

Pegmont Mines Limited

ABN 97 033 331 682

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of Pegmont Mines Limited will be held in the Board Room, Walker Wayland Services Pty Ltd, Level 11, 60 Castlereagh Street, Sydney on Friday 26 September 2014 at 12.00pm (noon).

Special Business – Special Resolution requiring 75% of votes in favour to pass.

Item 1. Resolution 1: Execute a Call Option with Vendetta Mining Corp (VTT-TSX:V) (Vendetta) under which Vendetta is granted an Option agreement to purchase 100% of the Pegmont Lead-Zinc deposit within a four year period.

To consider and, if thought fit, pass the following resolution:

"The Board of Pegmont Mines Limited (**Pegmont**) be and are authorised to execute a Call Option agreement (**Call Option**) with Vendetta Mining Corp (**Vendetta**) (a company listed on the TSX-Venture Exchange of Canada) under which Vendetta is granted an option to purchase 100% of the Pegmont Lead-Zinc Deposit contained in Mining Leases 2620, 2621, 2623 and EPMs 14491 and 15106, within a four year period."

Other Business

Item 2. To transact any other business which may be brought before the meeting in accordance with the Constitution.

Dated the 22nd day of August 2014
BY ORDER OF THE BOARD

CHRISTOPHER D LESLIE
Company Secretary

Notes:

Entitlement to vote: Persons whose names are set out in the register of members of the Company as at Wednesday, 24 September 2014 at 7:00pm are entitled to attend and vote at the meeting convened by this notice.

Appointment of proxies: Each member may appoint a proxy. If the member is entitled to cast 2 or more votes at the meeting, they may appoint 2 proxies. If the member appoints 2 proxies and the appointment does not specify the proportion or number of votes, the member may exercise half the votes. Fractions of votes will be disregarded. A proxy need not be a member of the Company. To be valid, a proxy must be received by the Company at Level 11, 60 Castlereagh Street, Sydney (fax: (02) 9951 5454) by 12:00pm (noon) on **Wednesday 24 September 2014**. For further information see the instructions on the back of the proxy form attached to the Notice of Meeting.

Personal Information: Chapter 2C of the *Corporations Act 2001* requires information about you (including your name, address and details of the shares you hold) to be included in the Company's register of members. This information must continue to be included in the Company's register of members if you cease to be a shareholder. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. The Company may disclose this information for purposes related to your shareholding, including in circumstances permitted under Chapter 2C of the *Corporations Act 2001*. You can obtain access to your personal information in the Company's register of members in accordance with Chapter 2C of the *Corporations Act 2001*.

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the shareholders of the Company in connection with the business to be conducted at The Extraordinary General Meeting of shareholders to be held on Friday, 26 September 2014 at 12:00pm (noon) in the Boardroom, at Walker Wayland Services Pty Ltd, Level 11, 60 Castlereagh Street, Sydney. This Explanatory Statement should be read in conjunction with the accompanying Notice of The Extraordinary General Meeting.

1. Background to Resolution 1 - Call Option Agreement with Vendetta Mining Corp

Vendetta Mining Corp Definitive Agreement regarding the Pegmont Lead-Zinc Deposit

Pegmont has recently concluded negotiations with Vendetta Mining Corp (VTT-TSX:V) (**Vendetta**) and have executed a Call Option Agreement (**Call Option**) with Vendetta under which Vendetta will be granted an option to purchase 100% of the Pegmont Lead-Zinc deposit, subject to certain exercise preconditions. The grant of the Call Option itself is subject to a number of conditions precedent, including Pegmont shareholder approval, approval by the TSX-Venture Exchange and obtaining Foreign Investment Review Board approval.

The key terms of the Call Option are as follows:

- Vendetta to make progressive cash option payments to Pegmont totalling \$3 million, including:
 - \$250,000 within two days of the Toronto Stock Exchange (TSX) approval of the transaction;
 - \$250,000 on the 12 month anniversary,
 - \$500,000 on the 24 month anniversary,
 - \$750,000 in the 36 month anniversary; and
 - finally \$1,250,000 on the 48 month anniversary. In addition, Vendetta has agreed to reimburse \$350,000 of exploration expenditure incurred by The Company during the negotiation period.
- The exercise of the option is also subject to Vendetta meeting certain expenditure and exploration requirements including a minimum of \$800,000 per year including 5,000 metres of drilling during each of the first three years plus 2,000 metres before the end of 2014. A total of 17,000 metres of drilling must be completed prior to the exercise of the option.
- Vendetta has the right to terminate the Call Option by giving notice after the first year of the Call Option has passed.

- In the event of Vendetta exercising the option, Vendetta has agreed to pay an advance royalty of \$3 million. Vendetta will then receive a royalty credit of the cash option payments and advanced royalty payment for a total of \$6 million, to be credited against future royalty payments.
- Upon exercise of the Call Option, the tenements for the Pegmont Lead-Zinc deposit will be transferred to Vendetta and a Royalty Deed will come into effect, with the Company's ongoing royalty interest to be secured by a mortgage over the tenements.
- Under the terms of the Royalty Deed, the Company will hold a royalty right on future concentrated production from the Pegmont property of 1.25% net smelter return (NSR) after allowing for \$6 million credited against future royalties. In the event of ore rather than concentrate being sold by Vendetta, a separate royalty formula allows for a royalty of \$1.05 per tonne of ore sold indexed to the lead price (with an indexation floor of 85%). An additional silver royalty in regard to silver assays in ore above 64g/t is also payable, indexed to the silver price (also with an indexation floor of 85%) at the following rates:

PPM of Silver	Royalty payable for that tonne of run of mine ore
Not more than 64 ppm	A\$0.00
More than 64 ppm but not more than 100 ppm	A\$0.06 for every ppm above 64 ppm
More than 100 ppm but not more than 150 ppm	A\$2.16 plus A\$0.08 for every ppm above 100 ppm
More than 150 ppm but not more than 200 ppm	A\$6.16 plus A\$0.10 for every ppm above 150 ppm
More than 200 ppm	A\$11.16 plus A\$0.15 for every ppm above 200 ppm

Comment

The Board of your Company has carefully considered the above terms, negotiated over a period of more the six months, relative to alternative possibilities of either a Joint Venture or raising additional equity capital. Following consideration of a number of alternative approaches, the Board decided to pursue the Call Option arrangement with Vendetta.

As a condition precedent to the Call Option, the Company must obtain shareholder approval which will be sought at the Extraordinary General Meeting of Shareholders held on 26 September, 2014 at 12:00pm (noon) in the Boardroom, at Walker Wayland Services Pty Ltd, Level 11, 60 Castlereagh Street, Sydney. It is noted that as a majority shareholder of the Company, Mr Malcolm A Mayger and associated interests have agreed to vote in favour of the resolution to approve the Call Option.

2. Directors' recommendation

The Board of directors of the company recommends that members vote in favour of the resolution set out in the accompanying Notice of Meeting and explained more fully in this Explanatory Statement.

Dated the 22nd day of August 2014