

# Pegmont Mines Limited

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30 April 2014

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

Dear Sir,

## **Quarterly Activity Report to 31 March 2014**

We submit the following activity report of Pegmont Mines Limited for the three months to 31 March 2014.

### **1. Summary**

- No field activities were undertaken in exploration areas held by the Company whilst shareholding activities were limited to partial realisation of previously held positions.
- A closely spaced aeromagnetic survey was completed over the Pegmont project tenements during mid April, yielding better target definition. A review of previous drill data has highlighted the double intersection made by PMRD 141 as a prime target area for the upcoming drill program.
- The Entitlement Issue to shareholders at 6 cents per share raised \$223,355, prior to expenses at 31 January 2014. A further \$6,000 has since been received from the placement of 100,000 shortfall shares.
- Vendetta Mining Corp. a company listed on the Toronto Stock Exchange continued their 'due diligence' process on the Pegmont project which may be completed by June.

### **2. Reefway Royalty Tenements (Pegmont 76.7% interest)**

The Reefway Royalty tenements operated by CST Mining Group Limited are subject to a 1% NSR Royalty once copper production exceeds 100,000 tonnes. Total reported production to 31 December 2013 was 38,177 tonnes of cathode copper. We have been advised that CST Mining have applied for a second production licence at the Anthill prospect, which when granted could accelerate production by 5,000-10,000t of cathode annually.

### **3. Exploration Activities**

The upcoming exploration program during 2014 includes 3,000 metres of RC drilling plus DD tails. This program is designed to extend the Pegmont grid in EPM 15106 by 250 metres east to link up with PMRD 141 which intersected 8.5m @ 10.3% Pb + Zn from 271m and 5.2m @ 7.3% Pb + Zn from 325m down hole. In EPM 14491, a reconnaissance RC program of 600-800m will test four magnetic anomalies.

### **4. Liquidity**

The following Income and Expenditure assumes an additional equity requirement of \$500,000 in the 2014 Forecast.

## 5. Sharetrading Activities

Share trading activities were limited to existing positions due to Company's liquidity constraints.

### Investment Activity Summary

Shares Traded	March Quarter 2014 \$'000	March Quarter 2013 \$'000	Forecast Year 2014 \$'000
Proceeds	66	111	400
Cost	111	139	400
Profits	-	6	50
Losses	(45)	(34)	(50)
<b>Realised Profit/(Loss)</b>	<b>(45)</b>	<b>(28)</b>	<b>-</b>
Net Provision	33	39	40
<b>Net Trading Profit/(Loss)</b>	<b>(12)</b>	<b>11</b>	<b>40</b>

It should be noted that the positive movement in Net Provision largely reduced the realised loss.

## 6. Income and Expenditure (cash basis)

Income Received	March 2014 Quarter \$	Year 2014 Forecast \$
Interest/Dividends/Other	3,187	10,000
Realised profit (Loss) on sale of shares	(44,509)	-
	(41,322)	10,000
Add: Reduced provisions to market value	32,469	-
Net Income/ (Loss) from investing activities	(8,853)	10,000
Entitlement Issue Funds	223,355	223,355
Less: Entitlement Issue Costs	(8,592)	(18,592)
Additional Equity Requirement	10,650	500,000
Total Equity Raised	225,413	704,763
<b>Exploration Expenditure</b>		
Pegmont MLs	2,122	20,000
Pegmont EPMs	40,940	355,000
Exploration Expenditure	43,062	375,000
<b>Corporate Expenditure</b>		
Administration	31,152	160,000
Directors & Secretary Fees	2,600	115,000
Share Investment/Increase	(9,338)	-
	24,414	275,000
Net Cash Surplus/(Deficit)	149,084	64,763
Add: Opening Cash Balances	18,548	18,548
<b>Closing Cash Balances</b>	<b>167,632</b>	<b>83,311</b>

Yours faithfully,



**Malcolm A. Mayger**  
Managing Director