

# Pegmont Mines Limited

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25 June 2014

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

Dear Sir,

## Drilling to commence at Pegmont

As foreshadowed in our Exploration Update at the Company's Annual General Meeting held 29 May last, a 3000 metre RC drill program is anticipated to commence by 1 July. This drilling will be undertaken by a Schramm 685/UDR 1000 multipurpose rig capable of drilling to 500 metre depth. Anticipated duration of the drill program is about 20 days.

### Drill Objectives

**Firstly**, the program will drill 8-10 holes into the Pegmont Southern Lode (see attached Figure 2) to confirm the presence of two mineralised horizons intersected in PMRD 141 (271-279m @ 10.36% Pb + Zn and 326-332m @ 5.25% Pb + Zn) on local grid 5600E. Several holes of shallower depth may be drilled on 5300E.

This program is essentially infill drilling to enhance Mineralised Potential to Resource status. The quality of the upgrade will depend upon drill widths and grades intersected. Assay results are expected to be available by mid-August.

**Secondly**, a reconnaissance program to test Anomaly A (in EPM 15106) (see attached Figure 1) and Anomalies P and N (in EPM 14491) totalling some 800 metres will be undertaken. These magnetic anomalies were confirmed by our recent high resolution aeromag survey and were subjected to 3D analysis. They are not high intensity anomalies but require testing.

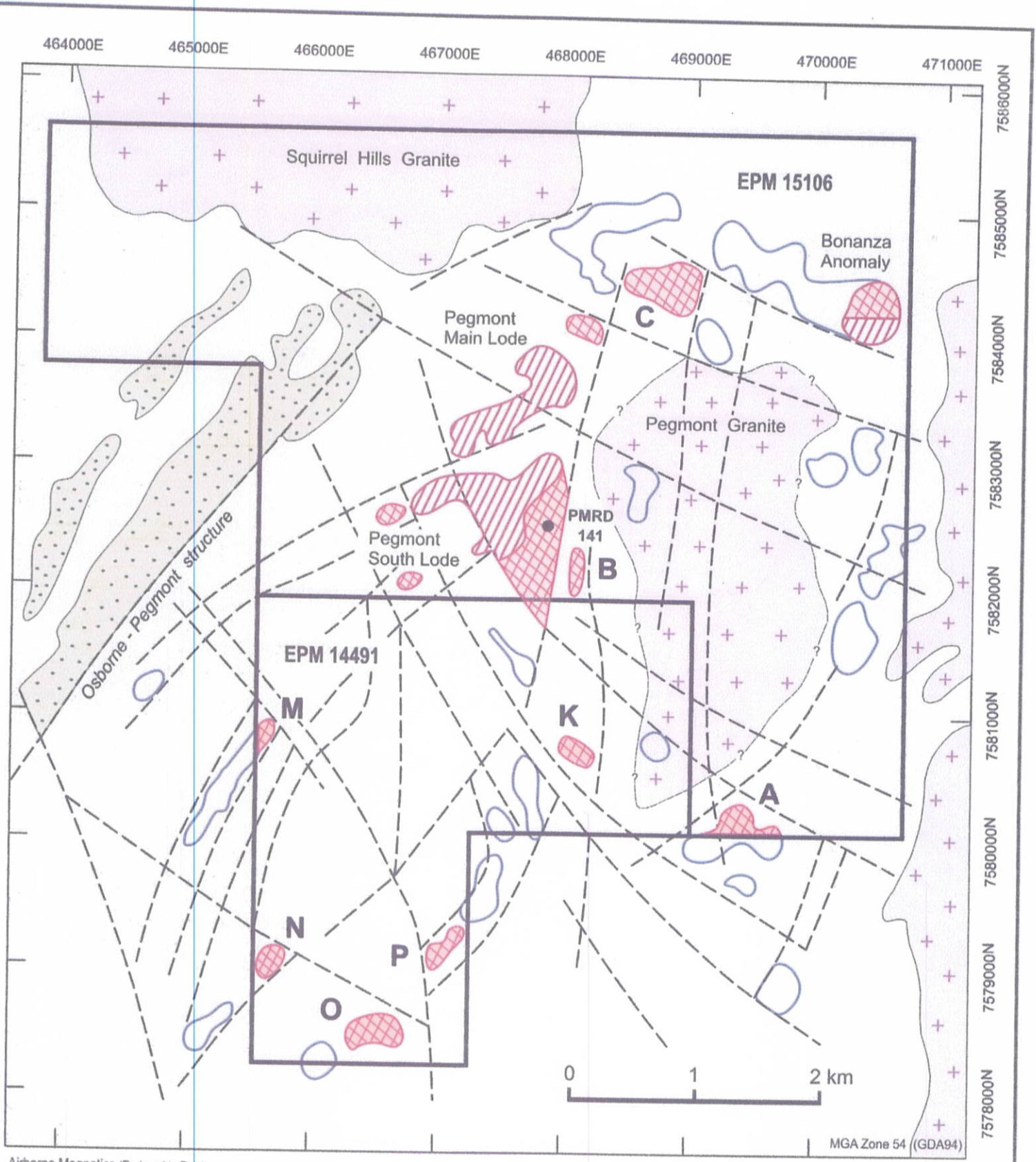
### Conclusion

Drill success in confirming an extension of lead-zinc mineralisation over an area some 300 metres east-west and 200 metres north-south could substantially progress the Pegmont Project towards our minimum resource target of 10Mt of sulphide mineralisation. Should our reconnaissance program turn up mineralisation, that would be a real bonus.

Yours faithfully



Malcolm A Mayger  
Managing Director



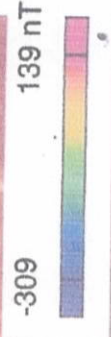
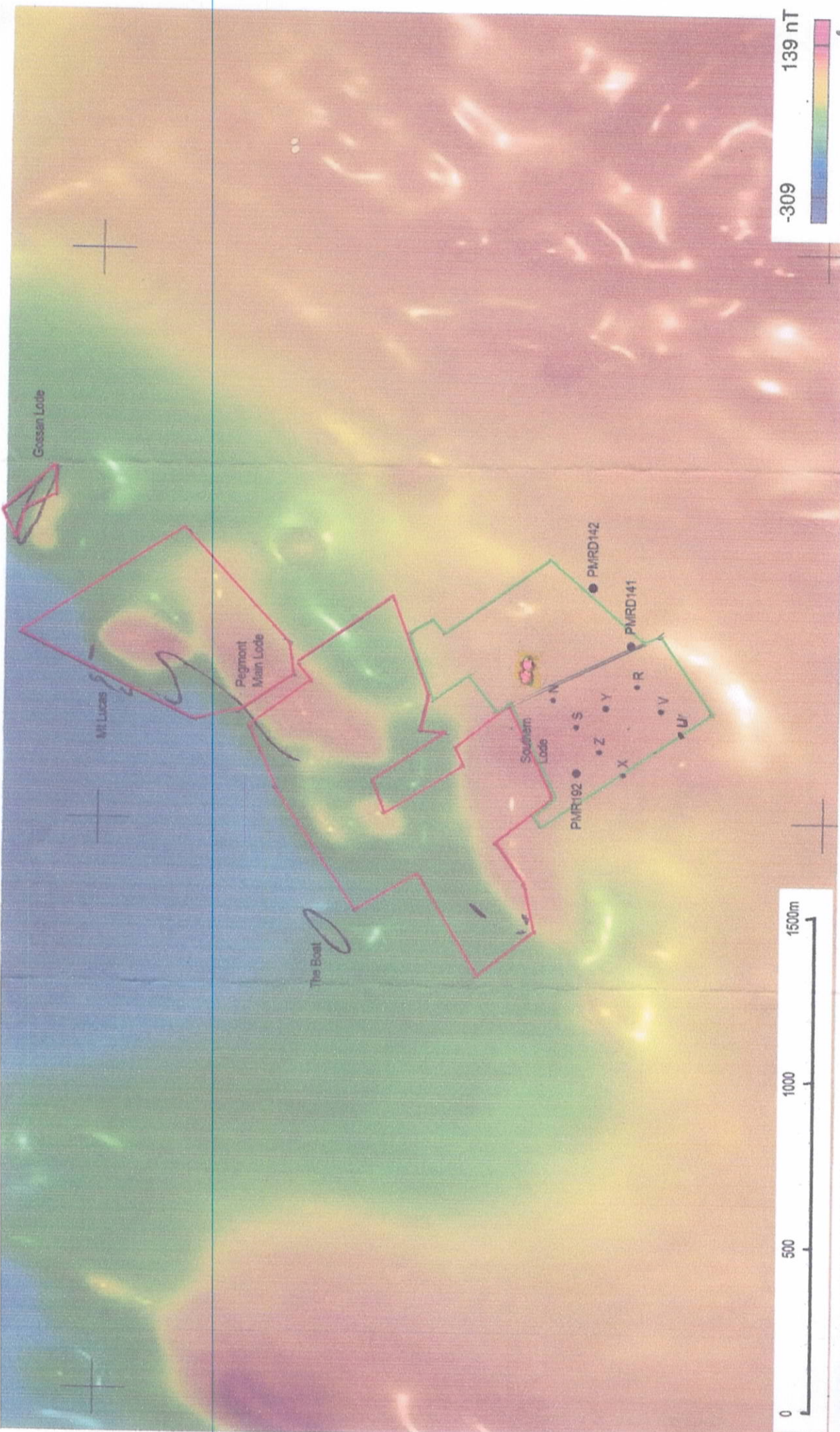
Airborne Magnetics (Reduced to Pole)  
 Filtered with residual 200m conditional median filter

MGA Zone 54 (GDA94)

Figure 1

- |          |                   |  |                          |
|----------|-------------------|--|--------------------------|
| <b>N</b> | Target Areas      |  | Granite                  |
|          | Mineralised Areas |  | Dolerite (interpreted)   |
|          | Magnetic Anomaly  |  | Metasediments            |
|          |                   |  | Structures (interpreted) |

**PEGMONT MINES LIMITED**  
**Structural Interpretation**  
**Airborne Magnetics**  
 EPM 14491, EPM 15106



- Inferred/Indicated Resource
- Mineralised Potential
- Drill Hole
- BIF outcrop/sub-outcrop

HOLE NO.	INTERVAL	Pb+Zn %
PMR192	187-195	9.12
	199-204	6.50

HOLE NO.	INTERVAL	Pb+Zn %
PMRD141	271-277	12.69
	278-279	3.68
	326-328	13.87
	330-332	4.39
PMRD142	376-378	13.75

**Pegmont Main and Southern Lodes**  
**Airborne Magnetics (RTP) and Resource Blocks**

*Figure 2*