

Pegmont Mines Limited

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12 December 2018

The Manager
The National Stock Exchange of Australia
Level 3
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Latest Press Release PR 004 12 December 2018

THE 6 STEP PLAN: ASSET SALES AND REFOCUS WILL CREATE THE “NEW” PEGMONT MINES

Malcolm Mayger MD of Pegmont Mines said “we continue to execute the plan that will create the “new” Pegmont over the next several years:

“Step 1 – The continued liquidation of the Pegmont and New Hope tenements, both under existing option agreements to create cash reserves to fund our major new planned exploration programs. (Cash currently stands at \$1.5m with \$575k pending).

Step 2 – Was the appointment of Jacob Rebek as Pegmont’s Senior Advisor: Geology.

Step 3 – The application and granting of new tenements (Templeton exploring for copper and gold) on the western side of Mount Isa as recommended by Jacob from the research work that he had undertaken.

Step 4 – The possible application for new tenements showing similar characteristics to Templeton.

Step 5 – Commence a drilling program on Templeton as soon as the end of the wet season allows in April/May 2019 to confirm mineralisation at depth.

Step 6 – Under review is the possibility of paying a fully franked dividend when our cash reserves will allow ideally before end of June 2019.”

Step 1 – Vendetta of Canada

Vendetta has an option to buy the Pegmont tenements and on 6 November paid the \$1m due on that date. A further \$3m was also due but in return for increased cash payments Pegmont has granted Vendetta an extension to this prepaid royalty payment until May 6th 2019. A further extension until November 6th 2019 is possible but at a further cash payment and changes to the royalty payments.

Step 2 – Chinova

Chinova has now exercised its option to acquire 100% interest in ML2487 (New Hope gold and cobalt) for \$725K less the \$150K paid as an option fee to make the final payment of \$575K in February 2019.

Step 3 – Templeton

Jacob Rebek, Pegmont's Senior Advisor-Geology, wrote in the September Quarterly Activities Report "The area protected by EPM26647 (called Templeton) has been selected and the exploration programme has been designed on the basis of a concept that is best summarised as follows:

- Bullseye magnetic targets located on margins of a major gravity low probably represent near-vertical pipe-like magnetic intrusive bodies
- Hydrothermal alteration and mineralisation systems are likely to be found in and above such intrusive bodies.

The results of the field work completed to date provided encouragement of this concept."

In Templeton EPM 26447, field work around major magnetic anomalies E1 and E2 has been broadly completed and have resulted in the delineation of eleven magnetic targets for drilling. A Landholder Compensation Agreement is required before drilling can commence. Details on our [website www.pegmont.com.au](http://www.pegmont.com.au)

Cash position

"As the options payments are paid Pegmont Mines will have the current \$2m cash and a possible maximum of \$5m+. This will be more than sufficient to underpin the Company's copper-gold exploration program in the Mount Isa Region for a number of years. Target drilling is our number 1 priority to confirm the presence of mineralized intrusions at depth." Said MD Malcolm Mayger.

For further comment contact Malcolm Mayger on 612 6583 7747, or by email pegmont@hotmail.com

Yours sincerely,



Malcolm A Mayger
Managing Director