

# **PEGMONT MINES LIMITED**

ABN 97 003 331 682

## **Entitlement Offer Booklet**

Non-renounceable pro-rata entitlement offer of 1 New Share for every 10 Shares held at the Record Date at an offer price of \$0.06 per New Share to raise approximately \$376,192 (before expenses of the Offer). Unless extended the Entitlement Offer closes at 5:00pm (AEDT) on 31 January 2014.

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your stockbroker or other professional adviser.

Please read the instructions on the accompanying Entitlement and Acceptance Form if you wish to subscribe for the New Shares.

## **IMPORTANT INFORMATION**

### **Not a disclosure document**

This Offer Booklet is dated 29 November 2013. This Offer Booklet is not a prospectus or product disclosure statement (**disclosure document**) and has not been lodged with ASIC. It does not contain all the information that an investor would find in a disclosure document or on which an investor would expect to make an informed decision as to whether or not to accept the Offer.

This Offer is being made without a disclosure document in accordance with section 708AA of the Corporations Act (as modified by ASIC).

Persons wishing to subscribe for New Shares should carefully read this Offer Booklet and consult their professional advisors for the purpose of evaluating whether or not to participate in the Entitlement Offer.

No persons are authorised to give information or to make any representation in connection with the Offer which is not contained in this Offer Booklet. Any information or representation not so contained may not be relied upon as having being authorised by Pegmont in connection with the Offer.

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, sent to Eligible Shareholders with this Offer Booklet.

### **Overseas shareholders**

Neither this Offer Booklet nor the Entitlement and Acceptance Form constitute an offer of, or an invitation on behalf of Pegmont to subscribe for or purchase any New Shares in any jurisdiction or to any person to whom it is unlawful to make such as offer or invitation.

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US securities Act and applicable US state securities laws.

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Pegmont with registered addresses in New Zealand to whom the offer of New Shares has been made in reliance on the Securities Act (Overseas Companies) Exception Notice 2002 (New Zealand).

This Offer Booklet has not been registered, filed with or approved by a New Zealand regulatory authority under the *Securities Act 1978*. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information an investment statement or prospectus under New Zealand law is required to contain.

**TABLE OF CONTENTS**

1.	Chairman's Letter.....	4
2.	Company Activities and Maps .....	5
3.	Key Dates .....	9
4.	Details of the Entitlement Offer .....	10
5.	Pro-Forma Consolidated Statement of Financial Position .....	13
6.	How to participate in the Entitlement Offer .....	14
7.	Risks .....	16
8.	Additional Information .....	19
9.	Glossary .....	21
10.	Corporate Directory.....	22
11.	NSX Announcement .....	23
12.	Previous NSX Activity Reports, 2013 .....	25



## 1. Chairman's Letter

Dear fellow Shareholder,

I am writing to you to encourage your support of an Entitlement Offer announced by Pegmont on 28 November 2013 by taking up your entitlements to one New Share for every ten (10) Shares held on 20 December 2013 at 6 cents per New Share.

During the past year or more, the Board has been acutely aware of the very difficult investment climate facing junior explorers, including Pegmont. We have reduced overhead costs significantly, relinquished exploration tenements and limited exploration expenditures mainly to drilling at Pegmont. In parallel with these cost saving efforts, we continued to conduct discussions with interested local and overseas resource companies with the view to either joint venture or option out the Pegmont Lead-Zinc project.

We are pleased to report that our persistent effort has born fruit with discussions with Vendetta Mining Corp, a company listed on the Toronto Stock Exchange – Venture market. These discussions have resulted in a Binding Letter of Interest, granting Vendetta the option to acquire 100% interest in the Pegmont Lead/Zinc Project for a cash and share consideration of \$4 million and a deferred 1.25% NSR royalty (**Vendetta Option Transaction**). This transaction is subject to a 55 day due diligence period expiring 14 January 2014 subject to an agreed extension. For further information please refer to Company announcement on 21 November 2013 lodged with the National Stock Exchange of Australia ([www.nsx.com.au](http://www.nsx.com.au)).

If the Vendetta option is exercised then the implied valuation of the proposed Vendetta Option Transaction is approximately \$4 million (ignoring any future benefit for the 1.25%NSR royalty), or approximately 6 cents per share based on Pegmont's current issued share capital. In addition Pegmont's other assets include a deferred 76.73% of 1% NSR royalty interest over the Reefway Royalty Tenements and 100% interest in the New Hope gold-cobalt deposit.

Proceeds from this New Share Issue will be used for general corporate working capital purposes.

Mr M A Mayger, your major shareholder and fellow Director is fully supporting this Non-Renounceable New Share issue and he and his associates (with the exception of Pegasus Enterprises Limited) propose to apply for their full entitlement of approximately \$102,000 in shares and Malcolm A Mayger Pty Ltd has unconditionally underwritten the offering for a further \$48,000 for any Shortfall to the extent of a commitment of up to \$150,000 in aggregate (excluding the participation of Pegasus Enterprises Limited). Allocation of Shortfall shares will be made on a strict pro-rata basis.

Your Board recommends this New Share issue by Pegmont as a low-cost opportunity to participate in the ongoing resource development of one of the world's most highly mineralised base metal provinces.

Yours sincerely



**John M. Armstrong**  
Chairman

## 2. Company Activities and Maps

Pegmont is an efficient and successful base metal explorer in the Mount Isa region, north-west Queensland. The Mount Isa-Cloncurry mineral province contains world class base metal and uranium deposits.

Pegmont's exploration portfolio comprises:

The **Pegmont lead-zinc deposit**, 180Km south of Cloncurry by road and track; where an indicated and inferred resource of 8.8Mt @ 5% Pb + Zn, using a 3% Pb + Zn cut-off grade has been delineated (JM Geological Consulting Pty Ltd – 2011). In addition, it has a Mineralised Potential of between 9Mt and 15Mt of similar grade.

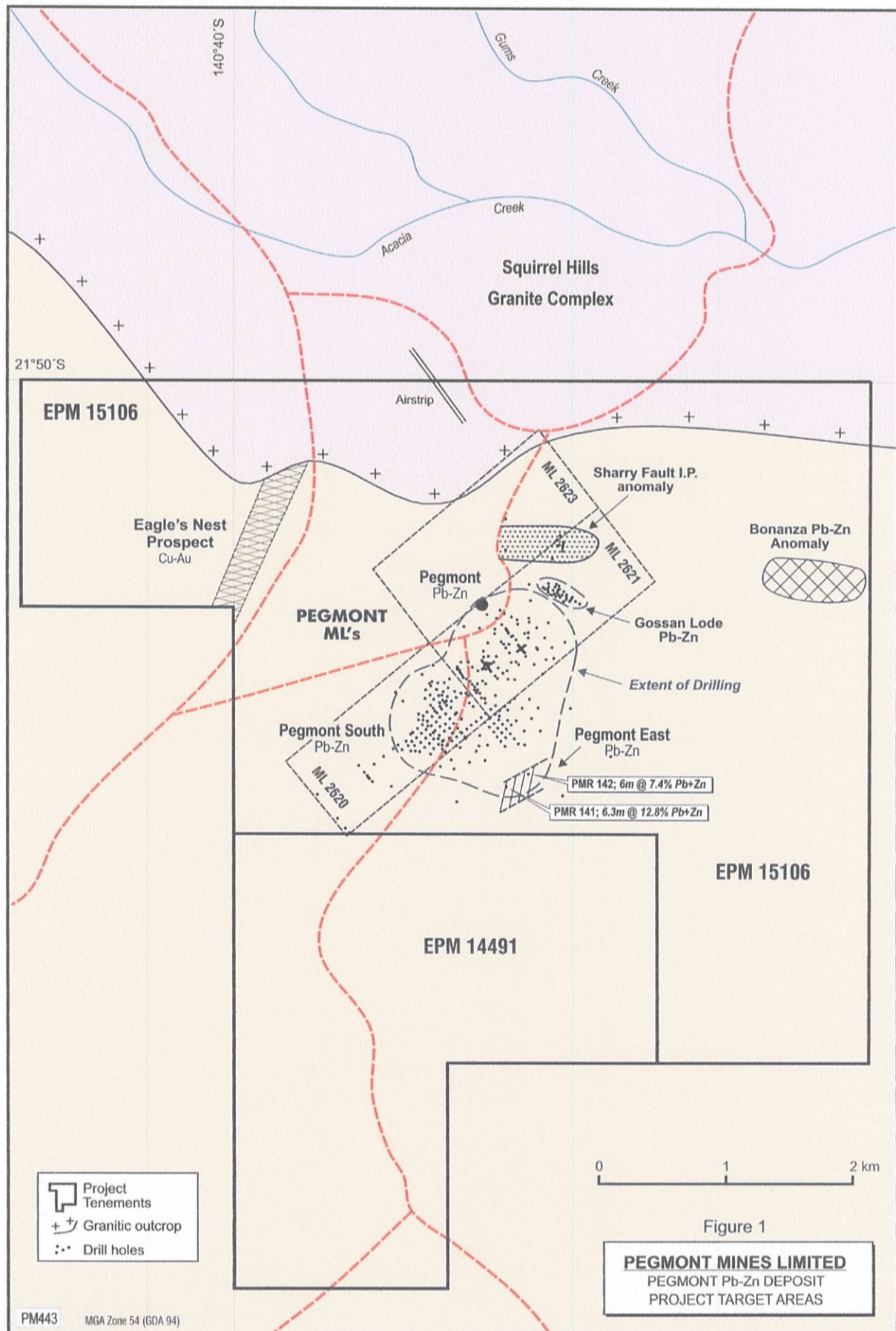
The Board's strategy to commercialise the Pegmont lead – zinc deposit will hopefully be fulfilled by the Vendetta Option Transaction resulting in cash, shares and a deferred 1.25% NSR royalty payment to Pegmont.

The **New Hope high grade gold-cobalt deposit**, near Selwyn, 140km south of Cloncurry, where a Measured, Indicated and Inferred resource of 93,000 tonnes of 6.8 g/t Au and 0.2% Co has been delineated (JM Geological Consulting Pty Ltd – 2012) using a 1.0 g/t Au cut-off grade. This deposit is open at depth, but constrained along strike by the Mining Lease boundary. This deposit will be retained for further exploration and possible resource development, although a corporate deal would be considered.

Previous exploration activities by Pegmont north of Mount Isa resulted in the acquisition of a large and very prospective tenement package centred on the **Mount Kelly copper deposit**. During 2004 these tenements were sold for consideration comprising cash, shares and a deferred royalty interest. The tenements were held in a subsidiary company called Reefway Pty Ltd and are therefore referred to as the **Reefway Royalty Tenements**. CST Mining Group Limited currently operates these tenements in conjunction with the Lady Annie copper mine (not a Reefway tenement). Pegmont has a 76.73% interest in a 1% NSR over the Reefway Royalty Tenements. Royalties will not be received until cumulative copper production reaches a threshold level of 100,000 tonnes from the Reefway Royalty Tenements, which is some years away at a current cumulative copper cathode production level of approximately 36,600 tonnes. The potential royalty stream from the Reefway Royalty Tenements is regarded as having considerable future cash generation potential, but requires considerable continued copper cathode production on the Reefway Royalty Tenements to reach the deferred royalty cathode production threshold amount.

In summary, Pegmont has established a low cost base metal resource portfolio which in time is expected to result in a long life cash flow to fund future growth activities from deferred royalty receipts.







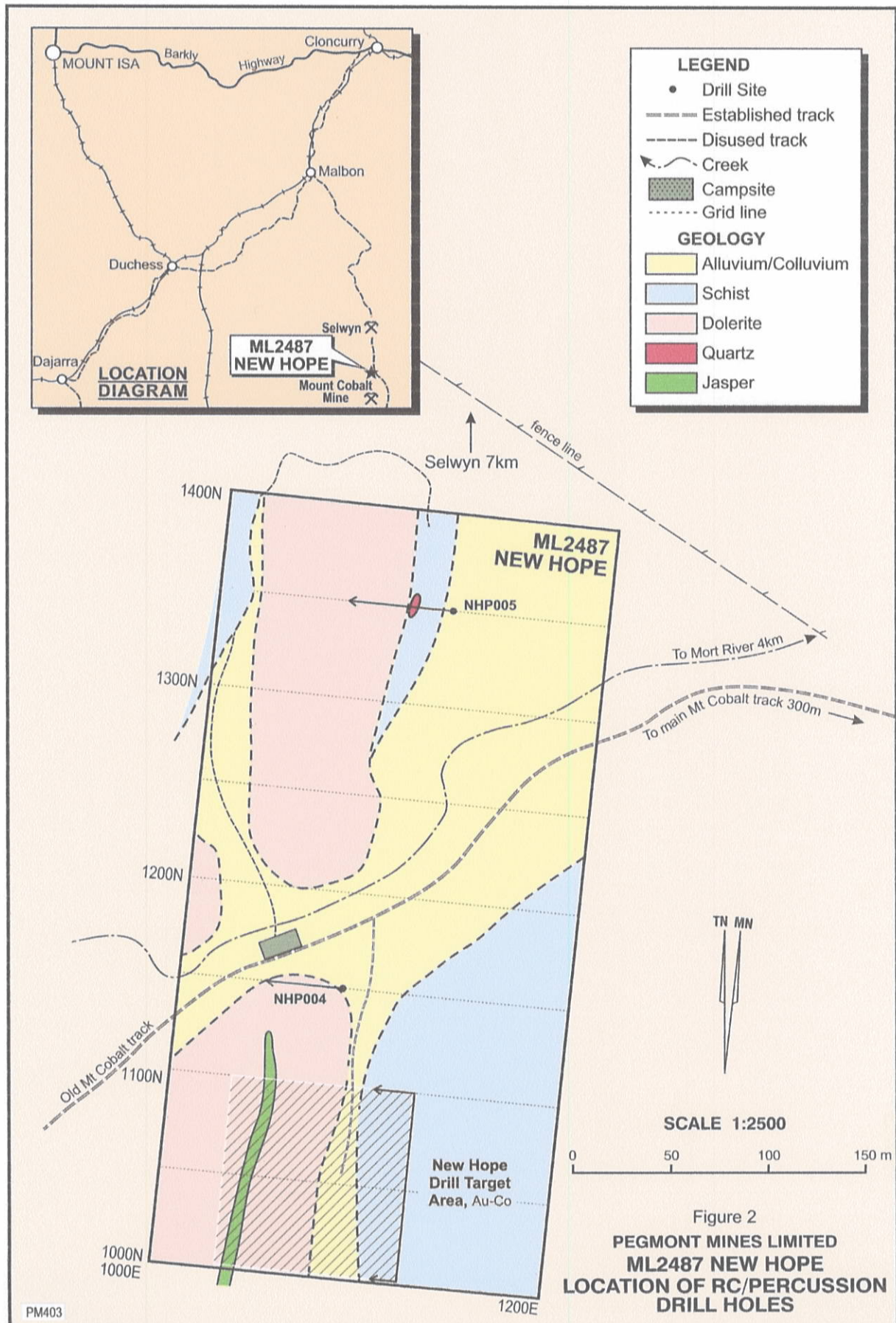
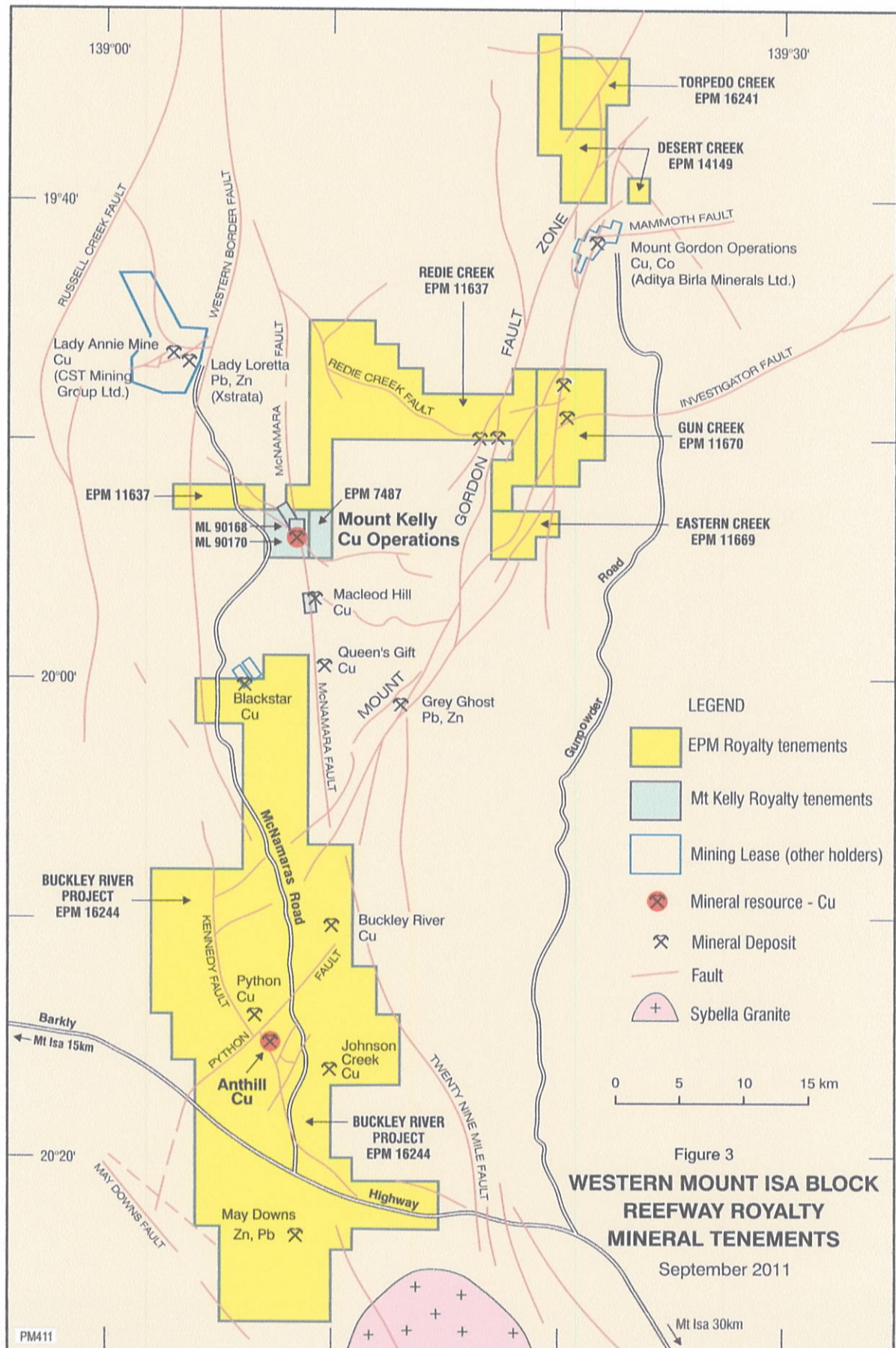


Figure 2  
**PEGMONT MINES LIMITED**  
**ML2487 NEW HOPE**  
**LOCATION OF RC/PERCUSSION**  
**DRILL HOLES**







### 3. Key Dates

EVENT	DATE
Announcement of Entitlement Offer	28 November 2013
Notify Shareholders	29 November 2013
Ex-date	13 December 2013
Record Date for Entitlement Offer (5:00pm AEDT)	20 December 2013
Entitlement Offer opens and dispatch of Offer Booklet and Entitlement and Acceptance Form	24 December 2013
Entitlement Offer closes (5:00pm AEDT)	31 January 2014
Allotment of New Shares under the Entitlement Offer	7 February 2014
Commence trading on NSX	14 February 2014

This timetable is indicative only and subject to change. Pegmont reserves the right to vary the dates and times of the Entitlement Offer subject to the Corporations Act, NSX Listing Rules and other applicable laws. In particular, Pegmont reserves the right to extend Closing Date of the Entitlement Offer, accept late applications under the Entitlement Offer or withdraw the Entitlement Offer without prior notice.

The commencement of quotation of New applications is subject to confirmation from NSX.

## **4. Details of the Entitlement Offer**

### **4.1 Overview**

Pegmont is undertaking a non-renounceable pro-rata Entitlement Offer of 1 New Share for every ten (10) shares held at the Record Date at an offer price of \$0.06 per New Share to raise approximately \$376,000 (before expenses of the Offer).

### **4.2 Eligibility**

The right of the Eligible Shareholders to participate in the Entitlement Offer will be determined by the Record Date. The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form accompanying this Offer Booklet. If you do not take up your Entitlement by the Closing Date, the offer to you will lapse.

Eligible Shareholders may take any of the following actions:

- 4.2.1 take up all your Entitlement;
- 4.2.2 take up some of your Entitlement and allow the balance of your Entitlement to lapse; or
- 4.2.3 do nothing and allow your Entitlement to lapse.

A completed and lodged Entitlement and Acceptance Form, together with payment for the number of New Shares accepted, cannot be withdrawn and constitutes a binding application for, and acceptance of, the number of New Shares specified in the Entitlement and Acceptance Form on the terms set out in this Offer Booklet. The Entitlement and Acceptance Form does not need to be signed to be binding.

Further details in respect of the actions required by Eligible Shareholders are outlined in section 6.

### **4.3 Key dates**

The Entitlement Offer will be open for receipt of acceptance on 24 December 2013 and closes on 31 January 2014.

Pegmont reserves the right to vary the dates and times of the Entitlement Offer subject to the Corporations Act, NSX Listing Rules and other applicable laws.

You should lodge your Entitlement and Acceptance Form as soon as possible.

### **4.4 Non-renounceable**

The Entitlement Offer is non-renounceable. Where an Eligible Shareholder does not take up their Entitlement under a non-renounceable entitlement offer, their shareholding will be diluted with no compensating cash payment. New Shares not subscribed for by Eligible Shareholders will form part of the Shortfall. Eligible Shareholders are encouraged to apply for any shortfall shares.

### **4.5 Shortfall in Subscription**

Directors reserve the right to issue any Shortfall at the offer price in subscription for New Shares (**Shortfall**) at their discretion within three months after the Closing Date. Offers of Shortfall are made as a separate offer under the Offer Booklet. Should Directors decide to issue any Shortfall, the Shortfall offer will remain open after the Closing Date.



## 4.6 Underwriting

In the event that there is a Shortfall which is not subscribed for, the Entitlement Offer is unconditionally underwritten by Malcolm A Mayger Pty Ltd up to an amount of \$48,000. Malcolm A Mayger Pty Ltd is an associate of Mr Malcolm Mayger a director of Pegmont. If the underwritten amount is subscribed for in full, Mr M A Mayger and his associated interests (excluding Pegasus Enterprises Limited) will, pursuant to the Entitlement Offer and underwriting, subscribe for a total of approximately 2,500,000 shares to raise \$150,000 or approximately 40% of the total issue.

## 4.7 Quotation of New Shares

Pegmont has applied for official quotation of the New Shares on NSX.

## 4.8 Excluded shareholders

This Entitlement Offer has only been extended to shareholders with registered addresses in Australia and New Zealand. All other shareholders (**non-resident shareholders**) will not be offered Entitlements under this Offer. Pegmont has determined in accordance with the Corporations Act and the NSX Listing Rules, that it would be unreasonable to make an offer to non-resident shareholders having regard to:

- 4.8.1 the number of shareholders in the places where the Offer would be made;
- 4.8.2 the number and value of the Entitlements that would be offered; and
- 4.8.3 the cost of complying with the legal requirements in those places.

Entitlement and Acceptance Forms will not be sent to non-resident shareholders. This Offer Booklet or a summary of the details of the Offer may be sent to non-resident shareholders for information purposes only.

Neither this Offer Booklet of the Entitlement and Acceptance Form constitute an offer of, or an invitation by or on behalf of Pegmont to subscribe for or purchase any of the New Shares in any jurisdiction or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Offer Booklet and Entitlement and Acceptance Form, and the offering of New Shares, in certain jurisdictions may be restricted by law. Persons obtaining these documents should inform themselves about and comply with those restrictions.

## 4.9 Purpose of the Entitlement Offer

The net proceeds from the Entitlement Offer will be used for working capital purposes.

## 4.10 Effect of Entitlement Offer on capital structure

The effect of the Entitlement Offer on the capital structure of Pegmont is set out in the following table:

	Pre-Entitlement Offer	Post-Entitlement Offer
Ordinary Shares	62,698,722	68,968,594

Note:

The number of ordinary shares on issue post Offer is based on the maximum number of New Shares that may be issued under the Offer.

#### **4.11 Effect of Entitlement Offer on control**

Under the Entitlement Offer, Eligible Shareholders who take up their full Entitlement will not have their holdings diluted.

The potential effect the Entitlement Offer will have on the control of Pegmont, and the consequences of that effect, will depend on a number of factors, including investor demand and existing holdings of Shares. However, given the structure of the Entitlement Offer as a pro rata issue and the current level of holdings of substantial holders (based on substantial holding notices that have been given to Pegmont on or prior to the date of the Offer Booklet), the Entitlement Offer and underwriting agreement described at paragraph 4.6 above are not expected to have any material effect or consequence on the control of Pegmont.

#### **4.12 Statement of Financial position**

Set out on the next page is a Pro Forma Consolidated Statement of Financial Position of Pegmont taking into account the Entitlement Offer assuming all Entitlements are accepted. The Pro Forma Consolidated Statement of Financial Position is based on consolidated financial statements for the full year ended 30 June 2013. The Pro Forma Consolidated Statement of Financial Position illustrates the effect of the Entitlement Offer as if the Entitlement Offer has occurred on 30 June 2013 but does not include the costs of the Entitlement Offer or expenditures since incurred. Cash balances and current market value of other available for sale assets totalled \$104,248 at the date of this document.

#### **4.13 Enquiries**

You should contact Computershare Investor Services Pty Limited between 9:00am and 5:00pm (AEDT) Monday to Friday if you have any questions regarding how to complete the Entitlement and Acceptance Form or take up your Entitlement, or if you have lost your Entitlement and Acceptance Form and require a replacement form. Otherwise, you should consult your professional advisor if you require advice regarding participation in the Entitlement Offer.



## 5. Pro-Forma Consolidated Statement of Financial Position

	As at 30 June 2013 (audit reviewed accounts)	As at 30 June 2013 (unaudited pro-forma)
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash refer note 1	282,554	658,746
Receivables	49,944	49,944
Investments refer note 2	179,728	179,728
<b>TOTAL CURRENT ASSETS</b>	<b>512,226</b>	<b>888,418</b>
<b>NON-CURRENT ASSETS</b>		
Mineral tenements	3,395,425	3,395,425
Plant and equipment	100,000	100,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,495,425</b>	<b>3,495,425</b>
<b>TOTAL ASSETS</b>	<b>4,007,651</b>	<b>4,383,843</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	82,584	82,584
<b>TOTAL CURRENT LIABILITIES</b>	<b>82,584</b>	<b>82,584</b>
<b>TOTAL LIABILITIES</b>	<b>82,584</b>	<b>82,584</b>
<b>NET ASSETS</b>	<b>3,925,067</b>	<b>4,301,259</b>
<b>EQUITY</b>		
Issued capital	3,970,800	4,346,992
Reserves	4,356,193	4,356,193
Accumulated losses	(4,347,659)	(4,347,659)
<b>PARENT INTERESTS</b>	<b>3,979,334</b>	<b>4,355,526</b>
Outside equity interests in controlled entities	54,267	54,267
<b>TOTAL EQUITY</b>	<b>3,925,067</b>	<b>4,301,259</b>

Note 1: Cash on hand at the date of this document was \$30,348

Note 2: Market value of quoted investments at the date of this document were \$73,900

## 6. How to participate in the Entitlement Offer

### 6.1 Options available to Eligible Shareholders

The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. You may:

- 6.1.1 take up all of your Entitlements to New Shares and also apply for additional New Shares in excess of your Entitlement.

Applications for New Shares in excess of your Entitlement may be scaled-back at Pegmont's discretion. Any scale-back will be conducted on a pro-rata basis;

- 6.1.2 take up part of your Entitlement and allow the balance to lapse. The part of your Entitlement allowed to lapse will form part of the Shortfall;

- 6.1.3 not take up any of your Entitlements and allow it to lapse. If you decide not to take up your Entitlement under the Entitlement Offer, your shareholding will be diluted with no compensating cash payment. Shares not subscribed for will form part of the Shortfall.

### 6.2 Payment Methods

If you are paying for your New Shares by cheque, money order or bank draft, send your completed Entitlement and Acceptance Form together with your cheque, money order or bank draft for the total amount payable to reach Pegmont's share registry by 5:00pm AEDT) on the Closing Date at the following address:

*Pegmont Mines Limited*

*c/- Computershare Investor Services Pty Limited*

*GPO Box 505*

*Melbourne VIC 3001, Australia*

*Phone: 1300 850 505, +61 39 4150 4000*

Completed Entitlement and Acceptance Forms and application monies may not be accepted if sent to another address.

Your cheque, money order or bank draft must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Your payment must be for the full amount required to pay for the New Shares applied for. Payments in cash will not be accepted.

Cheques, money orders, or bank drafts must be made payable to "Pegmont Mines Limited" and crossed "not negotiable".

You must ensure your relevant account has sufficient funds to cover your payment, as your cheque or money order will be presented for payment on receipt. If your bank dishonours your cheque, money order or bank draft, your application will be rejected. Pegmont will not re-present any dishonoured cheque, money order or bank draft.



### **6.3 Application Amount**

Entitlement and Acceptance Forms must be accompanied by payment of \$0.06 per share. A receipt will not be issued.

Amounts received by Pegmont in excess of \$0.06 multiplied by your Entitlement may be treated as an application to apply for as many additional New Shares as your excess amount will pay for in full.

### **6.4 Entitlement and Acceptance Form is binding**

You will not have any right to withdraw your application for New Shares or to be repaid any amount once your application has been accepted. Even if an application has not been completed or submitted correctly it may still be treated as a valid application of New Shares. Pegmont's decision on whether to treat an application as valid and how to construe, amend, complete or submit the application is final.

### **6.5 Warranties**

By completing and returning the personalised Entitlement and Acceptance Form with the application amount you:

- 6.5.1 acknowledge that you have read and understood the Offer Booklet and your Entitlement and Acceptance Form and agree to the terms of the Offer Booklet;
- 6.5.2 acknowledge that the Offer Booklet is not investment advice and does not constitute a recommendation that you subscribe for New Shares under the Entitlement Offer;
- 6.5.3 declare you have full legal capacity to subscribe for New Shares under the Entitlement Offer;
- 6.5.4 declare you are not a person located in the United States and you are not a U.S. Person (as defined in Regulation S under U.S. Securities Act of 1933, as amended (the Securities Act)) or acting for the account or benefit of a U.S. Person;
- 6.5.5 acknowledge the New Shares have not been and will not be registered under the Securities Act;
- 6.5.6 acknowledge the New Shares may not be offered, sold, pledged, transferred, or otherwise disposed of, directly or indirectly, into or within the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

## 7. Risks

As with all investments, investors should be aware that the market price of securities in Pegmont may fall as well as rise. The potential returns of Pegmont will be exposed to risks specific to Pegmont and to general investment risks. While it is impossible to identify all risks, the attention of investors is drawn to the following particular risks. Shareholders should carefully consider all risks including the following, as well as other information contained in this Offer Booklet.

### 7.1 General Market Conditions

The price of the Shares on NSX may rise or fall due to numerous factors including:

- 7.1.1 general economic conditions, including inflation rates and interest rates;
- 7.1.2 changes in commodity prices including the price of gold;
- 7.1.3 variations in the local and global markets for listed shares in general, or for mining stocks in particular;
- 7.1.4 changes to government policy, legislation or regulation;
- 7.1.5 competition in the industry in which Pegmont operates;
- 7.1.6 general operational and business risks; and
- 7.1.7 lack of market liquidity and reliable market pricing of the Shares, given the low volume and frequency of trading.

In particular, the share prices of many companies have in recent times been subject to wide fluctuations, which in many circumstances arise by reason of matters outside the control of Pegmont, including global hostilities and tension and the general state of the economy. Such market fluctuations may materially adversely affect the market price of Shares.

### 7.2 Commodity Prices

The demand for and price of commodities is influenced by a variety of factors including the level of forward selling by producers, costs of production, general economic conditions, the level of inflation, interest rates and exchange rates.

### 7.3 Future Capital Requirements

Pegmont may require additional capital to fund further exploration of its existing or new projects. Pegmont's ability to raise sufficient further capital within an acceptable time frame and on terms acceptable to it will vary according to a number of factors including (without limitation) the prospects of new projects (if any), the results of exploration and subsequent feasibility studies, stock market and industry conditions and the price of relevant commodities.

### 7.4 Minimum Expenditure Requirements

In the event that the Vendetta Option Transaction does not proceed and binding option, transfer and royalty agreements are not entered into, Pegmont's future capital requirements to ensure Pegmont retains the exploration tenements include the ongoing minimum expenditure requirements for the tenements which amount to \$850,000 per annum, which the proceeds of this Entitlement Offer will not cover. However, Pegmont



intends to lodge a Variation Application to change the current terms of the tenements, but no guarantee of a successful outcome can be given.

## **7.5 Exploration and Development**

Exploration by its nature contains elements of significant risk. Ultimate success depends on the discovery of economically recoverable resources, obtaining the necessary titles and governmental regulatory approvals and obtaining and servicing of funding for mining operations if and when a decision to mine is made.

There can be no assurance that Pegmont's existing projects or any other projects or tenements that it may acquire in the future will result in the discovery of significant resources. Even if significant resources are identified, there can be no guarantee that they will be able to be economically exploited.

The current and future operations of Pegmont, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- 7.5.1 geological conditions;
- 7.5.2 limitations on activities due to seasonal weather patterns;
- 7.5.3 the availability of drilling rigs and other machinery necessary for Pegmont to undertake its activities;
- 7.5.4 the availability or adequate working capital to support unanticipated drilling activities; and
- 7.5.5 prevention of restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to existing, and any future access agreements entered into with future registered Aboriginal Land Council and native title claimants).

## **7.6 Loss of Key Personnel**

Pegmont's success depends on the competencies of its Directors and senior management. The loss of one or more of the Directors or senior management could have a materially adverse effect on Pegmont's business, financial position and results of operations. The resulting impact from such an event would depend on the quality of any replacement.

## **7.7 Native Title and Aboriginal Heritage**

Some of Pegmont's tenements are located within areas that are the subject of claims or applications for native title determination. The *Native Title Act 1993* (Cth) and related State native title legislation and aboriginal heritage legislation may affect Pegmont's ability to obtain access to certain of its exploration areas or to obtain mining production titles. Settling any such claims will incur costs to Pegmont. The degree to which this may impact Pegmont's activities will depend on a number of factors, including the status of particular tenements and their locations. At this stage, Pegmont is not able to quantify the impact, if any, of such matters on its operations.

## **7.8 Title**

All mining tenements which Pegmont may acquire either by application, sale and purchase or farm-in are regulated by applicable state mining legislation. There is no guarantee that applications will be granted as applied for. Various conditions may also

be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of a tenement to or from Pegmont.

## **7.9 Environment**

Pegmont's projects are subject to State and Federal laws and regulations regarding environmental matters. Many of the activities and operations of Pegmont cannot be carried out without prior approval from and compliance with all relevant authorities. Resource activities can be environmentally sensitive and can give rise to substantial costs for environmental rehabilitation, damage control and losses. Pegmont intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws.

## **7.10 Resource Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Pegmont encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans altered in a way which could impact adversely on the operations of Pegmont.

## **7.11 Agreements with Third Parties**

Pegmont is and will be subject to various contracts and agreements with third parties. There is a risk of financial failure or default by a counterparty to these agreements. Any breach or failure may lead to penalties or termination of the relevant contract. In addition, Pegmont's interest in the relevant subject matter may be jeopardised.

## **7.12 Legal Risk**

The introduction of new legislation or amendments to existing legislation, developments in common law, or the interpretation of legal requirements in any of the jurisdictions which govern Pegmont's operation or contractual obligations, could impact adversely on the assets, operations and, ultimately the financial performance of Pegmont. In addition, there is a risk that legal action may be taken against Pegmont in relation to its operations.

## **7.13 Uninsured Loss and Liability**

Exploration for, development and mining of minerals involves hazards and risks that could result in Pegmont incurring losses and liabilities to third parties. There is a risk Pegmont may not be insured against all losses or liabilities that could arise from its operations. If Pegmont incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration, development and mining will be reduced and the value or tenure of Pegmont's assets may be at risk.

## **7.14 Project Option Sale Risk**

At the date of this Offer Booklet, there is a Binding Letter of Interest with Vendetta Mining Corp. which proposes that a format option agreement be entered into granting an option to Vendetta to acquire a 100% interest in the Pegmont Lead/Zinc project. There is a risk that this option agreement to sell the Pegmont Lead/Zinc project will not materialise.



## **8. Additional Information**

### **8.1 NSX quotation**

Application will be made for the New Shares offered under the Entitlement Offer to be granted official quotation by the NSX. The fact that NSX may grant official quotation to the New Shares is not to be taken in any way as an indication as to the merits of Pegmont or the New Shares offered for subscription.

### **8.2 No cooling off rights**

There are no cooling off rights. You cannot withdraw your application for New Shares once it has been submitted.

### **8.3 Rounding of Entitlements**

Where fractions result from a calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

### **8.4 Ranking of New Shares**

- 8.4.1 New Shares will rank equally in all respects with existing shares on issue.
- 8.4.2 Pegmont is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing shares or Entitlements.
- 8.4.3 Eligible Shareholders holding shares on behalf of persons who are resident outside of Australia and New Zealand are responsible for ensuring that taking out their Entitlement in any application for additional New Shares does not breach the laws and regulations in the relevant overseas jurisdictions. The making of the application will constitute a representation and warranty that there has been no breach of such laws or regulations. Shareholders who are nominees should obtain independent advice as to how they should proceed.

### **8.5 Taxation**

- 8.5.1 Pegmont does not consider it appropriate to give Eligible Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Booklet. Pegmont, its advisors and its officers do not accept any responsibility for any such taxation consequences to Eligible Shareholders.
- 8.5.2 Eligible Shareholders should consult their professional tax advisor in connection with subscribing for New Shares under this Offer Booklet.

### **8.6 Privacy**

Pegmont collects information from each applicant's personalised Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful to administer the applicant's shareholding. By submitting an Entitlement and Acceptance Form, you will be providing personal information to Pegmont either directly or via the share registry. Pegmont will collect, hold and use that information to assess your application. Pegmont may disclose your personal information for purposes related to your shareholding in Pegmont, including to the share registry, agents, contractors and third party service providers, and to NSX and regulatory

bodies. You can obtain access to personal information that Pegmont holds about you by contacting Pegmont through its share registry.

## **8.7 Not investment advice or financial product advice**

- 8.7.1 This Offer Booklet does not contain all the information which a prospective investor may require to make an informed investment decision. The information in the Offer Booklet does not constitute personal investment or financial product advice and does not take into account your investment objectives, financial situation or particular needs.
- 8.7.2 This is an important document. Before deciding to apply for the New Shares you should consider whether they are a suitable investment for you. Persons wishing to subscribe for New Shares should carefully read this Offer Booklet and consult their professional advisors for the purpose of evaluating whether or not to participate in the Entitlement Offer.

## **8.8 Governing law**

This Entitlement Offer and Offer Booklet are governed by the law applicable in New South Wales. Each applicant submits to the exclusive jurisdiction of the courts of New South Wales.

## **8.9 Information availability**

Information about Pegmont is publicly available and can be obtained from ASIC and NSX (including its website [www.nsx.com.au](http://www.nsx.com.au)).

## **8.10 Past performance**

Investors should note that Pegmont's past performance, including past share price, cannot be relied upon as an indicator of Pegmont's future performance including Pegmont's future financial position or share price.

## **8.11 Future performance**

This Offer Booklet contains forward looking statements with respect to Pegmont's financial condition, operations, projects and business. These forward looking statements involve risks, uncertainties and other factors which are subject to change. They involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

## **8.12 Disclaimer regarding representations**

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by Pegmont or its related bodies corporate in connection with the Entitlement Offer.



## 9. Glossary

The following definitions apply in this Offer Booklet:

**Acceptance Form** means the acceptance form accompanying this Offer Booklet;

**Ag** is the chemical symbol for Silver;

**ASIC** means the Australian Securities and Investments Commission;

**Au** is the chemical symbol for Gold;

**Board** means the Board of Directors of Pegmont;

**Closing Date** means the closing date of the Entitlement Offer, which is 31 January 2014;

**Corporation Act** means *Corporations Act 2001* (Cth);

**Directors** means the Directors of Pegmont;

**Eligible Shareholders** means on the Record Date, Shareholders recorded on the register of members of Pegmont as holders of Shares, that have registered addresses in Australia or New Zealand;

**Entitlement** means the right of an Eligible Shareholder to apply for a number of New Shares under the Entitlement Offer;

**New Shares** means New Shares offered pursuant to this Offer Booklet;

**NSR** means net smelter return;

**NSX** means The National Stock Exchange of Australia;

**NSX Listing Rules** means the Listing Rules of The National Stock Exchange of Australia;

**Offer** means the offer of New Shares made on the basis of this Offer Booklet;

**Offer Booklet** means this offer booklet dated 29 November 2013;

**Pb** is the chemical symbol for Lead;

**Pegmont** means Pegmont Mines Limited (ACN 003 331 682);

**Record Date** means the record date to determine the Shareholders entitled to participate in the Entitlement Offer, being 5:00pm (AEDT) on 20 December 2013;

**Shareholder** means a holder of Shares;

**Shares** mean fully paid ordinary shares in Pegmont;

**Shortfall** has the meaning given to that term in section 4.5;

**TSX:V** means the Toronto Stock Exchange Venture;

**Vendetta** means Vendetta Mining Corp;

**Vendetta Option Transaction** has the meaning given to that term in the Chairman's letter for this Offer Booklet; and

**Zn** is the chemical symbol for Zinc

## 10. Corporate Directory



PEGMONT MINES LIMITED  
ABN 97 003 331 682

### Registered Office

C/- Walker Wayland Services P/L  
Level 8, 55 Hunter Street  
SYDNEY NSW 2000  
Telephone: (02) 9951 5400  
Facsimile: (02) 9951 5454

### Corporate Office

65 Hume Street  
CROWS NEST NSW 2065  
Mail: PO Box 849,  
CROWS NEST NSW 1585  
Telephone: (02) 8437 3591  
Facsimile: (02) 8437 3599  
Website: [www.pegmont.com.au](http://www.pegmont.com.au)

### Directors

John M Armstrong	Non-Executive Chairman
David R Curtis	Non-Executive Director
Malcolm A Mayger	Managing Director

### Company Secretary

Christopher D Leslie

### Share Registry

C/-Computershare Investor Services Pty Limited  
Shareholder enquiries:  
Telephone: 1300 855 080  
Facsimile: (03) 9473 2500  
Website: [www.computershare.com](http://www.computershare.com)

Listed on the National Stock Exchange of Australia

Website: [www.nsx.com.au](http://www.nsx.com.au)

Code: PMI



## 11. NSX Announcement

# Pegmont Mines Limited

ABN 97 033 331 682

### 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

28 November 2013

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

Dear Sir,

### Non-Renounceable Entitlement Issue

#### Highlights

- 1:10 Non-Renounceable Entitlements Issue to raise \$376,192.
- All Shareholders may acquire New Shares at 6 cents per share and may apply for additional shares over and above their entitlement.
- Funds raised will be applied to working capital purposes.

The Directors of Pegmont Mines Limited (**Pegmont**) are pleased to announce a one for ten (1:10) non-renounceable pro-rata entitlement issue to existing eligible shareholders to raise \$376,192 (before expenses of the issue) at 6 cents per share.

Funds raised will be used for general corporate working capital purposes.

Capitalised terms not otherwise defined in this announcement have the meaning given to them in the Offer Booklet for the Entitlement Offer.

#### Entitlement Offer

The Entitlement Offer provides an opportunity for eligible shareholders to subscribe for New Shares at 6 cents each. The Entitlement Offer is partially underwritten by Malcolm A Mayger, a substantial shareholder of Pegmont to the extent of 700,000 shares. In total, Mr Mayger and his associates will subscribe for up to 2,500,000 New Shares out of the approximately 6,270,000 Entitlement Shares comprising approximately 40% of total Entitlement Shares.

The Directors reserve the right to place any Shortfall under the Offer to those Shareholders who apply for additional Shares and the balance at their discretion within three months after the Closing Date.

Eligible Shareholders may:

- take up their Entitlement Shares in full or part
- do nothing, in which case their right will lapse; or
- take up their Entitlement Shares in full and apply for additional New Shares from the Shortfall (if any).

Future details of the Entitlement Offer will be contained in the Offer Document which will be sent to Eligible Shareholders and lodged with the NSX.

### Timetable

The proposed timetable of the Entitlement Offer is noted below:

These dates are indicative only and subject to change:

EVENT	DATE
Announcement of Entitlement Offer	28 November 2013
Notify Shareholders	29 November 2013
Ex-date	13 December 2013
Record Date for Entitlement Offer (5:00pm AEDT)	20 December 2013
Entitlement Offer opens and dispatch of Offer Booklet and Entitlement and Acceptance Form	24 December 2013
Entitlement Offer closes (5:00pm AEDT)	31 January 2014
Allotment of New Shares under the Entitlement Offer	7 February 2014
Commence trading on NSX	14 February 2014

Subject to the Listing Rules of the NSX, the Directors of Pegmont reserve the right to extend the Closing Date of the Entitlement Offer at their discretion. Should this occur, an extension will have a consequential effect on the anticipated date of the allotment and despatch of New Shares.

For further information contact

Malcolm Mayger  
Managing Director  
Ph: (02) 8437 3591



## 12. Previous NSX Activity Reports, 2013

21 November 2013	Pegmont Lead/Zinc Project Queensland - Binding Letter of Intent with Vendetta Mining Corp
29 October 2013	Quarterly Activity Report to 30 September 2013
12 September 2013	Application for Additional Securities
30 August 2013	Pegmont Lead-Zinc Drill Results
7 August 2013	Half-Year Financial Report to 30 June 2013
29 July 2013	Quarterly Activity Report to 30 June 2013
11 July 2013	Pegmont Lead-Zinc Deposit, Commencement of Drilling
2 May 2013	Chairman's Address at the 2013 Annual General Meeting
29 April 2013	Quarterly Activity Report to 31 March 2013
19 March 2013	2012 Annual Report to 31 December 2012
15 March 2013	Preliminary Final Report to 31 December 2012
20 February 2013	Tenement Relinquishment and Exploration Strategy
31 January 2013	Quarterly Activity Report to 31 December 2012

Note:

These reports can be viewed on the website of The National Stock Exchange of Australia ([www.nsga.com.au](http://www.nsga.com.au)) and also on Pegmont's website ([www.pegmont.com.au](http://www.pegmont.com.au)).