

Pegmont Mines Limited

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

Dear Sir,

Quarterly Activity Report

31 March 2015

We submit the following activity report of Pegmont Mines Limited (The Company) for the three months to 31 March 2015.

1. Summary

- No field exploration activities were undertaken by either the Company or Vendetta Mining Corp (Vendetta) on the Pegmont deposit during the quarter. The campsite at Pegmont remained closed.
- However, Vendetta has indicated their intention to conduct an active program of drilling 10,000 metres during the remainder of 2015 in order to update Inferred Resource over Zone 5 (Southern Lode), estimate an Inferred Resource at the Gossan Lode and conduct metallurgical test work on Gossan and Zone 5 mineralisation.
- A small loss of \$5,901 was incurred from investing activities by the sell down of several positions carried forward from 2014. The share portfolio had a market value of \$21,650.
- The Company's cash balances totalled \$342,014 at end of the quarter.

2. Pegmont lead-zinc Project – 100% interest

In accordance with the Option Agreement to acquire the Pegmont Project, Vendetta has assumed operatorship and drilled 3,528 metres prior to December 2014.

Vendetta has advised of their intention to drill a further 12,462 metres, dependent upon results, including a minimum 10,000 metres during 2015, including 1,836 metres at the Gossan Lode. The intention of the drill plan is to generate sufficient Inferred Resource to provide the basis for a scoping study, including metallurgical test work. Also, a further objective will be an attempt to demonstrate mineralisation within EPM 14491.

3. Reefway Royalty Tenements (Pegmont 76.7% interest)

Sales of copper cathode (99.99% pure) from the Reefway tenements total 47,618 tonnes from commencement of mining to 31 December 2014.

4. Other Exploration Activities

Review of copper (+ gold) opportunities in the Mount Isa region has commenced.

5. Investment Activity

A small loss was incurred from the sale of several carry over positions from 2014. Downside risk among the junior resource producers arising from depressed commodity prices provides little incentive to punters.

6. Income and Expenditure (cash basis)

The Company's cash position declined by \$68,845 during the quarter as a result of share investing loss of \$5,901, part payment of \$15,000 on a shareholder advance, \$3,244 expenditure on exploration and corporate expense of \$44,700. This is approximately in line with budget.

7. Sharetrading Activities

Investment Activity Summary

Shares Traded	March Quarter 2015 \$'000	March Quarter 2014 \$'000	Budget Year 2015 \$'000
Proceeds	26	66	100
Cost	85	111	160
Profits	-	-	-
Losses	(59)	(45)	(60)
Realised Profit/(Loss)	(59)	(45)	(60)
Net Provision	52	33	60
Net Trading Profit/(Loss)	(7)	(12)	-

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

8. Income and Expenditure (cash basis)

Income Received	March Quarter 2015 \$	Budget Year 2015 \$
Interest/Dividends/Other	1,308	8,000
Realised profit/(loss) on sale of shares	(59,396)	(60,000)
	(58,088)	(52,000)
Add: Reduced provisions to market value	52,187	60,000
Net Income/(Loss) from investing activities	(5,901)	8,000
Shareholder Advance	(15,000)	(15,000)
Vendetta Option Proceeds	-	250,000
Total Funds Raised	(15,000)	235,000

Exploration Expenditure	March Quarter 2015 \$	Budget Year 2015 \$
Pegmont MLs	2,380	2,500
Pegmont EPMs	22	2,500
Other	842	25,000
Exploration Expenditure	3,244	30,000
Corporate Expenditure		
Administration (Including Legals)	29,092	110,000
Directors and Secretary Fees	10,600	150,000
Working Capital Increase/(Decrease)	5,008	-
	44,700	260,000
Net Cash Surplus/(Deficit)	(68,845)	(47,000)
Add: Opening Cash Balances	410,859	410,859
Closing Cash Balances	342,014	363,859

Conclusion

The Company has reduced corporate expenditures to approximately \$260,000pa which equates to anticipated receipts of \$250,000 from Vendetta's second option payment due in November (provided their drill program yields favourable assay results) plus a small investment surplus forecast in the second half of the year when commodity prices could have bottomed out. We are now in a financially sustainable position for the first time in a number of years.

Yours faithfully



Malcolm A Mayger
Managing Director