

FORM: Half/preliminary final report

Name of issuer

Pegmont Mines Limited

ACN or ARBN

003 331 682

Half yearly
(tick)

√

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

30 June 2010

For announcement to the market

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

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					\$A
Sales (or equivalent) operating revenue (item 1.1)	up /down	%4.8	to		8,448,725
Operating profit (loss) before abnormal items and tax (item 1.4)	Up /down	%1,650	to		(3,359,826)
Abnormal items before tax (item 1.5)		gain (loss) of	to		1,493,300
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up /down	%469	to		(1,866,526)
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	%469	to		(1,866,526)
Exploration and evaluation expenditure incurred (item 5.2)	up/ down	%85.6	to		386,681
Exploration and evaluation expenditure written off (item 5.3)	up/ down	%85.6	to		386,681
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 2010	Previous corresponding period \$A
1.1 Sales (or equivalent operating) revenue	8,448,725	8,880,747
1.2 Other revenue	24,021	11,519
1.3 Total revenue	8,472,746	8,892,266
1.4 Operating profit (loss) before abnormal items and tax	(3,359,826)	(191,109)
1.5 Abnormal items before tax (detail in item 2.1)	1,493,300	696,227
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	(1,866,526)	505,118
1.7 Less tax	-	-
1.8 Operating profit (loss) after tax but before outside equity interests	(1,866,526)	505,118
1.9 Less outside equity interests	-	-
1.10 Operating profit (loss) after tax attributable to members	(1,866,526)	505,118
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 Total operating profit (loss) and extraordinary items after tax (items 1.8 1.11)	(1,866,526)	505,118
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 .112)	-	-
1.16 Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 +1.13)	(1,866,526)	505,118
1.17 Retained profits (accumulated losses) at beginning of financial period	1,801,622	370,540
1.18 Aggregate of amounts transferred from reserves		
1.19 Total available for appropriation (carried forward)	(64,904)	875,658
1.20 Total available for appropriation (brought forward)		

Consolidated profit and loss account continued

1.21 Dividends provided for or paid	NIL	NIL
1.22 Aggregate or amounts transferred to reserves	Nil	NIL

1.23	Retained profits (accumulated losses) at tend of financial period	(64,904)	875,658
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Abnormal and extraordinary items

		Consolidated - current period		
		Before tax \$A	Related tax \$A	After tax \$A
2.1	Abnormal items (being provision for diminution in market value of share portfolio)	1,493,300	NIL	1,493,300
2.2	Total abnormal items	1,493,300	NIL	1,493,300
2.3	Extraordinary items			
2.4	Total extraordinary items	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)	(1,866,526)	505,118
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	N/A	N/A

(See note 5)

Consolidated Balance Sheet		At end of current period \$A 30/6/10	As shown in last annual report \$A 31/12/09	As in last half yearly statement \$A 30/6/09
Current assets				
4.1	Cash	618,823	1,014,329	2,217,095
4.2	Receivable	1,107,586	130,105	212,388
4.3	Investments	2,008,434	4,289,971	2,008,876
4.4	Inventories	-	-	-
4.5	Other (provide details if material)	-	-	20,017
4.6	Total current assets	3,734,843	5,434,405	4,458,376
Non-current assets				
4.7	Receivables			
4.8	Investments			
4.9	Inventories			
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	5,595,425	3,595,425	3,595,425
4.11	Development properties (mining entities)			
4.12	Other property, plant and equipment (net)	142,056	176,150	210,243
4.13	Intangibles (net)			
4.14	Other (provide details if material)			
4.15	Total non-current assets	3,737,481	3,771,575	3,805,668
4.16	Total assets	7,472,324	9,205,980	8,264,044
Current liabilities				
4.17	Accounts payable	160,115	27,245	33,293
4.18	Borrowings		-	-
4.19	Provisions		-	-
4.20	Other (provide details if material)		-	-
4.21	Total current liabilities	160,115	27,245	33,273
Non-current liabilities				
4.22	Accounts payable			
4.23	Borrowings			
4.24	Provisions			
4.25	Other (provide details if material)			
4.26	Total non-current liabilities	-	-	-
4.27	Total liabilities	160,115	27,245	33,273
4.28	Net assets	7,312,209	9,178,735	8,230,771

Consolidated balance sheet continued
Pegmont Mines Limited

		AT 30/6/10	AT 32/12/09	AT 30/6/09
Equity		\$A	\$A	\$A
4.29	Capital	2,875,187	2,875,187	2,833,187
4.30	Reserves	4,556,193	4,556,193	4,556,193
4.31	Retained profits (accumulated losses)	(64,904)	1,801,622	875,658
4.32	Equity attributable to members of the parent entity	7,366,476	9,223,002	8,285,038
4.33	Outside equity interests in controlled entities	54,267	54,267	54,267
4.34	Total equity	7,312,209	9,178,735	8,230,771
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 30/6/10	Previous corresponding period \$A 30/6/09
5.1	Opening balance	3,595,425	3,450,000
5.2	Expenditure incurred during current period	386,681	208,306
5.3	Expenditure written off during current period	(386,681)	(208,306)
5.4	Acquisitions, disposals, revaluation increments, etc.	-	145,425
5.5	Expenditure transferred to Development Properties		
5.6	Closing balance as shown in the consolidated balance sheet (item 4.9)	3,595,425	3,595,425

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	Closing balance as shown in the consolidated balance sheet (item 4.10)	NIL	NIL

Consolidated statement of cash flows

(See note 6)

		Current period \$A at 30/6/2010	Previous corresponding period \$A 30/6/09
Cash flows related to operating activities			
7.1	Receipts from sale of shares	8,448,725	8,880,747
7.2	Payments for purchase of shares	(8,853,804)	(6,671,665)
	Payments to suppliers and contractors	(71,153)	(86,812)
7.3	Dividends received		
7.4	Interest and other items of similar nature received	24,021	11,519
7.5	Interest and other costs of finance paid	-	-
7.6	Income taxes paid	-	-
7.7	Other (Directors Fees)	(177,500)	(172,500)
7.8	Net operating cash flows	(629,711)	1,961,289
Cash flows related to investing activities			
7.9	Payments for purchases of property, plant and equipment	-	(145,425)
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)	(294,880)	(208,306)
7.16	Net investing cash flows	(294,880)	(353,731)
Cash flows related to financing activities			
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	Net financing cash flows	-	-
Net increase (decrease) in cash held		(924,591)	1,607,558
7.23	Cash at beginning of period (see Reconciliations of cash)	1,543,414	609,537
7.24	Exchange rate adjustments to item 7.23	-	-
7.25	Cash at end of period (see Reconciliation of cash)	618,823	2,217,095

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 30/06/1010	Previous corresponding period \$A30/06/09
8.1	Cash on hand and at bank	64,272	46,962
8.2	Deposits at call	554,551	2,170,133
8.3	Bank overdraft	-	-
8.4	Other (provide details)	-	-
8.5	Total cash at end of period (item 7.25)	618,823	2,217,095

Ratios		Current period	Previous corresponding period
Profit before abnormals and tax/sales			
9.1	Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	(39.8%)	(2.2%)
Profit after tax/equity interests			
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)	(25.5%)	(1.0%)

Earnings per security (EPS)

10.1	Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a)	Basic EPS	(3.6c)	1.0c
(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	14.3c	16.2c

Details of specific receipts/outlays, revenues/expenses

		Current period A\$ at 30 /06/2010	Previous corresponding period \$A
12.1	Interest revenue included in determining items 1.4	15,161	11,519
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)	34,093	34,093
12.7	Amortisation of intangibles	-	-

Control gained over entities having material effect

(See note 8)

13.1	Name of <i>issuer</i> (or <i>group</i>)	NIL
13.2	Consolidated operating profit (loss) and extraordinary items after tax of the <i>issuer</i> (or <i>group</i>) 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 <i>issuer</i> (or <i>group</i>) 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			8,448,725
Interest received (other)			15,161
Other income			8,860
Unallocated revenue			-
Total revenue (consolidated total equal to item 1.3)			8,472,746
Segment result (including abnormal items where relevant)- sharetrading profit			(1,205,813)
		- Interest + other	24,021
		- Exploration	(386,681)
Unallocated expenses			(274,032)
Income tax credit			-
Consolidated operating profit after tax (before equity accounting) (equal to item 1.8)			(1,866,526)
Segment	30/6/10	30/6/09	
Investments	2,008,434	2,008,876	
Exploration	3,595,425	3,595,425	
Unallocated	1,868,465	2,659,743	
		8,264,044	
Total assets (equal to item 4.15)	7,472,324		

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

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

	Current year	Previous year
15.8 Ordinary securities	NIL¢	NIL¢
15.9 Preference securities	NIL¢	NIL¢

Total dividend (distribution)

	Current period \$A	Previous corresponding period - \$A
15.10 Ordinary securities	\$NIL	\$NIL
15.11 Preference securities	\$NIL	\$NIL
15.12 Total	\$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	<i>Equity accounted</i>	
17.2	Other material interests	NIL	NIL	<i>Not equity accounted (ie part of item 1.14)</i>	

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	Preference securities (description)		NIL	NIL		
18.2	Issued during current period		NIL	NIL		
18.3	Ordinary securities		51,161,796			
18.4	Issued during current period		NIL	NIL		
18.5	Convertible securities (description and conversion factor)	debt	NIL	NIL		
18.6	issued during current period		NIL	NIL		
18.7	Options (description and conversion factor)		NIL	NIL	Exercise price	Expiry date
					-	-
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	Debentures (totals only)		NIL	NIL		
18.12	Unsecured (totals only)	Notes	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 stock market was extremely volatile during the period mainly attributed to the announcement by the Federal Government of a Resource Profits Tax which effectively killed overseas interest in Australia's resource equities causing sharp market losses in resource juniors. These losses were then compounded by tax loss selling during the latter part of June which drove prices to very low levels for some shares. An abnormal unrealised gain on revaluation of shares to fair value of \$1,493,300 was recorded at 30/6/2010.

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)

NIL

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 totalling \$6,282,150 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:

(~~Director~~/Company secretary)

Date:

16/8/2010

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.

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 consolidated 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).



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Independent Review Report to the Members of Pegmont Mines Limited

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Pegmont Mines Limited for the half-year ended 30 June 2010.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and 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.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 30 June 2010 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Pegmont Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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 consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Pegmont Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 30 June 2010 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay

G.R.S.

Graham R Swan
Partner

Dated 16 August 2010



Chartered Accountants

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