

# Pegmont Mines Limited

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*21 November 2013*

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

Dear Sir,

## **Pegmont Lead/Zinc Project Queensland Entry into Binding Letter of Intent with Vendetta Mining Corp**

We are pleased to announce that Pegmont Mines Limited (**Pegmont**) has signed a Binding Letter of Intent with Vendetta Mining Corp (**Vendetta**) a company listed on the Toronto Stock Exchange – Venture Market (VTT- TSX:V) Canada granting Vendetta the option to acquire an undivided 100% interest in the Pegmont Lead/Zinc Project. The transaction is subject to a 55 day due diligence period (expiring on 14 January 2014, subject to an agreed extension). Finalisation of definitive agreements between Pegmont and Vendetta will be subject to:

- Vendetta being satisfied with its due diligence investigations; and
- the relevant approvals being obtained from the Toronto Stock Exchange, the National Stock Exchange of Australia and Pegmont's shareholders.

Definitive agreements are to provide for the granting of an option to Vendetta to acquire 100% of the Pegmont Lead/Zinc Project and associated exploration tenements by a combination of cash payments, exploration commitments and stock issuances. The definitive agreements also provide that Pegmont will retain a deferred royalty right on future production from the Pegmont Lead/Zinc Project of 1.25% of the net smelter return after the value of the cash consideration and share issuances, totaling together \$4 million, have been notionally allowed for against Vendetta's future royalty payments.

Cash payments totaling \$3 million are as follows: \$150,000 within 2 business days of Vendetta obtaining approval for the transaction from the Toronto Stock Exchange; \$100,000 on the 9 month anniversary of the day the definitive agreements are executed by both parties (**Effective Date**); \$250,000 on the 18 month anniversary;

\$500,000 on the 30 month anniversary; \$750,000 on the 42 month anniversary; and finally \$1,250,000 on the 54 month anniversary of Effective Date. As part of the option exercise price, Vendetta has also agreed to issue shares to Pegmont with a market value of \$1 million.

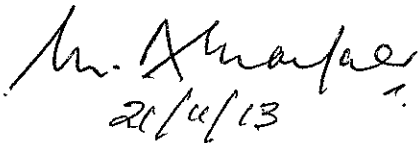
Exploration expenditures to be made on the Pegmont Lead/Zinc Project comprise the greater of \$800,000/year or meeting minimum requirements by the Queensland Department of Natural Resources and Mines by August 10<sup>th</sup> 2014 (whichever is greater) and similarly in the year to August 10<sup>th</sup> 2015 and August 10<sup>th</sup> 2016 for a total of 3 years with a minimum of \$2.4 million. In addition, 12,000 m of drilling must be completed within a 42 month period commencing on the Effective Date.

Pegmont will be working with Vendetta to assist with their due diligence and finalise a definitive option agreement, sale and transfer agreement and royalty agreement to formalise the terms described above.

**As finalisation of any agreements is subject to Vendetta's due diligence no assurance is given that the transactions contemplated by the Letter of Intent will be concluded.**

To the extent that there are any significant developments, we will keep you informed.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M. A. Mayger', with the date '20/4/13' written below it.

M. A. Mayger  
Managing Director