

Pegmont Mines Limited

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Corporate Office

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22 August 2017

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

Dear Sir,

Templeton EPM Application – 60km west of Mount Isa

Further to our June Quarterly Activity Report, a desktop review of project opportunities in the Mount Isa region in North-West Queensland has resulted in the Templeton EPM (Exploration Permit for Minerals) Application being lodged with the Mines Department on the 17 August 2017 for a Permit period of five years. The exploration target is Mount Isa type copper ore bodies, preferably with high grade (3% Cu) that may be concealed beneath an old Tertiary weathering surface. The Application area is about 60 kilometres west of Mount Isa, in the western part of the Mount Isa – Cloncurry copper province, comprising 96 sub-blocks, covering approximately 250 square kilometres.

In the proposed EPM area there are five circular magnetic anomalies, see the attached map. These anomalies may be related to magmatic intrusive bodies. Copper ore deposits are in many cases associated with such magmatic intrusive bodies. Although five drill holes have been completed by previous explorers, none of these drill holes have tested potential in the areas of magnetic anomalies.

Since there are no known copper occurrences in the application area, exploration will be reliant upon the following sequence of activities:

- Airborne magnetic and radiometric survey, at 50 metre line spacing to identify coincident target areas for surface geological work and sampling. To assist in the search for outcrops of mineralised systems, a spectral radiometric survey method will be used.
- Drill testing of outcrops of the target area will be deep enough to penetrate the entire weathered oxidised leached profile to intersect the primary sulphide target zone. Holes which intersect at least minor sulphides would be surveyed by down hole Induced Polarisation.
- The IP anomaly would then be drilled by drill holes deep enough to test the nature of the sulphide target.

Since the Application process may take some time, exploration activity is unlikely to commence much before April 2018.

Yours faithfully,



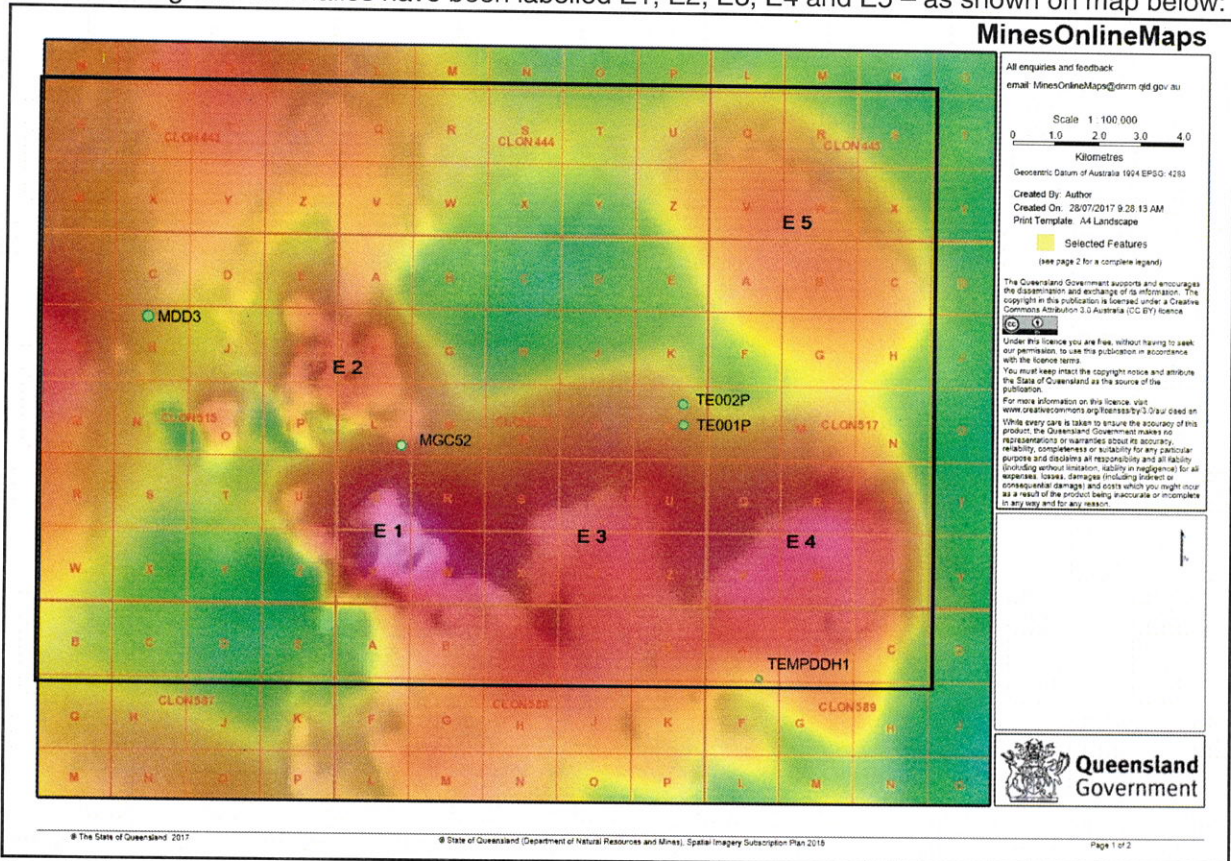
Malcolm A Mayger
Managing Director

Exploration Program Additional Information

Exploration Strategy

In the proposed EPM area there are 5 circular magnetic anomalies. The anomalies may be related to magmatic intrusive bodies. Copper ore deposits are in many cases associated with such magmatic intrusive bodies. Copper sulphide mineralisation may be found in top part of the intrusive and / or in the rocks overlying the intrusive.

The main magnetic anomalies have been labelled E1, E2, E3, E4 and E5 – as shown on map below:



Map showing outline of proposed EPM (in black), sub-blocks and magnetic anomalies
 NB: Five drill holes completed by previous exploration companies are also shown – note that these drill holes have not tested potential in the areas of magnetic anomalies

Details of sub blocks being applied for:

BIM	BLOCK	SUB BLOCKS	TOTAL
CLON	443	R S T U W X Y Z	8
CLON	444	Q R S T U V W X Y Z	10
CLON	445	Q R S V W X	6
CLON	515	B C D E G H J K M N O P R S T U W X Y Z	20
CLON	516	A B C D E F G H J K L M N O P Q R S T U V W X Y Z	25
CLON	517	A B C F G H L M N Q R S V W X	15
CLON	587	B C D E	4
CLON	588	A B C D E	5
CLON	589	A B C	3
TOTAL			96