

# **Pegmont Mines Limited**

ACN 003 331 682

## **Financial Report**

**for the**

**Half-Year ended 30 June 2014**



# Pegmont Mines Limited

ACN 003 331 682

## Directors' Report

The Directors of Pegmont Mines Limited submit herewith the financial report for the half-year ended 30 June 2014. 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, Fiiin, FAICD*

Mr. Armstrong, aged 79, is a professional company director with over 40 years experience in investment banking, resource finance and investment management at senior management and director levels.

**MAYGER, Malcolm A.** (Executive Managing Director) *BCom, CA*

Mr Mayger, aged 74, 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.

**READ, Peter J.** (Non-Executive Director) *B. Ec.*

Mr Read, aged 75, is a corporate specialist with experience as a previous managing director with Drillsearch Energy Ltd and Queensland Resources NL. In addition he has extensive experience in marketing and business consulting.

Mr P J Read was appointed a director of the company on 15 April 2014 and was subsequently re-elected at the company's Annual General Meeting on 29 May 2014. Mr D R Curtis resigned on 17<sup>th</sup> May 2014 for other business reasons.

## Review of Operations

The company's operations during the half year to 30 June 2014 resulted in a net loss of \$279,167 an improvement on a loss of \$313,858 to June 2013. This result is after expensing all administration and exploration and resource evaluation expenditure incurred during the six months and including share trading losses of \$21,953 (2013-\$62,920).

	Segment Revenue 2014	Segment Profit/ (Loss) 2014	Segment Profit/ (Loss) 2013
	\$	\$	\$
Share Trading	73,300	(80,709)	(28,143)
Dividends Received	-	-	250
Gross Revenue from share trading	73,300	(80,709)	(27,893)
Interest & Other	<u>3,273</u>	<u>3,273</u>	<u>9,981</u>
	<u>76,573</u>	(77,436)	(17,912)
Exploration expenditure-net of recoveries		(113,077)	(78,767)
Unallocated expenses		(147,409)	(182,402)
Profit/(loss) from ordinary activities before tax		(337,922)	(279,081)
Income Tax expense/(credit)		-	-
Provision for share trading profit/(loss)		<u>58,756</u>	<u>(34,777)</u>
Profit/(loss) for half-year after income tax and provision		<u>(279,166)</u>	<u>(313,858)</u>
Earnings/(loss) per share		-0.4c	-0.5c

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



### Activities

Field activities included 1146.6 line Km of high resolution airborne radiometric and magnetic survey over the Pegmont Project tenements followed up by ground magnetic mapping and drill pad preparation.

Negotiations continued with Vendetta Mining Corp. a company listed on the Toronto stock Exchange in regard to a four year option to purchase the Pegmont Project for cash and a royalty of 1.25% NSR.

The Department of Natural Resources and Mines has granted a variation to the condition of grant of EPM 14491 and EPM 15106 that has reduced expenditure obligations and deferred relinquishment of the sub-block area until August 2016. This variation will greatly assist our resources evaluation activities.

### Changes In State Of Affairs

During the half year there occurred a significant run down in the company's cash resources as a result of ongoing exploration activities. These activities have been funded by share placements and unsecured borrowing. The Company needs to raise additional capital to maintain 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 2014 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit review.

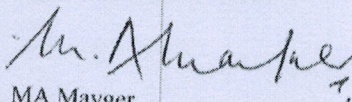
Rolf Garda

Rothsay Chartered Accountants"

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

Dated this 8 day of September 2014

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 2014.

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 2014 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 2014 and of 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*.

Rothsay

Rolf Garda  
Partner

Dated 8 September 2014



Chartered Accountants

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).



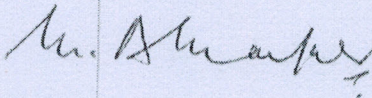
# Pegmont Mines Limited

## Directors' Declaration For The Half-Year Ended 30 June 2014

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 8 day of September 2014.



# Pegmont Mines Limited

## Income Statement

For The Half-Year Ended 30 June 2014

	Note	Half-year ended 30 June 2014 \$	Half-year ended 30 June 2013 \$
Gross revenue from share trading		73,300	158,347
Cost of sales		154,009	186,490
Profit/ (loss) on sale of shares		(80,709)	(28,143)
Investment income		3,273	10,231
Expenses from ordinary activities		(260,486)	(261,169)
Income tax credit/(expense)			-
Unrealised gains/(losses) on revaluation of assets to fair value		58,756	(34,777)
Net Profit/ (loss) from ordinary activities for half-year after income tax		(279,166)	(313,858)
Minority interests			
Profit/ (loss) for half year attributable to members of Pegmont Mines NL and recognised directly in equity		(279,166)	(313,858)
Retained Profits brought forward		(4,775,982)	(4,033,801)
Retained Profits at end of half-year		(5,055,148)	(4,347,659)
Earnings per share(cents per share) – basic	5	-0.4	-0.5

## Balance Sheet

As at 30 June 2014

### Current Assets

Cash	51,705	18,550	282,554
Receivables	42,013	50,439	49,944
Investments	67,709	87,609	179,728
<b>Total Current Assets</b>	<b>161,427</b>	<b>156,598</b>	<b>512,226</b>

### Non-Current Assets

Mineral Tenements	3,245,425	3,245,425	3,395,425
Plant and Equipment	100,000	100,000	100,000
<b>Total Non-Current Assets</b>	<b>3,345,425</b>	<b>3,345,425</b>	<b>4,495,425</b>

### Total Assets

### Current Liabilities

Accounts payable	205,531	146,277	82,584
<b>Total Current Liabilities</b>	<b>205,531</b>	<b>146,277</b>	<b>82,584</b>

### Total Liabilities

### Net Assets

<b>Net Assets</b>	<b>3,301,321</b>	<b>3,355,744</b>	<b>3,925,067</b>
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### Shareholders' Equity

Share capital	4,204,543	3,979,800	3,970,800
Reserves	4,206,193	4,206,193	4,356,193
Retained Profits (Accumulated losses)	(5,055,148)	(4,775,982)	(4,347,659)
<b>Total parent entity interest</b>	<b>3,355,588</b>	<b>3,410,011</b>	<b>3,979,334</b>
Outside equity interests in controlled entities	54,267	54,267	54,267
<b>Total Equity</b>	<b>3,301,321</b>	<b>3,355,744</b>	<b>3,925,067</b>

Net Tangible Assets per share cents

4.9

5.1

6.2



# Pegmont Mines Limited

## Statement of Cash Flows

For The Half-Year Ended 30 June 2014

	Note	Current Half Year Consolidated \$	Previous Corresponding Half Year Consolidated \$
<b>Cash Flows Related To Operating Activities</b>			
Receipts from sale of shares		73,300	158,347
Payments for purchase of shares		(7,677)	(98,768)
Directors & Secretary fees		(14,550)	(45,000)
Payments to suppliers and contractors (inclusive of goods and services tax)		(132,859)	(159,235)
Interest and other items of a similar nature received		3,273	10,231
Income taxes paid			
<b>Net Operating Cash Flows</b>		<b>(78,513)</b>	<b>(134,425)</b>
<b>Cash Flows Related To Investing Activities</b>			
Outflow for exploration expenditure		(113,077)	(103,351)
<b>Net Investing Cash Flows</b>		<b>(113,077)</b>	<b>(103,351)</b>
<b>Cash Flows Related To Financing Activities</b>			
Share Placement		224,743	-
<b>Net Financing Cash Flows</b>		<b>224,743</b>	<b>-</b>
<b>Net Increase (Decrease) In Cash Held</b>		<b>33,153</b>	<b>(237,776)</b>
Cash at beginning of half year		18,550	520,330
<b>Cash At End Of Half Year</b>	<b>3</b>	<b>51,703</b>	<b>282,554</b>

## Notes to the Financial Statements

For the Half-Year ended 30 June 2014

### 1. Basis of Preparation of Half-Year Financial Statements

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2014 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 2013 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 2014, 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 2013.

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 2014. 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 2014

### 2. Revenue and Expense

Operating profit before income tax is arrived at after:

- a) crediting interest as revenue
- b) crediting insurance recoveries as revenue
- c) exploration expensed

Current Half-Year Consolidated	Previous Corresponding Half Year Consolidated
\$	\$
192	9,981
3,081	-
(113,077)	(78,767)

### 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  
Deposits at call

51,703	22,890
-	259,664
51,703	282,554

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

Category of Securities	Number Issued	Number Quoted
Ordinary Shares at 31 December 2013:	62,698,722	62,698,722
Issued during current half year	4,017,834	4,017,834
	66,716,556	66,716,556
Options:	2,500,000	-
Issued during current half year	2,500,000	-
to Mr Malcolm A Mayger (Director)	2,500,000	-
at 6c per share to raise \$150,000		

### 5. Earnings per share

	Current Half-Year Consolidated	Previous Corresponding Half Year Consolidated
Basic earnings per share	-0.4c	-0.5c
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	66,716,556	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 2014**

**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 2014/15 amounts of approximately \$425,000 (2013/2014 \$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. It is anticipated that 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**

Subsequent to the end of the half year 2,500,000 options over ordinary shares were exercised raising \$150,000 and a placement of 1,200,000 ordinary shares raised an additional \$72,000. No other 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 2014.