



PEGMONT

Pegmont Mines Limited
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30 October 2024

The Manager
The National Stock Exchange of Australia
Level 3,
1 Bligh Street
Sydney NSW 2000

Dear Sir,

Quarterly Activity Report
30 September 2024

1. Summary

- (i) **Cash** at bank increased by \$59,315 to \$870,460 as trading investments were reduced by \$55,389 to realise profits.
- (ii) **Net Operating Surplus** for the September quarter was \$3,846. This result was due from a refund of legal expenses of \$46,892.
- (iii) **Investment Income** from bank interest was \$6,545 and investment profits were \$26,249.
- (iv) **Administration** and Exploration expense was \$28,428 and \$NIL respectively.
- (v) **Royalty interests** operated by Austral Resources Australia Ltd (AR1) at Mount Kelly had rescaled their operations and were limited to heap leaching causing a sharp reduction in copper metal production. 1,326 tonnes of copper cathode was produced during the quarter. Total accumulated copper sold is now estimated to exceed 71,000 tonnes by year end, a milestone towards achieving 100,000 tonnes of copper metal before royalties become payable.
- (vi) **Metal prices** were generally firmer except Iron Ore and Oil (WTI), which reflects lower consumption in Europe and China due to weak economic activity.

2. Cash and Investing Activities

Cash and investing activities received an infusion of \$300,000 from the one-for-ten equity issue completed in the June quarter. However no funds were placed on term deposit due to the possibility of transferring \$100,000 to investment activities which was not done due to market volatility. Cash funds are invested on Term Deposit \$472,426 and \$117,296 with Macquarie Bank for investing and \$280,738 held in current account.

Market investments have a cost of \$95,832 and market value of \$82,940 at 30 September requiring a market loss provision of \$14,937 which is a reduction of \$9,401 from December 2023. Total share and investment cash portfolio is thus \$200,237.

3. Royalty Interests

Royalty interests are held in two groups of tenements in the Mount Isa geological province, one group around Mount Kelly (copper, gold and other minerals) which are north of Mount Isa and the other group at Pegmont (lead-zinc-silver) located 25 km west of the large Cannington Mine (silver, lead-zinc); south of Cloncurry.

The Mount Kelly tenements operated by Austral have been restricted to heap leaching at Mount Kelly to maximise cash flow and pay down debt. Mining at Anthill Mine is in abeyance pending higher metal prices. Consequently, refined copper can be expected to decline sharply, 1,326 tonnes of copper cathode was produced during the quarter.

Vendetta Mining Corporation of Canada has also stopped field activities and recently raised \$250,000 to pay for ongoing expenses. The LME Index for metals firmed.

4. Commodity Background

Oil has declined whilst lithium carbonate staged a 48% price recovery from extreme lows in 2023. Gold has risen 28.2%, well ahead of cost inflation in Australia making it very attractive to produce ounces. This sector has attracted strong investor interest especially in major producers and several exciting explorers. Gold producers have been helped by the low Aussie dollar which has enhanced margins and enabled low grade mines to be developed.

Summary of Selected Commodity Price Movements – To 30 September 2024

		2024 30 Sep	2024 28 June	2024 30 Mar	% gain on 31.12.23
Oil-WTI	\$US/bb	68.17	83.4	83.2	(4.8)
Iron ore (62% Fe lump)	\$US/t	107.46	106.8	106.0	(21.2)
LME Index		4,203	4,165.7	3,808.3	13.2
Lithium Carbonate	\$US/t	10,346	9,005	10,743	48.0
Zinc	\$US/t	2,847	2,919.5	2,486.1	7.8
Copper	\$US/t	10,282	9,675	8,816	3.4
Gold	\$US/oz	2,647	2,327.72	2,217.4	28.2
\$A/\$US		0.69	0.67	0.65	3.0
All Ords Index		8,538.4	8,013.8	8,153.7	8.7
Gold Index (ASX 200)		8,721.3	7357.0	7,242.3	18.2

5. Income and Expenditure (cash basis) Unaudited

	September 2024 Quarter \$	Nine Months to September 2024 \$	Guidance Year Dec 2024 annuation \$
Income Received			
Interest/Dividends/Other	6,545	18,058	25,000
Realised profit/(loss) from sale of shares	26,249	(37,687)	(30,000)
	32,794	(19,629)	(5,000)
Provision to market gain/(loss)	(520)	9,401	10,000
Net Income from investing activities	32,274	(10,228)	5,000
Net Income	32,274	(10,228)	5,000
Expenditures (cash basis)			
Exploration			
Canyon refund of prior expenses	–	(13,067)	(12,462)
Royalty Agreement costs	–	462	462
General	–	–	–
	–	(12,605)	(12,000)
Corporate			
Administration	(1,947)	57,547	90,000
Audit Fees	4,000	4,000	17,000
Directors' Fees	26,375	79,125	106,000
New Issue Expenses	–	24,697	25,000
	(28,428)	(152,764)	238,000
Net Operating Surplus/(Deficit)	3,846	(162,992)	(233,000)
Working Capital, net receipts	55,469	(14,508)	(17,000)
Net Cash Surplus/(Deficit)	59,315	(177,500)	(250,000)
Add: Opening Cash Balance	811,145	747,960	747,960
New Issue – Gross Proceeds	–	300,000	497,960
Closing Cash Balances	870,460	870,460	797,960

6. Guidance for 2024

The Company's cash position is \$870,460 plus a share portfolio having a market value of \$82,940, sufficient to last until end of 2027 based on an expenditure rate of \$250,000 per year. Provided that Mount Kelley Operations can average 9,000 tonnes/annum of cathode copper to December 2027, royalty income could become a valuable source of future income in 2028.

Yours faithfully



Malcolm A Mayger
Managing Director