

# **Pegmont Mines Limited**

ACN 003 331 682

Financial Report for the  
Half-Year ended 30 June 2021

## Directors' Report

The Directors of Pegmont Mines Limited submit herewith the financial report for the half-year ended 30 June 2021. In order to comply with the provisions of the Corporations Act, the Directors report as follows: -

The names and particulars of Directors of the company in office during the year and on the day this report is made out are:

**READ, Peter J.** (Non-Executive Chairman) *B Ec FAICD*

Mr Read, aged 82, is a corporate specialist with experience as a previous managing director with Drillsearch Energy Ltd and Queensland Resources NL. In addition he has extensive experience in marketing and business consulting.

**MAYGER, Malcolm A.** (Executive Managing Director) *BCom, CA, FAICD*

Mr Mayger, aged 81, has over 47 years experience in exploration, mining and investment. Malcolm Mayger founded the company in 1987 and has guided its subsequent development from an exploration concept to royalty holder and mining investment..

**ORITI, Haydn G.** (Non-Executive Director) *LLB*

Mr Oriti, aged 58, is a practicing solicitor in Port Macquarie with experience in commercial investments.

**WOODS, Richard S.** (Alternate for Mr M A Mayger) *BBusCA*

Mr Woods, aged 68, is a Chartered Accountant and former partner of Walker Wayland NSW Chartered Accountants for 27 years with extensive taxation experience.

**ARMSTRONG, John M.** (Non-Executive Chairman) *BSc, MBA, FFin, FAICD*

Mr Armstrong, aged 86, who retired on 27 May 2021 is a professional company director with over 40 years experience in investment banking, resource finance and investment management at senior management and director levels. He will provide investment advice to the company

## Review of Operations

The company's operations during the half year to 30 June 2021 resulted in a net loss of \$207,625 a decrease on a loss of \$256,460 to June 2020. This result is after expensing all administration and exploration and resource evaluation expenditure incurred during the six months and including share trading loss of \$1,400 (2020- loss \$7,250).

	Segment Revenue 2021 \$	Segment Profit/(Loss) 2021 \$	Segment Profit/(Loss) 2020 \$
Share Trading	-	-	-
Dividend Received	-	-	-
Gross Revenue from share trading	-	-	-
Interest	6,185	6,185	17,327
Exploration expenditure-net of recoveries		(80,106)	(136,809)
Unallocated expenses		(132,307)	(129,728)
Profit/(loss) from ordinary activities before tax		(206,228)	(249,210)
Income Tax Expense		-	-

Provision for share trading profit (loss)	(1,400)	(7,250)
Profit/(loss) for half- year after income tax	(207,628)	(256,460)
Earnings/(loss) per share	(0.03)	(0.04)

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The profit/loss has been subjected to an independent review by the company auditor.

### Activities

Exploration activity was focused on designing the upcoming Canyon EPM 27345 drill program to test for mineralisation associated with the McNamara Fault and an intersecting cross NW-SE fault to replicate the mineralisation at Mount Kelly. This drill program of 8 RC holes for 800-1,200 metres was undertaken during mid August 2021.

A four year option deal was executed with South 32 Limited on 25 February 2021, who may withdraw at any time. However, the Company has since received a withdrawal notice from South32 on 16 August 2021, because initial soil sampling at Templeton was not encouraging

### Changes In State Of Affairs

The Canyon drill program which was due to commence late May had to be deferred to August as a result of strong competition for drill services from other extended and larger drill programs combined with labour shortages. Various State Co-Vid lockdowns exacerbated the problem by inducing drill contractors to relocate scarce rigs and experienced labour to West Australia where a number of significant discoveries have been made during the the past twelve months.

Mr John Armstrong retired from the Board at the conclusion of the Annual General Meeting of the Company on 27 May 2021. Mr Hadyn Oriti a practicing lawyer in Port Macquarie was appointed Director of Pegmont Mines Limited and subsidiary companies at a Directors' meeting following the AGM on 27 May 2021. .

### AUDITORS' INDEPENDENCE- SECTION 307C

Following this report is a letter received from the company's Auditors.

This report is made in accordance with a resolution of the directors.

Dated this 6 day of September 2021

On behalf of the Directors



MA Mayger

Director

## **Directors' Declaration**

**For The Half-Year Ended 30 June 2021**

The directors declare that:

- a) The attached financial statements and notes thereto comply with Accounting Standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance;
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*; and
- d) In the directors' opinion there are reasonable grounds to believe that Pegmont Mines Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



MA Mayger

Director

Dated this 6 day of September 2021.

## Consolidated Statement of Profit and Loss and Other Comprehensive Income

For The Half-Year Ended 30 June 2021

	Note	Half-year Ended 30 June 2021 \$	Half-year ended 30 June 2020 \$
<b>Revenue from continuing operations</b>			
Gross revenue from share trading		–	–
Cost of sales		–	–
Gain/Loss on sale of shares		–	–
Write back (increase) of provision for shares		(1,400)	(7,250)
		(1,400)	(7,250)
Investment income		6,185	17,327
Option proceeds and extension fees			
Recovery of Exploration Expenditure			
Expenses from ordinary activities		(212,413)	(266,537)
Income tax credit/(expense)	5	–	–
Net Profit/(loss) from ordinary activities for half-year after income tax		(207,628)	(256,460)
			–
Profit/(loss) for half year attributable to members of Pegmont Mines Ltd and recognised directly in equity		(207,628)	(256,460)
Retained Profits brought forward		(4,538,613)	(4,008,207)
Dividend Paid		–	–
Retained Profits at end of half-year		(4,746,241)	(4,264,667)
Earnings (loss) per share – basic	4	(0.03)	(0.04)

**Consolidated Balance Sheet**

As at 30 June 2021

	Half-year 30 June 2021 \$	Annual Report 31 Dec 2020 \$	Half-year 30 June 2020 \$
<b>Current Assets</b>			
Cash and Cash Deposits	1,801,359	2,204,450	2,641,410
Receivables	28,945	21,834	21,447
Prepayments	-	-	-
Investments	6,342	7,742	9,425
<b>Total Current Assets</b>	<b>1,836,646</b>	<b>2,234,026</b>	<b>2,672,282</b>
<b>Non-Current Assets</b>			
Mineral Tenements (with royalty interests)	200,000	200,000	200,000
<b>Total Non-Current Assets</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Total Assets</b>	<b>2,036,646</b>	<b>2,434,026</b>	<b>2,872,282</b>
<b>Current Liabilities</b>			
Payables	41,280	31,032	95,342
Loans	-	200,000	300,000
<b>Total Current Liabilities</b>	<b>41,280</b>	<b>231,032</b>	<b>395,342</b>
<b>Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>41,280</b>	<b>231,032</b>	<b>395,342</b>
<b>Net Assets</b>	<b>1,995,366</b>	<b>2,202,994</b>	<b>2,476,940</b>
<b>Equity</b>			
Contributed equity	4,541,607	4,541,607	4,541,607
Reserves	2,200,000	2,200,000	2,200,000
Retained profits	(4,746,241)	(4,538,613)	(4,264,667)
<b>Total entity interest</b>	<b>1,995,366</b>	<b>2,202,994</b>	<b>2,476,940</b>
<b>Total parent equity interest</b>	<b>1,995,366</b>	<b>2,202,994</b>	<b>2,476,940</b>
Net tangible assets per share	2.8	3.0	3.4

**Consolidated Statement of Cash Flows****For The Half-Year Ended 30 June 2021**

	Note	Half-year Ended 30 June 2021 \$	Half-year ended 30 June 2020 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations			
Receipts from sale of shares		-	-
Cash payments in the course of operations			
Payments for purchase of shares		-	-
Directors & secretary fees		(81,660)	(82,844)
Payments to suppliers and contractors		(47,510)	(86,131)
Interest and other items of a similar nature received		<u>6,185</u>	<u>17,327</u>
<b>Net cash from operating activities</b>		<b><u>(122,985)</u></b>	<b><u>(151,648)</u></b>
<b>Cash Flows Related To Investing Activities</b>			
Exploration expenditure		(80,106)	(136,809)
<b>Net cash provided from investing activities</b>		<b><u>(80,106)</u></b>	<b><u>(136,809)</u></b>
<b>Cash flows from financing activities</b>			
Loan repayment		(200,000)	-
Share Issue		-	-
<b>Net cash flows from financing activities</b>		<b><u>(200,000)</u></b>	<b><u>-</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(403,091)</b>	<b>(288,457)</b>
Cash and cash equivalents at the beginning of the half year		2,204,450	2,929,867
<b>Cash and cash equivalents at end of half year</b>	<b>3</b>	<b>1,801,359</b>	<b>2,641,410</b>

**Statement of Change in Equity**

For the Half-Year Ended June 2021

	<b>Half-year Ended 30 June 2021 Number Issed</b>	<b>Half-year Ended 30 June 2020 Number Issed</b>
Ordinary shares issued at 31 December 2019	–	72,316,556
31 December 2020	<b>72,316,556</b>	–
Issued during current half year	-	–
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Ordinary shares issued at 30 June 2020		72,316,556
30 June 2021	<b>72,316,556</b>	–
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	<b>72,316,556</b>	72,316,556

Note: All shares that are Issued are Quoted.  
There was no other category of Issued or Quoted Securities.

Options: There were no options on issue.



## Notes to the Financial Statements

### For the Half-Year ended 30 June 2021

#### 1. Basis of Preparation of Half-Year Financial Statements

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001* and International Financial Reporting Standards.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by Pegmont Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### Adoption of new and revised Accounting Standards

In the half-year ended 30 June 2021, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2021. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

#### 2. Revenue and Expense

Operating profit before income tax is arrived at after:

	Current Half-year Consolidated \$	Previous Corresponding Half-year Consolidated \$
a)crediting interest as revenue	6,185	17,327
b)exploration expensed	(80,106)	(136,809)

#### 3. Reconciliation of cash

Cash at the end of the half-year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:

Cash on hand and at bank	250,177	382,667
Deposits at call	1,551,184	2,258,743
<b>Cash and cash equivalents at 30 June 2021</b>	<b>1,801,359</b>	<b>2,641,410</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT)****4. Earnings per share.**

	<b>Current Half-year Consolidated</b> \$	<b>Previous Corresponding Half-year Consolidated</b> \$
Basic earnings per share	(0.03)	(0.04)
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	72,316,556	72,316,556

The diluted earnings per share is not materially different from the basic earnings per share.

**5. Income Tax**

Prima facie tax payable on the operating profit at 27.5%	-	-
Timing Differences	-	-
Income Tax Expense	-	-

**6. Commitments for expenditure****Mineral tenement leases**

In order to maintain current rights of tenure to mining tenements on which the company will be undertaking exploration activity the Company will be required to outlay during 2021/2022 amounts of approximately \$184,000 (2020/2021 \$93,300) in respect of tenement minimum expenditure requirements. Expenditure requirements on EPM 26647 Templeton and EPM 27113 Mingeru amounting to \$185,800 were the responsibility of South32 Ltd in accordance with the option agreement entered into between the Company and South 32 Ltd in February 2021 on EPPM 26647 and EPM 27113. However, the Company received a withdrawal notice from South32 Ltd dated 16 August 2021, and it is understood that they have expended a pro rata proportion of the Mines Department expenditure obligation.

**7. Segmental Information**

The economic entity operates predominantly in one geographic location. The operations of the economic entity consist of investment and exploration for minerals within Australia.

**8. Subsequent Events**

Apart from the Company receiving a withdrawal notice from South32 Ltd dated 16/8/2021 relating to EPM 26647 and EPM 27113 no matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the half-year ended 30 June 2021.



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 www.rothsay.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
PEGMONT MINES LIMITED**

**Report on the Review of the Half-Year Financial Report**

***Conclusion***

We have reviewed the half-year financial report of Pegmont Mines Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

***Basis for Conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

***Directors' Responsibility for the Financial Report***

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.





INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
PEGMONT MINES LIMITED (continued)

***Auditor's Responsibility for the Review of the Half-Year Financial Report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Auditing

Donovan Odendaal  
Partner  
Dated 6 September 2021



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 www.rothsay.com.au

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001***

As lead auditor of the review of Pegmont Mines Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pegmont Mines Limited and the entities it controlled during the year.

**Rothsay Auditing**

A handwritten signature in black ink, appearing to read 'Donovan Odendaal'.

**Donovan Odendaal**  
Partner  
6 September 2021

