

Pegmont Mines Limited

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31 July 2015

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

Dear Sir,

Quarterly Activity Report

30 June 2015

We submit the following activity report of Pegmont Mines Limited (The Company) for the three months to 30 June 2015.

1. Summary

- No field exploration activities were undertaken by the Company as Vendetta Mining Corp (Vendetta) continues to evaluate the Pegmont deposit during the quarter. The campsite at Pegmont was used during the month of May.
- 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. This activity will be subject to funding capability.
- A small loss of \$1,562 was incurred from investing activities by the sell down of several positions carried forward from 2014. The share portfolio had a market value of \$25,800.
- The Company's cash balances totalled \$290,793 at end of June.

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)

Reported 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. Since downside risk among the junior resource producers arising from depressed commodity prices provides little incentive to punters, this market sentiment could result in oversold situations.

6. Income and Expenditure (cash basis)

The Company's cash position declined by \$51,221 during the quarter as a result of share investing loss of \$1,562, \$11,499 expenditure on exploration and corporate expense of \$38,160. This is approximately in line with budget.

7. Sharetrading Activities

Investment Activity Summary

Shares Traded	June Quarter 2015 \$'000	June Half Year 2015 \$'000	Budget Year 2015 \$'000
Proceeds	14	40	100
Cost	16	101	160
Profits	-	-	-
Losses	2	(61)	(60)
Realised Profit/(Loss)	(2)	(61)	(60)
Net Provision	(1)	51	60
Net Trading Profit/(Loss)	(3)	(10)	-

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

8. Income and Expenditure (cash basis)

Income Received	June Quarter 2015 \$	June Half Year 2015 \$	Budget Year 2015 \$
Interest/Dividends/Other	1,497	2,785	8,000
Realised profit/(loss) on sale of shares	(1,974)	(61,370)	(60,000)
	(497)	(58,585)	(52,000)
Add: Reduced provisions to market value	(1,065)	51,222	60,000
Net Income/(Loss) from investing activities	(1,562)	(7,463)	8,000
Shareholder Advance	-	(15,000)	(15,000)
Vendetta Option Proceeds	-	-	250,000
Total Funds Raised	-	(15,000)	235,000

Exploration Expenditure	June Quarter 2015 \$	June Half Year 2015 \$	Budget Year 2015 \$
Pegmont MLs	(390)	1,990	2,500
Pegmont EPMs	5,274	5,296	2,500
Other	6,615	7,457	25,000
Exploration Expenditure	11,499	14,743	30,000
Corporate Expenditure			
Administration (Including Legals)	26,163	55,255	110,000
Directors and Secretary Fees	18,377	28,977	150,000
Working Capital Increase/(Decrease)	(6,380)	(1,372)	-
	38,160	82,860	260,000
Net Cash Surplus/(Deficit)	(51,221)	(120,066)	(47,000)
Add: Opening Cash Balances	-	410,859	410,859
Closing Cash Balances	290,793	290,793	363,859

Conclusion

The Company has continued to reduced corporate expenditures to approximately \$250,000pa 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). We are now in a financially sustainable position for the first time in a number of years.

Yours faithfully



Malcolm A Mayger
Managing Director