

Pegmont Mines Limited

ACN 003 331 682

Financial Report

for the

Half-Year ended 30 June 2013

Pegmont Mines Limited

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Directors' Report

The Directors of Pegmont Mines Limited submit herewith the financial report for the half-year ended 30 June 2013. 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 77, is a professional company director with over 40 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 73, has over 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 resource evaluation activities.

CURTIS, David R. (Non-Executive Director) *B.Bus.*

Mr Curtis, aged 49, is a finance specialist with experience as a director with Credit Suisse in Australia, Hong Kong and Japan.

Review of Operations

The company's operations during the half year to 30 June 2013 resulted in a net loss of \$313,858 an improvement on a loss of \$823,177 to June 2012. This result is after expensing all administration and exploration and resource evaluation expenditure incurred during the six months and including share trading losses of \$62,920 (2012-\$131,826).

	Segment Revenue 2013	Segment Profit/ (Loss) 2013	Segment Profit/ (Loss) 2012
	\$	\$	\$
Share Trading	158,347	(28,143)	(120,005)
Dividends Received	<u>250</u>	<u>250</u>	<u>0</u>
Gross Revenue from share trading	158,597	(27,893)	(120,005)
Interest	<u>9,981</u>	<u>9,981</u>	<u>32,057</u>
	<u>168,578</u>	(17,912)	(87,948)
Exploration expenditure-net of recoveries		(78,767)	(500,564)
Unallocated expenses		<u>(182,402)</u>	<u>(222,844)</u>
Profit/(loss) from ordinary activities before tax		(279,081)	(811,356)
Income Tax expense/(credit)		-	-
Provision for share trading profit/(loss)		<u>(34,777)</u>	<u>(11,821)</u>
Profit/(loss) for half-year after income tax and provision		<u>(313,858)</u>	<u>(823,177)</u>
Earnings/(loss) per share		-0.5c	-1.3c

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

Activities

No field work was undertaken during the quarter except as required in preparation for the upcoming drill program at Pegmont and the testing of copper-gold targets at SC-3 and SC-8. RC Drilling commenced at Pegmont on 8 July 2013.

Mining Leases ML 2620, 2621 and 2623 were renewed for a further 10 years to 31 January 2022. They cover the outcrop of the Pegmont lead-zinc deposit.

General discussions with several parties are ongoing in respect to the possible development of the New Hope gold-cobalt deposit. A review of previous drill data has highlighted a small near surface high grade target which requires follow up drill testing.

Sharetrading activities have been limited due to lack of interest in resource issue arising from an overvalued Aussie dollar. These activities resulted in a realised trading loss of \$28,143 for the half year (2012 – loss \$120,005). A small profit is forecasted during the next six months to December 2013 as there has occurred a pickup of investor interest in oversold mineral producers.

Changes In State Of Affairs

During the half year there occurred a significant run down in the company's cash resources which if left unaddressed will constrain future exploration activities. Apart from that 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.

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 2013 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit review.

Graham R Swan

Rothsay Chartered Accountants"

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

Dated this 1 day of August 2013

On behalf of the Directors



MA Mayger
Director

ROTHSAY

Level 1, 12 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 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 2013.

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 2013 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 2013 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

Graham R Swan

Graham R Swan
Partner

Dated 1 August 2013



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 2013

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 1 day of August 2013.

Pegmont Mines Limited

Income Statement

For The Half-Year Ended 30 June 2013

	Not e	Half-year ended 30 June 2013 \$	Half-year ended 30 June 2012 \$
Gross revenue from share trading		158,347	1,767,443
Cost of sales		186,490	1,887,448
Profit/ (loss) on sale of shares		(28,143)	(120,005)
Investment income		10,231	32,057
Expenses from ordinary activities		(261,169)	(723,408)
Income tax credit/(expense)		-	-
Unrealised gains/(losses) on revaluation of assets to fair value		(34,777)	(11,821)
Net Profit/ (loss) from ordinary activities for half-year after income tax		(313,858)	(823,177)
Minority interests			
Profit/ (loss) for half year attributable to members of Pegmont Mines NL and recognised directly in equity		(313,858)	(823,177)
Retained Profits brought forward		(4,033,801)	(2,571,213)
Retained Profits at end of half-year		(4,347,659)	(3,394,390)
Earnings per share(cents per share) – basic	5	-0.5	-1.3

Balance Sheet

As at 30 June 2013

	Half-year 30 June 2013 \$	Annual Report 31 Dec 2012 \$	Half-year 30 June 2012 \$
Current Assets			
Cash	282,554	520,330	1,162,822
Receivables	49,944	74,402	88,005
Investments	179,728	252,101	173,363
Total Current Assets	512,226	846,833	1,424,190
Non-Current Assets			
Mineral Tenements	3,395,425	3,395,425	3,595,425
Plant and Equipment	100,000	100,000	100,000
Total Non-Current Assets	3,495,425	3,495,425	3,695,425
Total Assets	4,007,651	4,342,258	5,119,615
Current Liabilities			
Accounts payable	82,584	103,333	41,279
Total Current Liabilities	82,584	103,333	41,279
Total Liabilities	82,584	103,333	41,279
Net Assets	3,925,067	4,238,925	5,078,336
Shareholders' Equity			
Share capital	3,970,800	3,970,800	3,970,800
Reserves	4,356,193	4,356,193	4,556,193
Retained Profits (Accumulated losses)	(4,347,659)	(4,033,801)	(3,394,390)
Total parent entity interest	3,979,334	4,293,192	5,132,603
Outside equity interests in controlled entities	54,267	54,267	54,267
Total Equity	3,925,067	4,238,925	5,078,336
Net Tangible Assets per share cents	6.2		8.1

Pegmont Mines Limited

Statement of Cash Flows

For The Half-Year Ended 30 June 2013

	Note	Current Half Year Consolidated \$	Previous Corresponding Half Year Consolidated \$
Cash Flows Related To Operating Activities			
Receipts from sale of shares		158,347	1,767,443
Payments for purchase of shares		(98,768)	(1,875,392)
Directors & Secretary fees		(45,000)	(131,825)
Payments to suppliers and contractors (inclusive of goods and services tax)		(159,235)	(150,904)
Interest and other items of a similar nature received		10,231	32,057
Income taxes paid			
Net Operating Cash Flows		(134,425)	(358,621)
Cash Flows Related To Investing Activities			
Outflow for exploration expenditure		(103,351)	(500,564)
Net Investing Cash Flows		(103,351)	(859,185)
Cash Flows Related To Financing Activities			
Share Placement		-	215,000
Net Financing Cash Flows		-	215,000
Net Increase (Decrease) In Cash Held		(237,776)	(644,185)
Cash at beginning of half year		520,330	1,807,003
Cash At End Of Half Year	3	282,554	1,162,818

Notes to the Financial Statements

For the Half-Year ended 30 June 2013

1. Basis of Preparation of Half-Year Financial Statements

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2013 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated 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 2012 and any public announcements made by Pegmont Mines Limited 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.

Adoption of new and revised Accounting Standards

In the half-year ended 30 June 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Pegmont Mines Limited

Notes to the Financial Statements

For the Half-Year ended 30 June 2013

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	9,981	32,057
b) exploration expensed	(78,767)	(500,564)

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	22,890	406,922
Deposits at call	259,664	755,898
	<u>282,554</u>	<u>1,162,820</u>

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

Category of Securities	Number Issued	Number Quoted
Ordinary Shares:	62,548,722	62,548,722
Issued during current half year	-	-
Options:		
There are no Options on issue.		

5. Earnings per share

	Current Half-Year Consolidated	Previous Corresponding Half Year Consolidated
Basic earnings per share	-0.5c	-1.3c
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	62,548,722	62,548,722
The diluted earnings per share is not materially different from the basic earnings per share.		

Pegmont Mines Limited

Notes to the Financial Statements

For the Half-Year ended 30 June 2013

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 2013/14 amounts of approximately \$655,000 (2012/2013 \$655,000) 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 past and current expenditures.

7. Segmental Information

The economic entity operates predominantly in one geographic location. The operations of the economic entity consist of investment and exploration for 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 2013.