

# Pegmont Mines Limited

ABN 97 003 331 682

**Corporate Office**

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Crows Nest NSW 2065

**Postal Address**

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**FAX TO:** NATIONAL STOCK EXCHANGE OF AUSTRALIA

**ATTENTION:** MR SCOTT EVANS

**FAX NO:** (02) 49291556

**FROM:** CHRIS LESLIE

**SUBJECT:** HALF YEARLY REPORTS

**DATE:** 24 AUGUST 2007

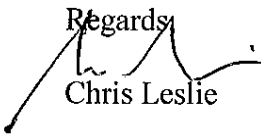
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Dear Scott,

Please find attached the following:

1. Appendix 3 Half Yearly Report 6 months ended 30/6/07.
2. Financial Report for Half-Year Ended 30 June 2007.

Regards



Chris Leslie

# FORM: Half/preliminary final report

Name of issuer

Pegmont Mines NL

ACN or ARBN

003 331 682

Half yearly  
(tick)

✓

Preliminary  
final (tick)Half year/financial year ended  
(Current period)

30 June 2007

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A
Sales (or equivalent) operating revenue (item 1.1)	up/down	%60.0	to	17,969,079
Operating profit (loss) before abnormal items and tax (item 1.4)	Up/down	%13.4	to	4,933,472
Abnormal items before tax (item 1.5)		gain (loss) of	to	-
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up/down	%13.4	to	3,453,314
Extraordinary items after tax attributable to members (item 1.13)		gain (loss) of	to	-
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	up/down	%13.4	to	3,453,314
Exploration and evaluation expenditure incurred (item 5.2)	up/down	%41.3	to	131,250
Exploration and evaluation expenditure written off (item 5.3)	up/down	%41.3	to	131,250

Dividends	Franking rate applicable	NIL			
Current period		NIL¢	N/A	NIL¢	N/A
Previous corresponding period		NIL¢	NIL¢	NIL¢	NIL¢

Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)

N/A

Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:

N/A

**Consolidated profit and loss account***(The figures are not equity accounted)*

	Current period \$A To 30 June 2007	Previous corresponding period \$A
1.1 Sales (or equivalent operating) revenue	17,969,079	11,230,310
1.2 Other revenue	100,480	75,274
1.3 <b>Total revenue</b>	18,069,559	11,305,584
1.4 <b>Operating profit (loss) before abnormal items and tax</b>	4,933,472	4,349,924
1.5 Abnormal items before tax (detail in item 2.1)	-	-
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	4,933,472	4,349,924
1.7 Less tax	1,480,158	1,304,947
1.8 Operating profit (loss) after tax but before outside equity interests	3,453,314	3,044,947
1.9 Less outside equity interests	-	-
1.10 <b>Operating profit (loss) after tax attributable to members</b>	3,453,314	3,044,947
1.11 Extraordinary items after tax (detail in item 2.3)	-	-
1.12 Less outside equity interests	-	-
1.13 Extraordinary items after tax attributable to members	-	-
1.14 <b>Total operating profit (loss) and extraordinary items after tax (items 1.8 1.11)</b>	3,453,314	3,044,947
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 1.12)	-	-
1.16 <b>Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 +1.13)</b>	3,453,314	3,044,947
1.17 Retained profits (accumulated losses) at beginning of financial period	3,955,343	203,750
1.18 Aggregate of amounts transferred from reserves	-	-
1.19 Total available for appropriation (carried forward)	7,408,657	3,248,697
1.20 Total available for appropriation (brought forward)	3,955,343	203,750
<b>Consolidated profit and loss account continued</b>		
1.21 Dividends provided for or paid	NIL	NIL
1.22 Aggregate or amounts transferred to reserves	NIL	NIL

1.23	<b>Retained profits (accumulated losses) at end of financial period</b>	7,408,657	3,248,697
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**Abnormal and extraordinary items**

		Consolidated - current period		
		Before \$A	Related \$A	After \$A
2.1	Abnormal items	NIL	NIL	NIL
2.2	<b>Total abnormal items</b>	NIL	NIL	NIL
2.3	Extraordinary items			
2.4	<b>Total extraordinary items</b>	NIL	NIL	NIL

**Comparison of half year profits**  
*(Preliminary final statement only)*

		Current year - \$A	Previous year - \$A
3.1	Consolidated operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly statement)	3,453,314	3,044,947
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	-	-

(See note 5)

<b>Consolidated Balance Sheet</b>		At end of	As shown in last	As in last half
<b>Current assets</b>		current period	annual report	yearly statement
		\$A 30/6/07	\$A 31/12/06	\$A 30/6/06
4.1	Cash	4,713,079	3,591,064	4,185,081
4.2	Receivable	651,471	29,917	22,413
4.3	Investments	7,529,417	5,270,687	4,079,638
4.4	Inventories	-	-	-
4.5	Other (provide details if material)	81,832	19,128	34,456
4.6	<b>Total current assets</b>	12,975,799	8,910,796	8,321,588
<b>Non-current assets</b>				
4.7	Receivables			
4.8	Investments			
4.9	Inventories			
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	3,350,000	3,350,000	3,350,000
4.11	Development properties (mining entities)			
4.12	Other property, plant and equipment (net)			
4.13	Intangibles (net)			
4.14	Other (provide details if material)			
4.15	<b>Total non-current assets</b>	3,350,000	3,350,000	3,350,000
4.16	<b>Total assets</b>	16,325,799	12,260,796	11,671,588
<b>Current liabilities</b>				
4.17	Accounts payable	168,941	220,410	139,325
4.18	Borrowings	-	-	-
4.19	Provisions	1,230,821	780,663	835,186
4.20	Other (provide details if material)	228,000	15,000	159,000
4.21	<b>Total current liabilities</b>	1,627,762	1,016,073	1,155,511
<b>Non-current liabilities</b>				
4.22	Accounts payable			
4.23	Borrowings			
4.24	Provisions			
4.25	Other (provide details if material)			
4.26	<b>Total non-current liabilities)</b>	-	-	-
4.27	<b>Total liabilities</b>	1,627,762	1,016,073	1,155,511
4.28	<b>Net assets</b>	14,698,037	11,244,273	10,538,077

**Consolidated balance sheet continued****Pegmont Mines Limited**

		AT 30/6/07	AT 32/12/06	AT 30/6/06
	<b>Equity</b>	<b>\$A</b>	<b>\$A</b>	<b>\$A</b>
4.29	Capital	2,833,187	2,833,187	2,833,187
4.30	Reserves	4,456,193	4,456,193	4,456,193
4.31	Retained profits (accumulated losses)	7,408,657	3,955,343	3,248,697
4.32	Equity attributable to members of the parent entity	14,698,037	11,244,723	10,538,077
4.33	Outside equity interests in controlled entities	-	-	-
4.34	<b>Total equity</b>	<b>14,698,037</b>	<b>11,244,723</b>	<b>10,538,077</b>
4.35	Preference capital and related premium included as part of 4.31	NIL	NIL	NIL

**Exploration and evaluation expenditure capitalised**

*To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit*

		Current period \$A To 30/6/07	Previous corresponding period \$A 30/6/06
5.1	Opening balance	3,350,000	3,350,000
5.2	Expenditure incurred during current period	141,954	241,779
5.3	Expenditure written off during current period	(141,954)	(241,779)
5.4	Acquisitions, disposals, revaluation increments, etc.		
5.5	Expenditure transferred to Development Properties		
5.6	<b>Closing balance as shown in the consolidated balance sheet (item 4.9)</b>	<b>3,350,000</b>	<b>3,350,000</b>

**Development**

*(To be completed only by issuers with mining interests if amounts are material)*

**properties**

		Current period \$A	Previous corresponding period \$A
6.1	Opening balance	NIL	NIL
6.2	Expenditure incurred during current period		
6.3	Expenditure transferred from exploration and evaluation		
6.4	Expenditure written off during current period		
6.5	Acquisitions, disposals, revaluation increments, etc.		
6.6	Expenditure transferred to mine properties		
6.7	<b>Closing balance as shown in the consolidated balance sheet (item 4.10)</b>	<b>NIL</b>	<b>NIL</b>

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**Consolidated statement of cash flows**

(See note 6)

**Consolidated statement of cash flows**

(See note 6)

		Current period \$A at 30/6/2007	Previous corresponding period \$A 30/6/06
<b>Cash flows related to operating activities</b>			
7.1	Receipts from sale of shares	17,969,079	11,230,310
7.2	Payments for purchase of shares	(15,557,812)	(7,026,425)
	Payments to suppliers and contractors	(134,917)	(70,430)
7.3	Dividends received	-	4,000
7.4	Interest and other items of similar nature received	100,480	43,049
7.5	Interest and other costs of finance paid	-	-
7.6	Income taxes paid	(979,861)	(895,614)
7.7	Other (Directors Fees)	(133,000)	(130,000)
7.8	<b>Net operating cash flows</b>	1,263,969	3,154,890
<b>Cash flows related to investing activities</b>			
7.9	Payments for purchases of property, plant and equipment	-	-
7.10	Proceeds from sale of property, plant and equipment	-	-
7.11	Payment for purchases of equity investments	-	-
7.12	Proceeds from sale of equity investments	-	-
7.13	Loans to other entities	-	-
7.14	Loans repaid by other entities	-	-
7.15	Other (Exploration)	(141,954)	(241,779)
7.16	<b>Net investing cash flows</b>	(141,954)	(241,779)
<b>Cash flows related to financing activities</b>			
7.17	Proceeds from issues of securities (shares, options, etc.)	-	-
7.18	Proceeds from borrowings	-	-
7.19	Repayment of borrowings	-	-
7.20	Dividends paid	-	-
7.21	Other (provide details if material)	-	-
7.22	<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>		1,122,015	2,913,111
7.23	Cash at beginning of period (see Reconciliations of cash)	3,591,064	1,271,970
7.24	Exchange rate adjustments to item 7.23	-	-
7.25	<b>Cash at end of period</b> (see Reconciliation of cash)	4,713,079	4,185,081



**Non-cash financing and investing activities**

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

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**Reconciliation of cash**

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A at 30/06/2007	Previous corresponding period \$A30/06/06
8.1 Cash on hand and at bank	181,896	1,121,136
8.2 Deposits at call	4,531,183	3,063,945
8.3 Bank overdraft		-
8.4 Other (provide details)		-
8.5 Total cash at end of period (item 7.25)		4,185,081

**Ratios**

	Current period	Previous corresponding period
<b>Profit before abnormals and tax/sales</b>		
9.1 Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	27.5%	38.73%
<b>Profit after tax/equity interests</b>		
9.2 Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34)	23.95%	28.89%

**Earnings per security (EPS)**

10.1	Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a)	Basic EPS	6.8c	6.0c
(b)	Diluted EPS (if materially different from (a))		

**NTA backing**  
(see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ordinary security	29.0c	20.8c

**Details of specific receipts/outlays, revenues/expenses**

	Current period A\$ at 30 /06/2006	Previous corresponding period \$A
12.1 Interest revenue included in determining items 1.4	100,480	43,049
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	-	-
12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5 Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6 Depreciation (excluding amortisation of intangibles)	-	-
12.7 Amortisation of intangibles	-	-

**Control gained over entities having material effect**  
(See note 8)

13.1 Name of issuer (or group)	NIL
13.2 Consolidated operating profit (loss) and extraordinary items after tax of the issuer (or group) since the date in the current period on which control was acquired	\$ NIL
13.3 Date from which such profit has been calculated	-
13.4 Operating profit (loss) and extraordinary items after tax of the issuer (or group) for the whole of the previous corresponding period	\$ NIL

**Loss of control of entities having material effect**

(See note 8)

14.1	Name of entity (or group)	NIL
14.2	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or group) for the current period to the date of loss of control	\$ NIL
14.3	Date from which the profit (loss) in item 14.2 has been calculated	-
14.4	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or group) while controlled during the whole of the previous corresponding period	\$ NIL
14.5	Contribution to consolidated operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$ NIL

**Reports for industry and geographical segments**

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 1005 and indicates which amount should agree with items included elsewhere in this statement.

**Segments**

Operating Revenue from sale of shares		17,969,079
Interest received (other)		100,480
Other income		-
Unallocated revenue		-
Total revenue (consolidated total equal to item 1.3)		18,069,559
Segment result (including abnormal items where relevant)- sharetrading profit		5,519,593
	- Interest + other	100,480
	- Exploration	(141,594)
Unallocated expenses		(544,647)
Provision for income tax		(1,480,158)
Consolidated operating profit after tax (before equity accounting) (equal to item 1.8)		3,453,314
Segment	30/6/07	30/6/06
Investments	7,529,417	5,446,328
Exploration	3,350,000	3,350,000
Unallocated	5,446,328	4,241,950
		11,671,588
Total assets (equal to item 4.15)	16,325,799	

**Dividends**

15.1 Date the dividend is payable

N/A

15.2 Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)

N/A

**18.3 Amount per security**

N/A

		Franking rate applicable	39%	36%	33%
	<i>(Preliminary final statement only)</i>				
15.4	<b>Final dividend:</b> Current year	NIL¢	N/A	¢	N/A
15.5	Previous year	NIL¢	¢	¢	¢
	<i>(Half yearly and preliminary final statements)</i>				
15.6	<b>Interim dividend:</b> Current year	NIL¢	N/A	¢	N/A
				¢	¢
15.7	Previous year	NIL¢	¢		

**Total annual dividend (distribution) per security**  
*(Preliminary final statement only)*

15.8 Ordinary securities

15.9 Preference securities

Current year	Previous year
NIL¢	NIL¢
NIL¢	NIL¢

**Total dividend (distribution)**

15.10 Ordinary securities

15.11 Preference securities

15.12 **Total**

Current \$A period	Previous corresponding period - \$A
\$NIL	\$NIL
\$NIL	\$NIL
\$NIL	\$NIL

The *dividend or distribution plans* shown below are in operation.

NIL

The last date(s) for receipt of election notices to the *dividend or distribution plans* N/A

Any other disclosures in relation to dividends (distributions)

N/A

### Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Investments in associated entities		Current period A\$	Previous corresponding period A\$
16.1	Statutory carrying value of investments in associated entities (SCV)	NIL	NIL
16.2	Share of associated entities' retained profits and reserves not included in SCV:	NIL	NIL
	Retained profits		
	Reserves		
16.3	Equity carrying value of investments	NIL	NIL

### Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period		Contributing to operating profits (loss) and extraordinary items after tax	
17.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period	Previous corresponding period
		NIL	NIL	Equity accounted	
17.2	Other material interests	NIL	NIL	Not equity accounted (ie part of item 1.14)	

**Issued and listed securities**

Description includes rate of interest and any redemption or conversion rights together with prices and rates.

Category of securities		Number issued	Number listed	Par value (cents)	Paid-up value (cents)
18.1	<b>Preference securities</b> (description)	NIL	NIL		
18.2	Issued during current period	NIL	NIL		
18.3	<b>Ordinary securities</b>	50,686,796			
18.4	Issued during current period	NIL	NIL		
18.5	<b>Convertible debt securities</b> (description and conversion factor)	NIL	NIL		
18.6	issued during current period	NIL	NIL		
18.7	<b>Options</b> (description and conversion factor)	1,549,200	-	Exercise price	Expiry date
				10c	31-12-2007
18.8	Issued during current period	NIL	NIL		
18.9	Exercised during current period	NIL	NIL		
18.10	Expired during current period	NIL	NIL		
18.11	<b>Debentures</b> (totals only)	NIL	NIL		
18.12	<b>Unsecured Notes</b> (totals only)	NIL	NIL		

*Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.*

#### **Basis of accounts preparation**

*If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. [Delete if in applicable.]*

#### **Material factors affecting the revenues and expenses of the issuer for the current period**

The Company during the six months to 30/6/07 continued to make substantial sharetrading profits as a result of a buoyant market for resource company stocks. Increased legal fees were incurred in relation to an option agreement with Cloncurry Metals Limited (refer below).

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Since 30 June 2007, the Board of Directors continued to build the company's cash holdings to \$7,298,513 (14.4c/share) in anticipation of a possible stock market correction. Furthermore realised share trading profits also increased from \$5,519,592 to \$7,098,136 at 31 July 2007 which slightly exceeds our revised estimate for the twelve months to 31 December 2007. Due to the extreme volatility of the stock market, we feel unable to predict the final year result.

Also on the 25 July 2007 an option agreement with Cloncurry Metals Limited ("CML") on the Pegmont lead-zinc deposit was finalised. The conditions of this option agreement are substantially the same as advised to shareholders on 31 May 2007, except that CML is required to list on the ASX by 30 September 2007, an extension of one month or other satisfactory arrangements being made by 30 October 2007 to meet its obligations to the Company. These obligations include the reimbursement of agreed expenses relating to the current drill program. The Company has agreed to subscribe \$1million to the CML initial Public Offering. The current drill program commenced on the 13 August 2007.

Metallurgical results derived from testing the Pegmont sulphide mineralisation have indicated that commercial grade lead and zinc concentrate can be produced at acceptable recoveries. The design criteria yielding these results will be incorporated into a scoping study. Future work on oxide material using non-conventional treatment processes awaits additional samples from the current drill program

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Due to the payment of tax the company has franking credits available for payment of a dividend as and when the board of Directors decide.

Changes in accounting policies since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly statement in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final statement in accordance with AASB 101: Accounting Policies-Disclosure.)*

NIL



**Annual meeting***(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

N/A

Date

-

Time

-

Approximate date the annual report will be available

-

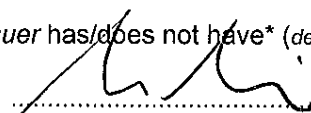
**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

NIL

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- ☐ The financial statements have been audited. ☒ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.
5. ~~If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available\*~~ (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The issuer has/~~does not have~~\* (*delete one*) a formally constituted audit committee.

Sign here:  Date: 24/8/2007  
(Director/Company secretary)

Print name: .....CHRIS D LESLIE.....

**Notes**

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.

attach a note providing additional information and explanations to give a true and fair view.

3. **Consolidated profit and loss account**

- Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
- Item 1.2 "other revenue" includes abnormal items, but excludes extraordinary revenue items.
- Item 1.4 "operating profit (loss) before abnormal items and tax" is calculated before dealing with outside equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
- Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg. fringe benefits tax).

4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

5. **Consolidated balance sheet**

**Format** The format of the consolidate balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029*. Banking institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 19-21 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.

6. **Statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 1026: Statement of Cash Flows*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. Mining exploration *issuers* may use the form of cashflow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.

10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under an ASIC Class Order dated 17 August 1994, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are normally the unadjusted figures from the previous corresponding period. However, if the previously reported figures are adjusted to achieve greater comparability, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the list rules for an *issuer* to complete this statement does not prevent the *issuer* issuing reports more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the Exchange. For example, a *directors'* report and statement, if lodged with the ASIC, must be given to the Exchange.
13. **Accounting Standards** the Exchange will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Borrowing corporations** As at 1/7/96, this statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards. However, borrowing corporations must comply with Schedule 5 of the Corporations Regulations. See regulation 3.6.02(4).

## Pegmont Mines Limited

### Independent Review Report To The Members of Pegmont Mines Limited

#### SCOPE

We have reviewed the financial report of Pegmont Mines Limited for the half-year ended 30 June 2007. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" issued in Australia and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.


#### INDEPENDENCE

In conducting our review we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

#### STATEMENT

Based on our review which is not an audit, we have not become aware of any matter that makes us believe that the half-year report of Pegmont Mines Limited is not in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 30 June 2007 and the performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



ROTHSAY



GRAHAM R. SWAN  
Partner

Dated this 22 day of August 2007.

Liability is limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

**Pegmont Mines Limited**

ACN 003 331 682

**Financial Report**

**for the**

**Half-Year ended 30 June 2007**

# Pegmont Mines Limited

ACN 003 331 682

## Directors' Report

The Directors of Pegmont Mines Limited submit herewith the financial report for the half-year ended 30 June 2007. In order to comply with the provisions of the Corporations Act, the Directors report as follows: -

The names and particulars of Directors of the company in office on the day this report is made out are:

**ARMSTRONG, John M.** (Non-Executive Chairman) *BSc, MBA, FIin, FAICD*

Mr Armstrong, aged 72, is a professional company director with over 35 years experience in investment banking and resource finance and investment management at senior management and director levels.

**MAYGER, Malcolm A.** (Executive Managing Director) *BCom, CA*

Mr Mayger, aged 67, has 40 years experience in exploration, mining and investment. Malcolm Mayger founded the company in 1987 and has guided its subsequent development from an exploration concept to mining investment and exploration activities.

**LEGGO, Michael D.** (Technical Director) *BSc, MSc, PhD, DIC, FAIG, FAusIMM*

Dr Leggo, aged 66, is an experienced Geoscientist and has held senior positions with major exploration and mine development companies. He has over 25 years experience in his field. He has held a variety of technical and managerial positions in Australia and overseas and more recently has held senior positions in corporate environmental management.

## Review of Operations

The company's operations during the half year to 30 June 2007 resulted in a 13.4% increase in net profit to \$3,453,314 as follows:

	Segment Revenue 2007 \$	Segment Profit 2007 \$	Segment Profit 2006 \$
Share Trading	17,969,079	5,519,593	4,772,251
Other	<u>100,480</u>	<u>100,480</u>	<u>75,274</u>
	<u>18,069,559</u>	5,620,073	4,847,525
Exploration expenditure		(141,954)	(241,779)
Unallocated expenses		<u>(544,647)</u>	<u>(255,822)</u>
Profit from ordinary activities before tax		4,933,472	4,349,924
Income Tax		<u>1,480,158</u>	<u>1,304,977</u>
Profit for half-year after income tax		<u>3,453,314</u>	<u>3,044,947</u>
Earnings per share		6.8c	6.0c

The profit has been subjected to an independent review by the company's auditor.

**Activities**

The Company has continued its share trading activities and exploration of the Pegmont lead-zinc deposit as per our Quarterly Activity Reports for March and June'07.

**Changes In State Of Affairs**

1. During the half year there was no significant change in the Company's state of affairs other than that referred to in the half year accounts or notes thereto.
2. Since 30 June 2007, the Board of Directors continued to build the company's cash holdings to \$7,298,513 (14.4c/share) in anticipation of a possible stock market correction. Furthermore realised share trading profits also increased from \$5,519,592 to \$7,098,136 at 31 July 2007 which slightly exceeds our revised estimate for the twelve months to 31 December 2007. Due to the extreme volatility of the stock market, we feel unable to predict the final year result.
3. Also on the 25 July 2007 an option agreement with Cloncurry Metals Limited ("CML") on the Pegmont lead-zinc deposit was finalised. The conditions of this option agreement are substantially the same as advised to shareholders on 31 May 2007, except that CML is required to list on the ASX by 30 September 2007, an extension of one month or other satisfactory arrangements being made by 30 October 2007 to meet its obligations to the Company. These obligations include the reimbursement of agreed expenses relating to the current drill program. The Company has agreed to subscribe \$1million to the CML initial Public Offering. The current drill program commenced on the 13 August 2007.
4. Metallurgical results derived from testing the Pegmont sulphide mineralisation have indicated that commercial grade lead and zinc concentrate can be produced at acceptable recoveries. The design criteria yielding these results will be incorporated into a scoping study. Future work on oxide material using non-conventional treatment processes awaits additional samples from the current drill program.

In summary, the Board will continue to cautiously share trade the stock market, looking for low to moderate risk situations which may emerge from selling pressure in the current market corrective phase.

**AUDITORS' INDEPENDENCE - SECTION 307C**

The following is a copy of a letter received from the Company's auditors:

"Dear Sirs,

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the half-year ended 30 June 2007 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)  
Rothsaw Chartered Accountants"

**Activities**

The Company has continued its share trading activities and exploration of the Pegmont lead-zinc deposit as per our Quarterly Activity Reports for March and June'07.

**Changes In State Of Affairs**

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In summary, the Board will continue to cautiously share trade the stock market, looking for low to moderate risk situations which may emerge from selling pressure in the current market corrective phase.

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ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)  
Rothsay Chartered Accountants"

This report is made in accordance with a resolution of the directors

Dated this 22 day of August 2007.

On behalf of the Directors



MA Mayger  
Director



# Pegmont Mines Limited

## Independent Review Report To The Members of Pegmont Mines Limited

### SCOPE

We have reviewed the financial report of Pegmont Mines Limited for the half-year ended 30 June 2007. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" issued in Australia and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

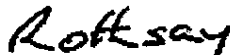
### INDEPENDENCE

In conducting our review we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

### STATEMENT

Based on our review which is not an audit, we have not become aware of any matter that makes us believe that the half-year report of Pegmont Mines Limited is not in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 30 June 2007 and the performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



ROTHSAY



GRAHAM R. SWAN  
Partner

Dated this 22 day of August 2007.

Liability is limited by the Accountants Scheme, approved under the Professions! Standards Act 1994 (NSW)

# Pegmont Mines Limited

## Directors' Declaration For The Half-Year Ended 30 June 2007

The directors declare that:

- (a) The attached financial statements and notes thereto comply with Accounting Standards;
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) In the directors' opinion there are reasonable grounds to believe that Pegmont Mines Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



MA Mayger  
Director

Dated this 22 day of August 2006.

# Pegmont Mines Limited

## Income Statement

For The Half-Year Ended 30 June 2007

	Note	Half-year ended 30 June 2007 \$	Half-year ended 30 June 2006 \$
Gross revenue from sharetrading		17,969,079	11,230,310
Cost of sales		(12,449,486)	(6,458,059)
Profit on sale of shares		5,519,593	4,772,251
Investment income		100,480	75,274
Expenses from ordinary activities		(686,601)	(497,601)
Income tax		(1,480,158)	(1,304,977)
Net Profit from ordinary activities for half-year after income tax		3,453,314	3,044,947
Minority interests		-	-
Profit for half year attributable to members of Pegmont Mines NL and recognised directly in equity		3,453,314	3,044,947
Retained Profits brought forward		3,955,343	203,750
Retained Profits at end of half-year		7,408,657	3,248,697
Earnings per share(cents per share) - basic	5	6.8	6.0

	Note	Half-year 30 June 2007 \$	Annual Report 31 Dec 2006 \$	Half-year 30 June 2006 \$
<b>Balance Sheet</b>				
<b>As at 30 June 2007</b>				
<b>Current Assets</b>				
Cash		4,713,079	3,591,064	4,185,081
Receivables		651,471	10,837	22,413
Other		81,832	38,208	34,456
Investments		7,529,417	5,270,687	4,079,638
<b>Total Current Assets</b>		<b>12,975,799</b>	<b>8,910,796</b>	<b>8,321,588</b>
<b>Non-Current Assets</b>				
Other - exploration and development tenements		3,350,000	3,350,000	3,350,000
<b>Total Non-Current Assets</b>		<b>3,350,000</b>	<b>3,350,000</b>	<b>3,350,000</b>
<b>Total Assets</b>		<b>16,325,799</b>	<b>12,260,796</b>	<b>11,671,588</b>
<b>Current Liabilities</b>				
Accounts payable		168,941	220,410	139,325
Provisions		1,230,821	780,663	835,186
Other		228,000	15,000	159,000
<b>Total Current Liabilities</b>		<b>1,627,762</b>	<b>1,016,073</b>	<b>1,133,511</b>
<b>Total Liabilities</b>		<b>1,627,762</b>	<b>1,016,073</b>	<b>1,133,511</b>
<b>Net Assets</b>		<b>14,698,037</b>	<b>11,244,723</b>	<b>10,538,077</b>
<b>Shareholders' Equity</b>				
Share capital		2,833,187	2,833,187	2,833,187
Reserves		4,456,193	4,456,193	4,456,193
Retained Profits (Accumulated losses)		7,408,657	3,955,343	3,248,697
<b>Total Shareholders' Equity</b>		<b>14,698,037</b>	<b>11,244,723</b>	<b>10,538,077</b>
Net Tangible Assets per share	cents	29.0	22.2	20.8

# Pegmont Mines Limited

## Statement of Cash Flows

For The Half-Year Ended 30 June 2007

	Note	Current Half Year Consolidated \$	Previous Corresponding Half Year Consolidated \$
<b>Cash Flows Related To Operating Activities</b>			
Receipts from sale of shares		17,969,079	11,230,310
Payments for purchase of shares		(15,557,812)	(7,026,425)
Directors' fees		(133,000)	(130,000)
Payments to suppliers and contractors (inclusive of goods and services tax)		(134,917)	(70,430)
Interest and other items of a similar nature received		100,480	47,049
Income taxes paid		(979,861)	(895,614)
<b>Net Operating Cash Flows</b>		<b>1,263,969</b>	<b>3,154,890</b>
<b>Cash Flows Related To Investing Activities</b>			
Outflow for purchases of property, plant & equipment		-	-
Outflow for exploration expenditure		(141,954)	(241,779)
Outflow for equity investments		-	-
Proceeds from sale of equity investments		-	-
<b>Net Investing Cash Flows</b>		<b>(141,954)</b>	<b>(241,779)</b>
<b>Cash Flows Related To Financing Activities</b>			
Other		-	-
<b>Net Financing Cash Flows</b>		<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) In Cash Held</b>		<b>1,122,015</b>	<b>2,913,111</b>
Cash at beginning of half year		3,591,064	1,271,970
<b>Cash At End Of Half Year</b>	<b>3</b>	<b>4,713,079</b>	<b>4,185,081</b>

## Notes to the Financial Statements

For the Half-Year ended 30 June 2007

### 1. Basis of Preparation of Half-Year Financial Statements

These general purpose accounts for the half-year ended 30 June 2007 have been prepared in accordance with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2006 and any public announcements made by Pegmont Mines Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of accounting standards mandatory for accounting periods beginning on or after 1 January 2006 which have had no effect on the result for the period or contributed equity.

The half-year report has been prepared on an historical cost basis and the half-year has been treated as a discrete reporting period

# Pegmont Mines Limited

## Notes to the Financial Statements

For the Half-Year ended 30 June 2007

### 2. Revenue and Expense

Operating profit before income tax is arrived at after:

	Current Half-Year Consolidated	Previous Corresponding Half Year Consolidated
	\$	\$
a) crediting interest as revenue	100,480	43,049
b) exploration expensed	(141,954)	(241,779)

### 3. Reconciliation of cash

Cash at the end of the half-year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:

Cash on hand and at bank	181,896	1,121,136
Deposits at call	4,531,183	3,063,945
	<u>4,713,079</u>	<u>4,185,081</u>

## Pegmont Mines Limited

### Notes to the Financial Statements

For the Half-Year ended 30 June 2007

#### 4. Issued and quoted securities at end of current half-year

Category of Securities	Number Issued	Number Quoted	Par Value Cents	Paid-Up Value Cents
Ordinary Shares:	50,686,796	50,686,796		
Issued during current half year	Nil	Nil		
Options:			Exercise Price	Expiry Date
Listed	Nil	Nil		
Unlisted	1,549,200	Nil	10c	31/12/2007
Issued during current half year	Nil	Nil		
Exercised during half-year	Nil	Nil		
Expired during half-year - Listed	Nil	Nil		
Expired during half-year - Unlisted	Nil	Nil		

#### 5. Earnings per share

	Current Half-Year Consolidated	Previous Corresponding Half Year Consolidated
Basic earnings per share	6.8c	6.0c
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	50,686,796	50,686,796
The diluted earnings per share is not materially different from the basic earnings per share.		

#### 6. Commitments for expenditure

##### Mineral tenement leases

In order to maintain current rights of tenure to mining tenements, the Company will be required to outlay in 2006/07 amounts of approximately \$320,000 (2005/2006 \$100,000) in respect of tenement lease rentals, exploration expenditures and mining lease work commitments to meet the minimum expenditure requirements of the Queensland Department of Mines and Energy. These obligations will be fulfilled in the normal course of operations.

#### 7. Segmental Information

The economic entity operates predominantly in one geographic location. The operations of the economic entity consist of investment and exploration minerals within Australia.

## **Pegmont Mines Limited**

### **Notes to the Financial Statements**

#### **8. Subsequent Events**

No matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the half-year ended 30 June 2007.