

# Pegmont Mine's Limited

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24 February 2011

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

Dear Sir,

## **Pegmont Lead/ Zinc Project, QLD** **Summary of Resource Estimation Report**

We are pleased to attach a summary of Resource Estimation Report on the Pegmont Lead/ Zinc Project, Queensland prepared by James Mc Ilwraith BSc (Geol), member AusIMM, an independent consultant. Mr J. Mc Ilwraith has confirmed that he is a Competent Person as defined by the 2004 JORC Code and a Member of the Australian Institute of Mining and Metallurgy. He has also given his consent to the release of this report.

The Board of Pegmont Mines Limited regards this maiden estimation of the Lead/ Zinc resource at Pegmont to be an important milestone towards its eventual development.

Yours faithfully,



M. A. Mayger  
Managing Director



## Pegmont Lead/Zinc Project, Qld Summary of Resource Estimation Report

### For Pegmont Mines Ltd

At the request of Pegmont Mines Ltd ("PML"), JM Geological Consulting Pty Ltd ("JMGC") has undertaken an estimate of the combined Pb and Zn resources at the Pegmont lead/zinc project in the Cloncurry area of north-west Queensland. This estimate follows a 57 hole RC drilling program completed since a resource estimate was undertaken by Hellman and Schofield Pty Ltd ("H&S") in May 2010. In addition, potential tonnes and grades are reported as Exploration Results. The study was confined to the well drilled areas at Mt Lucas known as the Main Lode and the Gossan, both consisting of mineralised banded iron formation (BIF). Nearby satellite deposits were not considered due to the limited drilling.

The Resource Estimate component of this report has been checked by H&S who produced comparable tonnes and grade at the same Pb+Zn% cut-offs using data and a geological interpretation of the mineralisation supplied by JMGC.

At the request of PML, the metal equivalent Pb+Zn% is reported with Pb% and Zn%. The Pb+Zn% value is derived by adding the Pb% and Zn% assays. The price for Pb and Zn are assumed to be of similar value (currently approximately US\$1.10/lb) and metallurgical recoveries for lead and zinc are assumed to be greater than 90%. These recoveries are quoted by Eco Technology Group Pty Ltd whose processing technology is, in part, developmental and not commercially proven to date.

#### Indicated and Inferred Resources

Following a site visit and validation of the assay and survey data, geology logs and QA/QC procedures, 187 of the 381 available drill holes were judged to have sufficient support to be used in an Indicated Resource where drilling was sufficiently close spaced. All available drill holes were accessed for the Inferred Resource.

PML regard the economic cut-off grade at Pegmont to be approximately 3% Pb+Zn, subject to metal prices and further work on stripping ratios and metallurgy etc. PML regard the economic cut-off for a potential underground mine to be approximately 4% Pb+Zn. Indicated and Inferred Resources are reported here at a 3% Pb+Zn cut-off.

Pegmont Resources at 3% Pb+Zn cutoff								
	M Tonnes	Pb+Zn%	Pb+Zn Tonnes	Pb%	Pb Tonnes	Zn%	Zn Tonnes	Pb/Zn
Indicated	1.635	4.70	77,000	3.31	54,000	1.39	23,000	2.3
Inferred	7.217	5.0	361,000	3.5	251,000	1.5	110,000	2.2
Ind + Inf	8.852	5.0	438,000	3.4	305,000	1.5	133,000	2.3

*Note: Figures are rounded*

#### Mineralised Potential

Mineralised potential at Pegmont is **between 9 and 15 Mt at between 4.0% and 5.5% combined Pb+Zn at a 3% Pb+Zn cut-off**. The mineralised potential is primarily located to the south east of the project area being interpreted as a moderately easterly dipping BIF to a depth of at least 350m below surface. This mineralised potential has had insufficient exploration to define a Mineral Resource. Infill drilling is needed to further define this mineralisation but it is uncertain that such drilling will convert this to a Mineral Resource.

James McIlwraith BSc (Geol), Member AusIMM

Director

JM Geological Consulting Pty Ltd  
17<sup>th</sup> Feb 2011



