

**Pegmont Mines Limited**

ACN 003 331 682

**Financial Report**

**for the**

**Half-Year ended 30 June 2009**

# 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 2009. 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, Fijn, FAICD*

Mr Armstrong, aged 73, 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 69, 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.

**SLOAN, Ian N.S** (Non-Executive Director) *B.Tech. (Mech.) MAICD.*

Mr Sloan, aged 65, is an engineer with extensive mining and industrial experience. He is a director of Hill End Gold Ltd.

## Review of Operations

The company's operations during the half year to 30 June 2009 resulted in a net profit of \$505,118 a substantial turnaround on the loss of \$2,722,664 to June 2008. This result is after expensing all administration and exploration expenditure incurred during the six months.

	Segment Revenue 2009	Segment Profit/(loss) 2009	Segment Profit 2008
	\$	\$	\$
Share Trading	8,873,944	297,280	(314,281)
Dividends Received	<u>6,803</u>	<u>6,803</u>	<u>28,400</u>
Gross Revenue from share trading	8,880,747	304,083	(285,881)
Other	<u>11,519</u>	<u>11,519</u>	<u>166,463</u>
	<u>8,892,266</u>	315,602	(119,418)
Exploration expenditure-net of recoveries		(208,306)	(70,672)
Unallocated expenses		<u>(298,405)</u>	<u>(355,008)</u>
Profit/(loss) from ordinary activities before tax		(191,109)	(545,098)
Income Tax expense/(credit)		-	(169,668)
Provision for share trading profit/(loss)		<u>696,227</u>	<u>(2,347,234)</u>
Profit/(loss) for half-year after income tax and provision		<u>505,118</u>	<u>(2,722,664)</u>
Earnings/(loss) per share		1.0c	(5.4c)

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

The return to profitable share trading has resulted from a change in strategy to short term trading which has proved more suited to market volatility and made it possible to take advantage of the rally in resources equities from March'09 onwards. Share trading activities have continued to be profitable, which if maintained could result in a net profit in excess of \$1million (2c/share) for the year after all expenses.

**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'09.

A short drill program at New Hope (Au-Co) and at Pegmont (Pb-Zn) is expected to commence during August.

At New Hope a program of twelve (12) shallow holes has been designed to delineate an open cuttable resource subject to results.

At Pegmont infill drilling on grid line 4000N is expected to confirm tonnage potential in the southern section of the main lode.

A regional rock chip sampling program since May'09 has resulted in several anomalous areas Cu-Au, Mo, Ag requiring follow up work. However, the data requires review and put into a regional context before the next phase of generating drill targets can be commenced.

**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. Share trading for profit was possible due to change in strategy and improved market conditions.
3. Exploration was directed mainly towards extensive rock chip sampling which has resulted in several geochemically anomalous areas requiring follow up.

In summary, the Board will continue to share trade to take advantage of what appears to be a very positive market, in order to build liquidity and pay expenses of exploration and administration.

**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 review of the half-year ended 30 June 2009 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit review.

Graham Swan (Lead auditor)  
Rothsay Chartered Accountants"

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

Dated this 5 day of August 2009.

On behalf of the Directors



MA Mayger  
Director



Level 18, 6 O'Connell Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001  
Phone 8815 5400 Facsimile 8815 5401 E-mail swan2000@bigpond.com

### **Independent Review Report to the Members of Pegmont Mines Ltd**

We have reviewed the accompanying half-year financial report of Pegmont Mines Ltd, which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cashflow statement, for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

#### **Directors' Responsibility**

The Company's directors are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Auditor of an Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented in all material respects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*.

A review of a half-yearly financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly we 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, nothing has come to our attention that causes us to believe that the financial report of Pegmont Mines Ltd does not fairly present, in all material respects the financial position of the company as at 30 June 2009 and of its performance and cash flows for the half-year ended on that date in accordance with Accounting Standard AASB134: *Interim Financial Reporting*.

**Rothsay**

**Graham Swan  
Partner**

Dated 5 August 2009



Chartered Accountants

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

# **Pegmont Mines Limited**

## **Directors' Declaration For The Half-Year Ended 30 June 2009**

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 5 day of August 2009.

# Pegmont Mines Limited

## Income Statement

For The Half-Year Ended 30 June 2009

	Note	Half-year ended 30 June 2009	Half-year ended 30 June 2008
		\$	\$
Gross revenue from share trading		8,880,747	5,599,109
Cost of sales		8,576,664	5,884,990
Profit/ (loss) on sale of shares		304,083	(285,881)
Investment income		11,519	166,463
Expenses from ordinary activities		(506,711)	(425,680)
Income tax credit/(expense)		-	169,668
Unrealised gains/(losses) on revaluation of assets to fair value		696,227	(2,347,234)
Net Profit/ (loss) from ordinary activities for half-year after income tax		505,118	(2,722,664)
Minority interests		-	-
Profit/ (loss) for half year attributable to members of Pegmont Mines NL and recognised directly in equity		505,118	(2,722,664)
Retained Profits brought forward		370,540	7,260,623
Retained Profits at end of half-year		875,658	4,537,959
Earnings per share(cents per share) - basic	5	1.0	(5.4)

Half-year 30 June 2009	Annual Report 31 Dec 2008	Half-year 30 June 2008
	\$	\$

## Balance Sheet

As at 30 June 2009

<b>Current Assets</b>			
Cash	2,217,095	609,537	1,617,803
Receivables	232,405	435,904	223,551
Investments	2,008,876	3,003,360	6,426,050
<b>Total Current Assets</b>	<b>4,458,376</b>	<b>4,048,801</b>	<b>8,267,404</b>
<b>Non-Current Assets</b>			
Other - exploration and development tenements	3,595,425	3,450,000	3,450,000
Plant and Equipment	210,243	244,336	291,307
<b>Total Non-Current Assets</b>	<b>3,805,668</b>	<b>3,694,336</b>	<b>3,741,307</b>
<b>Total Assets</b>	<b>8,264,044</b>	<b>7,743,137</b>	<b>12,008,711</b>
<b>Current Liabilities</b>			
Accounts payable	33,273	17,484	61,372
Provisions	-	-	-
<b>Total Current Liabilities</b>	<b>33,273</b>	<b>17,484</b>	<b>61,372</b>
<b>Total Liabilities</b>	<b>33,273</b>	<b>17,484</b>	<b>61,372</b>
<b>Net Assets</b>	<b>8,230,771</b>	<b>7,725,653</b>	<b>11,947,339</b>
<b>Shareholders' Equity</b>			
Share capital	2,853,187	2,853,187	2,833,187
Reserves	4,556,193	4,456,193	4,456,193
Retained Profits (Accumulated losses)	875,658	370,540	4,537,959
<b>Total parent entity interest</b>	<b>8,285,038</b>	<b>7,779,920</b>	<b>11,947,339</b>
Outside equity interests in controlled entities	54,267	54,267	-
<b>Total Equity</b>	<b>8,230,771</b>	<b>7,725,653</b>	<b>11,947,339</b>
Net Tangible Assets per share cents	16.2		23.4

# Pegmont Mines Limited

## Statement of Cash Flows

For The Half-Year Ended 30 June 2009

	Note	Current Half Year Consolidated \$	Previous Corresponding Half Year Consolidated \$
<b>Cash Flows Related To Operating Activities</b>			
Receipts from sale of shares		8,880,747	5,599,109
Payments for purchase of shares		(6,671,665)	(7,026,724)
Directors' fees		(172,500)	(220,288)
Payments to suppliers and contractors (inclusive of goods and services tax)		(86,812)	(121,359)
Interest and other items of a similar nature received		11,519	166,463
Income taxes paid		-	(737,200)
<b>Net Operating Cash Flows</b>		<b>1,961,289</b>	<b>(2,339,999)</b>
<b>Cash Flows Related To Investing Activities</b>			
Outflow for purchases of property, plant & equipment		-	(14,535)
Outflow for exploration expenditure		(208,306)	(70,672)
Outflow for the purchase of mining lease		(145,425)	-
<b>Net Investing Cash Flows</b>		<b>(353,731)</b>	<b>(85,207)</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>1,607,558</b>	<b>(2425,206)</b>
Cash at beginning of half year		609,537	4,043,009
<b>Cash At End Of Half Year</b>	<b>3</b>	<b>2,217,095</b>	<b>1,617,803</b>

## Notes to the Financial Statements

For the Half-Year ended 30 June 2009

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

These general purpose accounts for the half-year ended 30 June 2009 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 2008 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.

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 2009

### 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	11,519	87,947
b) exploration expensed	(208,306)	(70,672)

### 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	46,962	77,801
Deposits at call	2,170,133	1,540,000
	<u>2,217,095</u>	<u>1,617,801</u>

### 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:	50,886,796	50,886,796		
Issued during current half year	Nil	Nil		
Options:			Exercise Price	Expiry Date
Listed	Nil	Nil		
Unlisted	Nil	Nil		
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		



## Pegmont Mines Limited

### Notes to the Financial Statements

For the Half-Year ended 30 June 2009

#### 5. Earnings per share

	<b>Current Half-Year Consolidated</b>	Previous Corresponding Half Year Consolidated
Basic earnings per share	1.0c	(5.4c)
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	50,886,796	50,886,796
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 2009/10 amounts of approximately \$260,000 (2008/2009 \$245,000) 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 and at present these obligations are exceeded by current expenditure.

#### 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.

#### 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 2009.