

# Pegmont Mines Limited

ABN 97 003 331 682

**Corporate Office**

65 Hume Street  
Crows Nest NSW 2065

**Postal Address**

PO Box 849  
Crows Nest NSW 1585  
Telephone: (02) 8437 3591  
Facsimile: (02) 8437 3599

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

**ATTENTION:** MR SCOTT EVANS

**FAX NO:** (02) 49291556

**FROM:** CHRIS LESLIE

**SUBJECT:** QUARTERLY REPORT

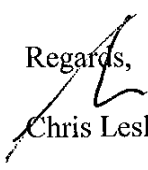
**DATE:** 28 OCTOBER 2009

---

Dear Scott,

Please find attached our Quarterly Report to 30 September 2009.

Regards,

  
Chris Leslie

# Pegmont Mines Limited

ACN 003 331 682

**Corporate Office**  
65 Hume Street  
Crows Nest NSW 2065  
**Postal address**  
PO Box 849  
Crows Nest NSW 1585  
Telephone: 02 8437 3591  
Facsimile: 02 8437 3599

27 October 2009

The Manager  
National Stock Exchange of Australia  
384 Hunter Street  
Newcastle NSW 2300

Dear Sir,

## **Quarterly Activity Report to 30 September 2009**

We submit the following report for Pegmont Mines Limited for the three months to 30 September 2009.

### **1. Summary**

- **Pre-tax share trading profits were \$1,358,972 for the quarter.**  
Interest and other income received during the quarter was \$20,363.  
Net trading Profit after provisions for the nine months to September'09 total \$2,795,000 (ie 5.5 c/share).
- **Exploration** expenditure totalled \$353,529, which included the drilling of 15 holes totalling 875 metres at New Hope and 4 holes totalling 726 metres at Pegmont . Expenditure for nine months was \$544,119.  
Best result at:  
**New Hope:** NHP032: 9m from 64; 33.3g/tAu,3587ppmCo  
**Pegmont:** PMR 192: 8m from 187; 4.41% Pb, 4.71% Zn  
and 5m from 199; 4.26% Pb, 4.24% Zn  
Regional exploration continues to develop anomalous areas of (copper-gold) and molybdenum values.
- **The cash position was \$2,407,433 at 30 September 2009 (\$609,537 at 31 December 2008), which together with listed shares at market value \$3,246,608 resulted in liquid assets at market of \$5,654,041 or 11.1c/share compared to \$3,740,666 7.3c/share at 31 December 2008.**  
The company does not have any borrowings.

## Exploration Activity

The Company has two advanced projects at the Pegmont lead-zinc deposit and at New Hope (gold-cobalt) and several encouraging prospects at Franks Find (copper-gold) and MMA (molybdenum), see attached Figure 2.

### 2.1 The Pegmont Project

Four RC drill holes for 726 metres were completed at the southeast part of the Pegmont deposit. Results are included in the attached drill summary. Intersections in PMR190 and PMR192 extended the known lead/zinc a further 150 metres to grid east on the 4000N.

The best result was: PMR192: 8m from 187; 4.41%Pb, 4.71% Zn, 8.44ppm Ag  
and: 5m from 199; 4.26%Pb, 4.24% Zn, 6.33ppm Ag

The drill results will be incorporated into data compilation by resource consultants to be undertaken during the next four months.

A review of geophysical (magnetic) data and work undertaken by previous operators indicate a broad shallow target area extending south of PMR062 (3m@ 7.5%Pb, 1.0% Zn) from 18m depth over strike length of 200-300 metres.

### 2.2 New Hope (ML 2487)

Fifteen RC drill holes were completed for 875 metres. Details of results are included in the attached summary.

The best result was: NHP032: 9m from 64; 33.3g/t Au, 3587ppmCo.

Drilling has confirmed a mineralised strike length of 50 metres open at depth from 35metres. A further 8-10 holes for 1000m will be required before resource estimations can be made. There are considerable lateral and vertical grade variations which requires close spaced drilling making grade estimation difficult.

### 2.3 Regional Exploration

A program of systematic prospecting, rock chip sampling and mapping since August 2008 is starting to generate several anomalous areas requiring additional work including Frank's Find prospect area and MMA.

Reconnaissance and rock chip sampling continued north and west of Lightning Creek area. Two hundred and nine (209) samples were collected for analysis. Several minor occurrences of (copper-gold) mineralisation have been found with the most promising prospects at **Frank's Find and Frank's Find West**. Mineralised hematite-quartz breccia was observed along a mineralised shear extending 150m NE of Frank's Find. Sporadic mineralisation at Frank's Find West can be traced for 500 metres at less than a metre wide, but the full extent is concealed by alluvium or rubble from the adjacent granite hills. A new exploration permit for minerals application (EPM 18347) has been lodged covering seventeen (17) sub-blocks, north of EPMs 14491 and 15106 over possible extension of Frank's Find West prospect.

At the **MMA** prospect twenty five (25) rock chip samples were taken over a strike length of 100 metres. The sample results associated with quartz vein breccia averaging 95ppm Mo (ranging from 8 to 375 ppm) are encouraging but require detailed mapping and greater sample density before a target can be defined.

### 3. Investment Activities

The stock market has continued to recover enabling the Company to make trading profits of \$1,358,972 during the September quarter. Also, the uplift in share prices of positions held since 31 December 2008 has enabled a write back of \$444,000 against provisions for diminution/ impairment, thus resulting in a total Net Trading Profit of \$1,802,000 for the quarter and \$2,795,000 or 5.5 cents per share for the nine months to September 2009.

<b>Shares Traded</b>	<b>Sept Quarter 2009 \$000</b>	<b>Nine Months to Sept 2009 \$000</b>	<b>Nine Months to Sept 2008 \$000</b>	<b>Year Estimate 2009 \$000</b>
Proceeds	8,065	16,905	6,205	21,000
Cost	6,707	15,250	6,581	19,000
Profits	1,436	2,647	813	3,000
Losses	<u>(78)</u>	<u>(992)</u>	<u>(1,189)</u>	<u>(1,000)</u>
<b>Trading Profit</b>	<b><u>1,358</u></b>	<b><u>1,655</u></b>	<b><u>(376)</u></b>	<b><u>2,000</u></b>
<b>Net Provision- Profit/ (Loss)</b>	<b><u>444</u></b>	<b><u>1,140</u></b>	<b><u>(4,491)</u></b>	<b><u>1,150</u></b>
<b>Net Trading Profit After provisions</b>	<b><u>1,802</u></b>	<b><u>2,795</u></b>	<b><u>(4,867)</u></b>	<b><u>3,150</u></b>

The build up of liquidity and profitable trading has enabled the Company to revise the profit estimate for the year to \$3,150,000. Although market volatility is likely to continue in the near term which may include a bout of profit taking by investors during October-November, we are cautiously optimistic about future outcomes to December 2009.

### 4. Income and Expenditure (cash basis)

<b>Income Received</b>	<b>Sept Quarter \$</b>	<b>Nine Months to Sept 2009 \$</b>	<b>Revised Estimate 2009 \$</b>
Interest	6,439	17,958	20,000
Net Profit on sale of shares	1,358,972	1,654,946	2,000,000
Other Income	<u>13,923</u>	<u>20,728</u>	<u>30,000</u>
	1,379,334	1,693,632	2,050,000
Add: Write back of provisions	<u>444,000</u>	<u>1,140,000</u>	<u>1,150,000</u>
<b>Trading result</b>	<b><u>1,823,334</u></b>	<b><u>2,833,632</u></b>	<b><u>3,200,000</u></b>

	Sept Quarter \$	Nine Months to Sept 2009 \$	Revised Estimate 2009 \$
<b>Exploration Expenditure</b>			
Pegmont deposit – geology & drilling	77,351	109,456	110,000
Pegmont regional	166,212	258,225	366,000
New Hope- acquisition	-	145,425	145,000
- exploration & metallurgy	105,655	146,701	150,000
Pegmont Camp Security	-	22,425	22,000
Other	<u>4,311</u>	<u>7,312</u>	<u>7,000</u>
Exploration expenditure	<u>353,529</u>	<u>689,544</u>	<u>800,000</u>
<b>Corporate Expenditure</b>			
Administration	51,261	138,089	160,000
Directors' & Secretary fees	93,750	271,250	390,000
Share Investments	<u>1,141,375</u>	<u>63,047</u>	<u>48,363</u>
	<u>1,286,386</u>	<u>346,292</u>	<u>598,363</u>
Net Cash Surplus/ (Deficit)	183,419	1,797,796	1,801,637
Add opening cash balances.	<u>2,223,914</u>	<u>609,537</u>	<u>609,537</u>
<b>Closing Cash Balances.</b>	<u>2,407,333</u>	<u>2,407,333</u>	<u>2,411,174</u>

The Company's cash position at 30 September 2009 was \$2,407,333 (4.7c/share)

The revised strategy of short term investing early in the year has resulted in profitable trading and an increase in cash holdings at reduced risk.

The additional drilling data obtained during the quarter will be combined with data obtained during the preceding 2 years in order to up date resource estimates for the Pegmont deposit. However, additional infill drilling is required at New Hope.

Prospecting, rock chip sampling, mapping and target generation will continue for the remainder of the year at other prospects. This work is creating a strong data base upon which we should be able to expand exploration activities next year; and generate drill targets for copper, gold and molybdenum; a useful diversification from lead-zinc.

We look forward to the challenging period ahead.

Yours faithfully,



M. A. Mayger  
Managing Director

**NEW HOPE PROSPECT****Selected analytical results (intervals based on contiguous gold values)  
And Drill Hole Locations**

Hole No	From (m)	To (m)	Interval (m)	Au (ppm)	Co (ppm)	Cu (ppm)	North (local)	East (local)	Dip	Azimuth (magnetic)	Depth (m)
NHP012 *				-	-	-	1355	1015	60	90	60
NHP013 *	35	42	7	6.3	4558	440	1076	1086	60	270	60
and	45	60	15	103	989	952					
NHP014 *	8	12	4	5.5	52	83	1100	1096	60	270	96
NHP015 *	93	96	3	25.6	3828	903	1076	1098	87	173	102
NHP016 *	95	107	12	4.93	2804	538	1084	1097	90	-	120.9
NHP017 *	88	89	1	0.15	9430	145	1035	1095	90	-	108
and	101	104	3	2.39	79	116				-	
NHP018 *	116	121	5	24.4	1243	240	1051	1134	90	-	138.6
NHP019	14	19	5	0.23	1078	3284	1087.5	1059	60	270	48
NHP020	24	40	16	0.96	2927	263	1087.5	1065.5	70	270	48
NHP021	30	42	12	17.59	2953	159	1087.5	1066	80	270	60
NHP022	13	27	14	0.8	258	476	1100	1054	60	270	36
NHP023	25	33	8	1.28	204	249	1100	1063	60	270	48
NHP024	26	44	18	1.41	911	132	1099	1068	65	270	54
NHP025	15	21	6	0.36	377	1601	1075	1061	60	270	45
NHP026	24	44	20	6.5	120	661	1075	1062	80	270	66
NHP027	15	20	4	0.24	92	1355	1062.5	1061	60	270	48
NHP028	14	22	8	0.7	242	3359	1050	1065	60	270	48
NHP029	42	47	5	17.4	2249	2346	1050	1090	60	270	72
NHP030	31	59	28	0.05	143	508	1035	1089	60	270	72
NHP031	40	45	5	0.98	1470	79	1062.5	1088	60	270	72
NHP032	64	73	9	33.3	3587	800	1074	1087	80	270	80
NHP033	25	30	5	1.14	2342	297	1062.5	1062	80	270	60

\* Note: these drill results have been previously released.

