other receivables | (76,759) | (990) |
| Increase / (decrease) in liabilities: | | |
| Trade and other payables | 508,621 | (52,208) |
| Provisions | (13,935) | (19,023) |
| Net cash outflow from operating activities | (481,133) | (1,015,778) |

NOTE 4. EXPLORATION AND EVALUATION EXPENDITURE (E&E)



The Group capitalises and carries forward E&E incurred where the rights of tenure of the area of interest are current and expenditures are expected to be recouped through:

- i. successful development and commercial exploitation of the area of interest;
- ii. or by its sale or exploration;
- iii. or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits an assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost.

(a) Critical accounting estimates and judgements: Impairment of E&E

The Group's accounting policy requires management to make certain assumptions as to future events and circumstances. Exploration costs are carried forward based on the accounting policy set out above. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed recoverable amount. Where required, impairment is recorded as impairment of exploration asset in the statement of profit or loss and other comprehensive income. .

The Group has not recognised any impairment losses in the year ended 30 June 2017 (2016: \$1,548,126).

NOTE 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The chief operating decision-makers have been identified as the board of directors consisting of executive and non-executive directors.

The operating segments are identified by management based on the nature of the commodity to be sold. Discrete financial information about operating businesses is reported to the executive management (executive directors) on at least a monthly basis. The Group operates in one segment, being mineral exploration and development.

| | 2017 \$ | 2016 \$ |
|-------------------------------------|-------------------|-------------------|
| Non-current operating assets | | |
| Australia | 11,504,331 | 11,120,286 |
| Argentina | 2,426,658 | 1,538,579 |
| Total | 13,930,989 | 12,658,865 |

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

| | Total \$ |
|--------------------------------|--------------|
| Year ended 30 June 2016 | |
| Opening net book amount | 113,640 |
| Additions | 2,690 |
| Disposals | - |
| Depreciation charge | (96,677) |
| Closing net book amount | 19,653 |
| At 30 June 2016 | |
| Cost | 1,448,377 |
| Accumulated depreciation | (1,428,724) |
| Net book amount | 19,653 |
| Year ended 30 June 2017 | |
| Opening net book amount | 19,653 |
| Additions | 1,924 |
| Disposals | - |
| Depreciation charge (a) | (14,595) |
| Closing net book amount | 6,982 |
| At 30 June 2017 | |
| Cost | 1,450,301 |
| Accumulated depreciation | (1,443,319) |
| Net book amount | 6,982 |

Plant and equipment is stated at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Additionally, if an asset's written down value reduces below \$500, it is written off through the statement of profit or loss and other comprehensive income. Gains and losses on disposals are determined by comparing proceeds with carrying amount and included in profit or loss.

(a) Depreciation expense

Depreciation on assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Plant & equipment – 4 to 3 years or 25% to 33%

| | Consolidated | |
|-----------------------------|---------------|---------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Total depreciation expensed | 8,459 | 16,763 |
| Depreciation capitalised | 6,136 | 79,914 |
| Total depreciation | 14,595 | 96,677 |

NOTE 7. REVENUE AND OTHER INCOME

The Group's revenue for the year is as follows:

| | Consolidated | |
|---------------------------|--------------|--------|
| | 2017 | 2016 |
| | \$ | \$ |
| Interest revenue: | | |
| Bank deposits | 16,720 | 13,507 |
| Other revenue: | | |
| Drilling services revenue | | |
| Other revenue | | 43,208 |
| | | 43,208 |
| | 16,720 | 56,715 |
| Other income: | | |
| Gain on sale of assets | 31,814 | 5,645 |

Revenue is measured at the fair value of the consideration received or receivable, when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale or the provision of services have been resolved.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividends are recognised as revenue when the right to receive the payment is established.

Government grants

Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors. Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants for exploration drilling activity within an exploration tenement which has not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves, has been recognised as deferred income and is offset against costs capitalised and will be recognised in profit or loss over the expected useful life of the exploration tenement asset concerned.

NOTE 8. COMPENSATION

(a) Key management personnel compensation

The following persons were directors of PepinNini Minerals Limited during the financial year:

- Rebecca Holland-Kennedy – Managing Director
- Robert (Wei) Sun – Director
- Phil Clifford – Director
- Sarah Clifton-Brown - Director

Other than the directors, there are no employees directing and controlling the activities of the Group, directly or indirectly, during the financial year that would be considered key management personnel.

Compensation for key management personnel during the year was:

| | Consolidated | |
|------------------------------|----------------|----------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Short term employee benefits | 395,351 | 357,703 |
| Post employment benefits | 37,558 | 34,117 |
| Share based payments | - | 629 |
| | 432,909 | 392,449 |

Detailed remuneration disclosures are provided in the remuneration report on page 21 to 26.

(b) Total salary & employment costs

| | Consolidated | |
|---|----------------|----------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Salaries & wages | 640,824 | 684,485 |
| Employee options expense | (1,034) | (784) |
| Defined contribution superannuation expense | 58,769 | 61,991 |
| Salary Cost capitalised to Exploration and Evaluation Asset | (329,833) | (382,934) |
| | 368,726 | 362,758 |

(i) Wages and salaries, annual leave, long service and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised when it is probable that settlement will be required and they are capable of being measured reliably. Amounts recognised are in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(ii) Defined contribution plans

Contributions to defined contribution superannuation plans in respect of administrative employees are expensed as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available. Where an employee is involved in exploration activities, the contributions form part of the exploration and evaluation expenditure capitalised for the period during which the expenditure was occurred.

(iii) Compensation qualifying as exploration and evaluation expenditure

The Group's policy on the treatment of Exploration and Evaluation Expenditure is detailed at note 4. For employees involved in exploration activities, the expenditure on employee compensation is capitalised as part of the cost of an Exploration and Evaluation Asset when that expenditure meets the definition of Exploration and Evaluation Expenditure.

(iv) Employee Share Option Scheme

PepinNini Minerals Ltd has an employee share option scheme as part of its overall compensation arrangement with employees. Details of the scheme are shown at note 13 Share Based Payments.

NOTE 9. TRADE AND OTHER RECEIVABLES

| | Consolidated | |
|------------------------------------|----------------|----------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Current | | |
| Trade receivables | 78,403 | 1,645 |
| Research & Development tax refund | 210,000 | 250,000 |
| Allowance for doubtful debts | | |
| Trade and other receivables | 288,403 | 251,645 |

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

As at 30 June 2017, no trade receivables were past due or impaired (2016: nil). Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value and reflects the total contractual cash flows.

The trade and other receivables do not have an external credit rating.

(a) Maturities of trade and other receivables

Of the total trade and other receivables balance, \$78,403 matures in less than 6 months (2016: \$1,645). The balance of \$210,000 matures in 6-12 months (2016: \$250,000).

NOTE 10. TAXATION

PepinNini Minerals Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

This note provides an analysis of the Group's income tax expense, amounts recognised and deferred tax assets and liabilities. The income tax expense of \$95,162 for the year ended 30 June 2017 (2016: \$22,702) represents the tax relating to share issue costs.

Deferred income tax is determined using a tax rate applicable at the end of the reporting period and expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

| | Consolidated | |
|---|---------------|---------------|
| | 2017 | 2016 |
| | \$ | \$ |
| (a) Income tax expense/ (benefit) | | |
| Current tax (benefit)/ expense | | |
| Deferred tax (benefit)/ expense | 95,162 | 22,702 |
| Adjustment of tax of prior periods | | |
| | 95,162 | 22,702 |
| Deferred income tax expense included in income tax expense comprises: | | |
| Decrease (increase) in deferred tax assets | 61,815 | 429,591 |
| (Decrease) increase in deferred tax liabilities | 33,347 | (406,889) |
| | 95,162 | 22,702 |
| (b) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Loss from continuing operations before income tax expense | (858,959) | (2,478,955) |
| Tax at the Australian tax rate of 27.5% (2016 - 30%) | (236,214) | (743,686) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Employee stock compensation | (284) | (235) |
| R&D Non-assessable income | | (25,000) |
| Deferred tax assets not recognised as not probable | 331,660 | 791,623 |
| Income tax (benefit) / expense | 95,162 | 22,702 |
| (c) Amounts recognised directly in equity | | |
| Net deferred tax – credited directly to equity | 95,162 | 22,702 |
| (d) Tax losses | | |
| Unused tax losses for which no deferred tax asset has been recognised: | | |
| Revenue losses | 11,668,559 | 11,829,893 |
| Capital losses | 5,840,532 | 5,840,532 |

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity.

| | Consolidated | |
|---|--------------|--------|
| | 2017 | 2016 |
| | \$ | \$ |
| The net deferred tax liability comprises temporary differences attributable to: | | |
| Deferred tax assets: | | |
| Fundraising costs | 83,933 | 29,903 |
| Provisions and accruals | 59,831 | 68,170 |

| | | |
|------------------------------------|-------------|-------------|
| Tax losses | 6,895,824 | 7,248,282 |
| Deferred tax assets not recognised | (3,208,853) | (3,548,968) |
| Deferred tax assets: | 3,830,734 | 3,797,387 |
| Deferred tax liabilities | | |
| Exploration expenditure | (3,828,005) | (3,790,567) |
| Other | (2,730) | (6,820) |
| | (3,830,734) | (3,797,387) |
| Total net deferred tax liabilities | - | - |

(a) Critical accounting estimates and judgements

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

CAPITAL

NOTE 11. EQUITY

(a) Share capital

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up of the Group in proportion to the number of and amounts paid on the shares held. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have no par value and the company does not have a limited amount of authorised capital. All issued ordinary shares carry one vote per share.

| | 2017 | | 2016 | |
|--|--------------------|-------------------|--------------------|---------------------|
| | Number | \$ | Number | \$ |
| Fully paid ordinary shares and fully paid options | | | | |
| Balance at beginning of financial year | 270,739,774 | 22,278,263 | 195,080,723 | 21,708,465 |
| Issue of shares# | 213,228,915 | 4,641,994 | 75,647,826 | 619,788 |
| Share issue costs | | (320,171) | | (72,709) |
| Tax effect on issue costs | | 95,162 | | 22,702 |
| Options exercised | | - | 11,225 | 17 |
| Balance at end of financial year | 483,968,689 | 26,695,248 | 270,739,774 | 22,278,263** |

In March 2017 a private placement of 26,434,943 shares (completed in April 2017) was offered to sophisticated investors at an issue price of 2.4c to raise \$634,439 before costs. This was followed later the same month with one for four pro rata non-renounceable offer of 96,793,972 shares (completed in May 2017) at the same price to raise \$2,323,055 before costs. The rights issue represents 25% of the pre rights issue undiluted capital and 20% post rights issue.

In February 2017 a private placement occurred (completed in March 2017), 50 million shares were issued at a price of 1.2c, an additional 1 million shares were paid to State One Stockbroking Ltd as commission. The placement raised \$612,000 before costs and represents 16.47% of pre placement undiluted capital or 14.4% post placement.

In June 2016 a fundraising was started that completed in July 2016. 39 million shares were issued at a price of 2.75c per share. The placement raised \$1,072,500 and represents 14.4% of pre placement undiluted capital or 12.59% post placement.

** Includes 553,623 fully paid expired options not exercised (2016:553,623)

(b) Reserves and retained earnings

(i) Equity Settled Employee Benefits Reserve

The equity-settled employee benefits reserve is used to recognise the fair value at grant date of share options granted to executives and senior employees. The fair value is then expensed over the vesting period of the share options. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

(ii) Prepaid Share Reserve

The prepaid share reserve shows cash received for share placement where the shares are not issued before the end of the reporting period.

(iii) Retained Earnings

Retained earnings is a category of reserves which shows the accumulated undistributed profits or losses of the group since its inception.

(c) Capital risk management

The Group considers its capital to comprise its ordinary share capital and accumulated losses as shown in the Consolidated statement of changes in equity on pg 29. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, to ensure this the group may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes to the Group's approach to capital management during the year, the group monitor capital to ensure the company has appropriate cash and cash equivalents to meet needs. The Group is not subject to externally imposed capital requirements.

NOTE 12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing:

- i) the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, and
- ii) the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- i) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

| | Consolidated | |
|--|---------------|---------------|
| | 2017 cents | 2016 cents |
| Total basic loss per share attributable to the ordinary equity holders of the company | (0.3) | (1.1) |
| Total diluted loss per share attributable to the ordinary equity holders of the company | (0.3) | (1.1) |
| Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share | (954,121) | (2,501,656) |

Weighted average number of shares used as the denominator for both basic and diluted loss per share is 350,024,697 (2016: 220,539,242). A total of 1,500,000 options have not been included in the calculation of diluted loss per share as they are anti-dilutive.

NOTE 13. SHARE-BASED PAYMENTS

PepinNini Minerals Limited has an employee share option scheme. At the discretion of management options are granted over the ordinary shares of PepinNini Minerals Limited to directors and executives as part of a remuneration package offered for employment. The options so issued are for nil consideration and have variable exercise prices and maturity dates, i.e. last date to exercise the options.

Each employee share option converts into one ordinary share of PepinNini Minerals Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The fair value of share-based compensation granted is recognised as an expense or asset as appropriate, with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period during which the employees or third party become unconditionally entitled to the stock compensation.

The fair value at grant date is determined using market prices for shares and using a Black-Scholes option pricing model for options. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable.

No options were exercised during the year ended 30 June 2017.

The weighted average remaining contractual life of share options outstanding at the end of the period was 21 months (2016:32 months).

Set out below is a summary of options under the plan:

| Grant Date | Vesting Date | Expiry date | Exercise price | Balance at start of the year | Granted during the year | Forfeited during the year | Expired during the year | Balance at end of the year | Vested and exercisable at end of the year |
|--|--------------|-------------|----------------|------------------------------|-------------------------|---------------------------|-------------------------|----------------------------|---|
| | | | Cents | Number | Number | Number | Number | Number | Number |
| Consolidated and company – 2017 | | | | | | | | | |
| 10 Nov 14 | 10 Nov 14 | 9 Nov 17 | 3.0 | 300,000 | - | 100,000 | - | 200,000 | 200,000 |
| 10 Nov 14 | 10 Nov 15 | 9 Nov 18 | 6.0 | 300,000 | - | 100,000 | - | 200,000 | 200,000 |
| 10 Nov 14 | 10 Nov 16 | 9 Nov 19 | 10.0 | 300,000 | - | 100,000 | - | 200,000 | 200,000 |
| 21 Jan 16 | 21 Jan 16 | 31 Jan 19 | 3.0 | 100,000 | - | - | - | 100,000 | 100,000 |
| 21 Jan 16 | 21 Jan 17 | 31 Jan 20 | 6.0 | 100,000 | - | - | - | 100,000 | 100,000 |
| 21 Jan 16 | 21 Jan 18 | 31 Jan 21 | 10.0 | 100,000 | - | - | - | 100,000 | |
| 29 Apr 16 | 29 Apr 16 | 30 Apr 18 | 2.0 | 200,000 | - | - | - | 200,000 | 200,000 |
| 29 Apr 16 | 29 Apr 17 | 30 Apr 19 | 5.0 | 200,000 | - | - | - | 200,000 | 200,000 |
| 29 Apr 16 | 29 Apr 18 | 30 Apr 20 | 8.0 | 200,000 | - | - | - | 200,000 | |
| TOTAL | | | | 1,800,000 | - | 300,000 | - | 1,500,000 | 1,200,000 |
| Weighted average exercise price of options | | | | 5.9c | - | 6.3c | - | 5.8c | 5.1c |
| Consolidated and company – 2016 | | | | | | | | | |
| 8 Apr 13 | 1 Jun 13 | 1 Jun 16 | 4.0 | 2,500,000 | - | - | 2,500,000 | - | - |
| 8 Apr 13 | 1 Jun 13 | 1 Jun 16 | 6.0 | 2,500,000 | - | - | 2,500,000 | - | - |
| 8 Apr 13 | 1 Jun 13 | 1 Jun 16 | 12.5 | 1,600,000 | - | - | 1,600,000 | - | - |
| 10 Nov 14 | 10 Nov 14 | 9 Nov 17 | 3.0 | 500,000 | - | 200,000 | - | 300,000 | 300,000 |
| 10 Nov 14 | 10 Nov 15 | 9 Nov 18 | 6.0 | 500,000 | - | 200,000 | - | 300,000 | 300,000 |
| 10 Nov 14 | 10 Nov 16 | 9 Nov 19 | 10.0 | 500,000 | - | 200,000 | - | 300,000 | - |
| 21 Jan 16 | 21 Jan 16 | 31 Jan 19 | 3.0 | - | 100,000 | - | - | 100,000 | 100,000 |
| 21 Jan 16 | 21 Jan 17 | 31 Jan 20 | 6.0 | - | 100,000 | - | - | 100,000 | - |
| 21 Jan 16 | 21 Jan 18 | 31 Jan 21 | 10.0 | - | 100,000 | - | - | 100,000 | - |
| 29 Apr 16 | 29 Apr 16 | 30 Apr 18 | 2.0 | - | 200,000 | - | - | 200,000 | 200,000 |
| 29 Apr 16 | 29 Apr 17 | 30 Apr 19 | 5.0 | - | 200,000 | - | - | 200,000 | - |
| 29 Apr 16 | 29 Apr 18 | 30 Apr 20 | 8.0 | - | 200,000 | - | - | 200,000 | - |
| TOTAL | | | | 8,100,000 | 900,000 | 600,000 | 6,600,000 | 1,800,000 | 900,000 |
| Weighted average exercise price of vested options at end of the year | | | | 6.7c | 5.4c | 6.3c | 6.8c | 5.9c | 3.8c |

Fair value of options granted

No options were granted in the 2017 financial year (2016: 900,000). The weighted average fair value of options granted during the year was not applicable.

STRUCTURES

NOTE 14. PARENT ENTITY INFORMATION

| | Parent | |
|--|-------------------|--------------------|
| | 2017 | 2016 |
| Statement of Financial Position | | |
| Current assets | 3,203,549 | 694,068 |
| Total assets | 16,362,901 | 12,718,610 |
| Current liabilities | (437,238) | (277,212) |
| Total liabilities | (437,238) | (277,535) |
| Shareholders' equity | | |
| Issued capital | 26,695,249 | 22,278,263 |
| Reserves | 404,149 | 457,219 |
| Retained earnings | (11,173,735) | (10,294,407) |
| Total equity | 15,925,663 | 12,441,075 |
| Profit or loss for the year | (879,328) | (3,098,122) |
| Total comprehensive income | (879,328) | (3,098,122) |

The financial information for the parent entity, PepinNini Minerals Limited, disclosed below have been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of PepinNini Minerals Limited.

(ii) Tax consolidation legislation

Details of tax consolidation treatment are disclosed in note 10.

The Company has not provided any financial guarantees as at 30 June 2017 and has no contingent liabilities as at 30 June 2017.

NOTE 15. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and the results of all subsidiaries as at 30 June 2017 and the results for all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions and balances between Group companies are eliminated in full. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTE 16. INVESTMENTS IN SUBSIDIARIES

| Name of subsidiary | Country of incorporation | Ownership interest | |
|---|--------------------------|--------------------|--------|
| | | 2017 % | 2016 % |
| NiCul Minerals Ltd ^ * | Australia | 100 | 100 |
| PepinNini Resources Curnamona Pty Ltd* | Australia | 100 | 100 |
| PepinNini Robinson Range Pty Ltd* | Australia | 100 | 100 |
| PepinNini Minerals International Pty Ltd* | Australia | 100 | 100 |
| PepinNini QLD Pty Ltd* | Australia | 100 | 100 |
| PepinNini Sociedad Anonima | Argentine Republic | 100 | 100 |

The proportion of ownership interest is equal to the proportion of voting power held.

* These companies are members of the tax-consolidated group. PepinNini Minerals Limited is the head entity within the tax consolidated group.

^ Name change 26 July 2011 from PepinNini Resources Pty Ltd

UNRECOGNISED ITEMS AND ADDITIONAL INFORMATION

NOTE 17. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

Interests in subsidiaries are set out in note 16.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 8.

(c) Transactions with related parties

As at 30 June 2017, George Holland Pty Ltd, a company of which Rebecca Holland-Kennedy is a director held 10,986,475 shares, (2016: 8,789,180).

As at 30 June 2017 Kalinda Outlook Pty Ltd, a company of which Rebecca Holland-Kennedy is a director held 83,000,000 shares (2016: 82,162,196)

(d) Terms and conditions

Transactions relating to dividends and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

Outstanding balances are unsecured and are repayable in cash.

NOTE 18. FINANCIAL RISK MANAGEMENT

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis of interest rate, foreign exchange and other price risks.

Risk management is carried out by the board of directors who provide principles for overall risk management.

The Group holds the following financial instruments:

| | Note | Consolidated | |
|------------------------------|------|------------------|-----------------|
| | | 2017 \$ | 2016 \$ |
| Financial assets | | | |
| Cash and cash equivalents | 3 | 3,011,200 | 415,466 |
| Trade and other receivables | 9 | 288,403 | 251,645 |
| | | 3,299,603 | 667,111 |
| Financial liabilities | | | |
| Trade and other payables | * | (581,752) | (87,880) |
| | | (581,752) | (87,880) |

*Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

The Group's financial liabilities are due to be settled within 6 months. Consequently, no discounting has been applied for the time value of money, and the total contractual cash flows are equal to the carrying amounts of trade and other payables.

(a) Market risk

(i) commodity price risk

Changes in commodity prices may impact the Group's projected cash flows in future years and may impact the assessment of the carrying value of its assets. However, given the Company is not yet in production, changes in commodity prices do not currently impact the Group's profit or loss or its cash flows.

(ii) interest rate risk

Exposure arises from assets bearing variable interest rates. With consideration of the cash balance at 30 June 2017 and the Group's intention to hold fixed rate assets to maturity, the impact of interest rate risk is considered to be immaterial.

(iii) Currency risk

The group operates internationally and is exposed to foreign exchange risk arising from fluctuations in the United States Dollar and Argentine Peso.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

As at 30 June 2017 and 2016, the Group had immaterial exposure to foreign currency. As a result financial assets and financial liabilities outstanding as at balance date are not sensitive to changes in exchange rates.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Group's receivables, cash and cash equivalents and bank term deposits. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents (note 3) and trade and other receivables (note 9). The Group's maximum exposure to credit risk at the reporting date was \$3,299,603 (2016: \$667,111).

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(d) Fair value estimation

The carrying value of trade receivables, less the impairment provision, and trade payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The directors consider that the carrying amount of financial assets and liabilities recorded at amortised cost in the financial statements approximates their fair values.

NOTE 19. COMMITMENTS FOR EXPENDITURE

| | Consolidated | |
|---|----------------|----------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Capital expenditure commitments | | |
| Granted exploration tenement statutory expenditure commitments, payable: | | |
| Not longer than 1 year | 683,325 | 61,968 |
| Longer than 1 year and not longer than 5 years | 200,000 | 900,000 |
| Longer than 5 years | | |
| | 883,325 | 961,968 |
| Operating lease commitments: | | |
| Not longer than 1 year | 39,744 | 59,084 |
| Longer than 1 year and not longer than 5 years | 13,344 | 22,869 |
| Longer than 5 years | | |
| | 53,088 | 81,953 |

NOTE 20. SUBSEQUENT EVENTS

There has been no other matter or circumstance that has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

NOTE 21. REMUNERATION OF AUDITORS

| | Consolidated | |
|--|---------------|---------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Auditor of the parent entity | | |
| BDO Audit (SA) Pty Ltd audit and review of the financial reports | 30,800 | 30,000 |
| BDO Audit (SA) Pty Ltd non-assurance services | - | - |
| | 30,800 | 30,000 |

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of PepinNini Minerals Limited, I state that:

1. In the opinion of the Directors:

- The financial statements and notes of PepinNini Minerals Limited for the financial year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:
 - Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
- The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board



Rebecca Holland-Kennedy
Managing Director
PepinNini Minerals Limited

Adelaide, 14 September 2017

INDEPENDENT AUDITOR'S REPORT TO MEMBERS



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEPINNINI MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PepinNini Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



Recoverability of exploration and evaluation assets

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>As at 30 June 2017 the carrying value of Exploration and Evaluation Assets was \$13,920,017, as disclosed in note 4.</p> <p>The recoverability of the exploration and evaluation assets was considered a key audit matter due to:</p> <ul style="list-style-type: none"> ▶ The carrying value of exploration and evaluation expenditure represents a significant asset of the Group, we considered it necessary to assess whether the facts and circumstances existed to suggest that the carrying amount of this asset may exceed the recoverable amount; and ▶ Determining whether impairment indicators exist involves significant judgement by management. | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ▶ Obtaining a schedule of the areas of interest held by the Group and assessing whether the right to tenure of those areas of interest remain current and in good standing at balance date; ▶ Holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest; ▶ Reviewing budgets and assessing assumptions made by the Group to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the areas of interest were planned ▶ Reviewing ASX announcements and minutes of directors meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest; and ▶ Considering whether any facts or circumstances existed to suggest impairment testing was required; <p>We also assessed the adequacy of the related disclosures in note 4 to the Financial Statements.</p> |

Other information

The directors are responsible for the other information. The other information comprises the information contained in the annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Letter to Shareholders, 2017 Highlights, Tenement Schedule and Financial and Corporate Strategy, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.



Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 24 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of PepinNini Minerals Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (SA) Pty Ltd

Michael Haydon
Director

Adelaide, 14 September 2017

ADDITIONAL SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable as at 31 August 2017.

As at 31 August 2017 there were 483,968,689 fully paid ordinary shares PNN held by 2,930 individual shareholders.

All issued ordinary shares carry one vote per share.

A. Distribution of equity securities

| | Number of holders | Number of shares |
|---------------------------------------|-------------------|--------------------|
| 1 – 1,000 | 252 | 113,526 |
| 1,001 – 5,000 | 442 | 1,311,207 |
| 5,001 – 10,000 | 199 | 1,639,059 |
| 10,001 – 100,000 | 1,437 | 62,810,366 |
| 100,001 and over | 600 | 418,094,531 |
| | 2,930 | 483,968,689 |
| Holding less than a marketable parcel | 1,589 | 18,099,567 |

B. Substantial shareholders

| Ordinary shareholders | Fully paid ordinary shares | |
|-------------------------|----------------------------|--------------------|
| | Percentage | Number |
| Kalinda Outlook Pty Ltd | 17.15% | 83,000,000 |
| Querion Pty Ltd | 7.73% | 37,405,455 |
| Total | 24.88% | 120,405,455 |

C. Twenty largest holders of quoted equity securities

| Ordinary shareholders | Fully paid ordinary shares | |
|--|----------------------------|---------------|
| | Number | Percentage |
| Kalinda Outlook Pty Ltd | 83,000,000 | 17.15% |
| Querion Pty Ltd | 37,405,455 | 7.73% |
| George Holland Pty Limited | 10,986,475 | 2.27% |
| Yarraandoo Pty Ltd | 7,791,667 | 1.61% |
| Mr Martin John Boyd | 7,000,000 | 1.45% |
| HSBC Custody Nominees (Australia) Limited | 6,252,374 | 1.29% |
| Eshan Pty Ltd | 5,000,000 | 1.03% |
| Comsec Nominees Pty Limited | 3,845,871 | 0.79% |
| London Wall Investments Pty Ltd | 3,500,000 | 0.72% |
| Mr Luis Fernando Norman Kennedy | 3,489,203 | 0.72% |
| Sinosteel Australia Pty Ltd | 3,300,000 | 0.68% |
| Dellta Pty Ltd | 3,249,789 | 0.67% |
| Mr Robert Rehl | 3,000,031 | 0.62% |
| Mr Spero John Tsapaliaris & Mrs Sophia Tsapaliaris | 3,000,000 | 0.62% |
| Mr Gavin Edward Hedges | 3,000,000 | 0.62% |
| Bill Brooks Pty Ltd | 3,000,000 | 0.62% |
| Mr Ian Lawton Barden & Mr Lesley Corren Barden | 3,000,000 | 0.62% |
| Citicorp Nominees Pty Limited | 2,870,309 | 0.59% |
| Leef Investments Pty Limited | 2,826,758 | 0.58% |
| PSZ Nominees Pty Ltd | 2,823,881 | 0.58% |
| Total | 198,341,813 | 40.98% |

D. Top holders of unquoted securities

| Option Holder | Employee unquoted options | |
|-------------------------|---------------------------|----------------|
| | Number | Percentage |
| Sarah Clifton-Brown | 600,000 | 40.0% |
| Leanne Tuite | 300,000 | 20.0% |
| Nicole Galloway Warland | 600,000 | 40.0% |
| Total | 1,500,000 | 100.00% |

CORPORATE DIRECTORY

DIRECTORS

Rebecca Holland-Kennedy
Robert (Wei) Sun
Phil Clifford
Sarah Clifton-Brown

COMPANY SECRETARY

Justin Nelson

REGISTERED OFFICE

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AUDITOR

BDO

Level 7, 420 King William Street, Adelaide SA 5000

ACCOUNTANT

Price Waterhouse Coopers

70 Franklin Street, Adelaide SA 5000



INDUSTRIAL HV-81

INDUSTRIAL HV-81

Pepinnini

Minerals Limited

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