

## ASX ANNOUNCEMENT

13 September 2006

### MOU signed for the Exploration and Development of the Crocker Well and Mt Victoria Uranium Deposits

Sinosteel Corporation (Sinosteel) and PepinNini Minerals Limited (PepinNini) have signed a Memorandum of Understanding (MOU) to enter a strategic alliance for the joint participation and co-operation in the development and operation of the Crocker Well and Mt Victoria Uranium Deposits and other commodities in the Curnamona Province of South Australia (The Project).

The Crocker Well and Mt Victoria deposits form part of the Project which is covered by four granted tenements covering 2,385 km<sup>2</sup> of uranium prospective ground in the Curnamona province of SA, plus one application covering an additional 1,393 km<sup>2</sup>. PepinNini has a 100% interest in the Crocker Well and Mt Victoria uranium deposits and these surrounding prospects in South Australia, which currently has a JORC compliant inferred resource of 14.85 million lbs of U<sub>3</sub>O<sub>8</sub>. The Project area has considerable potential for uranium and other mineral commodities such as copper, gold, lead, zinc and rare earth elements such as thorium.

Under the terms of the MOU PepinNini has granted Sinosteel an exclusivity period of 3 calendar months (extendable to 5 months) in order to permit the entry into legally binding documentation subject to such Australian and PRC Government and other regulatory approvals as may be required (including the approval of the Australian FIRB). In consideration of the exclusive arrangement Sinosteel shall make a non-refundable payment to PepinNini of \$A1.5 million and a further non-refundable payment of \$A1 million if the period is extended. If the parties do not enter the documentation by the end of the exclusivity period the non-refundable payments will be converted into shares to be issued to Sinosteel at \$A0.50 per share. Sinosteel will also invest immediately \$A1.65 million for a placement of 3.3 million shares in PepinNini and will have a representative on the board of PepinNini.

Subject to appropriate legally binding agreements and government approvals, Sinosteel will pay PepinNini \$A30.5 million for a 60% stake in the newly formed company that holds the project and tenements. In addition Sinosteel will contribute \$A6 million exploration expenditure over a 2 year period for commodities other than uranium. Subject to the successful completion of a bankable feasibility study to develop the uranium prospects, Sinosteel shall enter into an offtake agreement for 100% of the projected output on normal commercial terms to underpin an appropriate level of project debt.

The MOU is significant in that it represents the first direct involvement of a Chinese company in the potential development of a uranium deposit in Australia. Both parties acknowledge the assistance of Austrade in facilitating the agreement.

Sinosteel is a Chinese state-owned enterprise and is one of the first to launch successful mineral resource projects overseas under the *Go Global* program. Sinosteel has a global sales and

logistics network. It trades products which are important in the steel industry including iron ore, chrome ore, DRI, fluorspar, coke, manganese ore, scrap, steel products, magnesite and rare earths, in which it has a leading position in China.

Sinosteel has been operating in Australia since 1987. Its main resource asset in Australia is a 40% stake in the Channar joint venture with Rio Tinto in the Pilbara, WA which produces 11mtpa of iron ore for the Chinese market.

Managing Director of PepinNini, Mr Norman Kennedy said "This is a unique opportunity for an explorer such as PepinNini to progress the development of its advanced exploration projects with the co-operation of one of the world's most influential companies operating in the vast Chinese marketplace. We look forward to facilitating the development of our uranium and base metal projects in the Curnamona Province with Sinosteel and are proud to have the support of such a substantial company."

*The information in this report that relates to Exploration Results is based on information compiled by Norman Kennedy BSc MAusIMM. Norman Kennedy is the Managing Director of PepinNini Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Norman Kennedy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

**For further information please contact:**

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**Note:**

For further information on PepinNini Minerals Limited go to [www.pepinnini.com.au](http://www.pepinnini.com.au)

For further information on Sinosteel Corporation go to [www.sinosteel.com](http://www.sinosteel.com)



**PepinNini and Sinosteel Signing Ceremony in Beijing, PRC**

### Curnamona Project - Tenement Location Plan

