

CREATING THE NEW PEGMONT MINES

21 YEARS YOUNG

**Commencing a new
phase of exploration,
the Templeton prospect.**

By concentrating on exploring the Mount Isa Region (a highly prospective and proven mineral province), we have succeeded through patience and perseverance in achieving significant copper oxide, lead, zinc and gold-cobalt discoveries from 1996 to 2017 and aim to continue into the future.



Pegmont Mines Limited
ABN 97 003 331 682

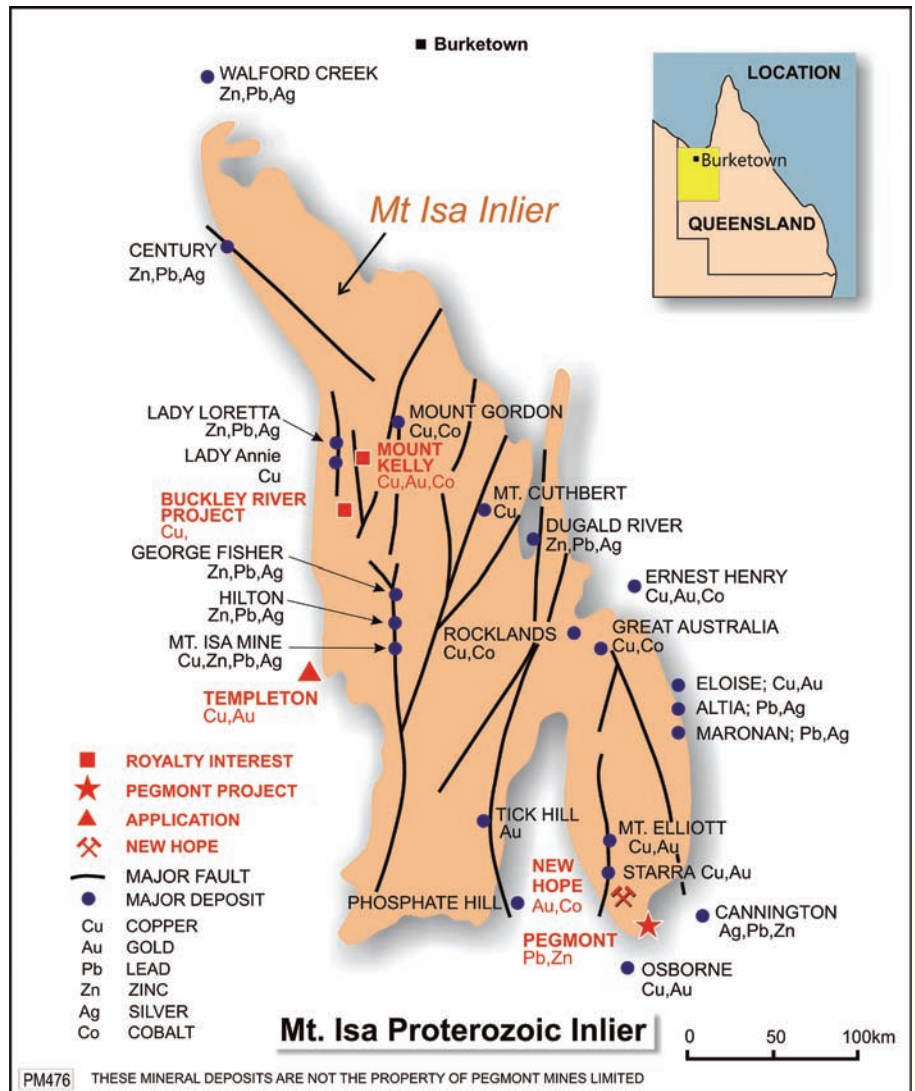
Our Focus Mount Isa

The Mount Isa Mineral Province is one of the best endowed Base Metal provinces in the world.

The province has:

- ▲ Four of the top ten Zn deposits
- ▲ Three of the top ten Pb deposits
- ▲ Largest silver mine at Cannington
- ▲ Three Cu deposits > 1Mt Cu
- ▲ High grade Moly-Rhenium deposits

These deposits are normally associated with major fault and intrusive systems.



Letter from the Chairman

Creating the new Pegmont

Since its formation 21 years ago the Company's dream was to make a major discovery in the Mount Isa region. Pegmont has always been focused on the region as one of the world's great mineral provinces.

Pegmont has made several mineral discoveries; and as the exploration develops to a point of interesting others, has optioned them out to reduce feasibility and development risks and in time to provide the finance for the next project, and a potential royalty stream. In 2014 we optioned out our Pegmont lead-zinc project to a Canadian company Vendetta Mining, who has since spent substantial sums at Pegmont with very considerable success. We are very pleased with their progress. Should Vendetta make a positive decision to exercise their option in late 2018, we would receive \$4,000,000 plus an attractive net smelter royalty. With this possibility in mind, the Board commenced a geological review of the Mount Isa region.

Because of its prospectivity for major base metal deposits, the Board resolved to explore for Mount Isa-type copper and gold deposits and commissioned a highly regarded, experienced geologist, Jacob Rebek (who has a proven track record of discoveries) for new ideas. After researching the Western Succession Domain he suggested that we look at an area to the West of Mount Isa, which has similar geology to the well explored Eastern Succession, but is under an alluvial cover and is therefore relatively unexplored. Jacob identified several interesting prospects which resulted in the application for an area which we call the Templeton prospect. An exploration program will commence in 2018 after obtaining Native Title and Landholder Agreements.

Several actions would flow from the Vendetta decision to exercise their option. Shareholders would be rewarded with a franked dividend from the exercise proceeds. At some point in time, we may be able to list on the ASX, thus improving liquidity in our shares. Other growth options would then be considered and the Board would be renewed and strengthened to implement the new future.

The following information on Pegmont, provides more detail of our philosophy, people and financial position. Additional detail can be obtained from our website www.pegmont.com.au



John M. Armstrong
Bsc, MBA, FAICD
Chairman

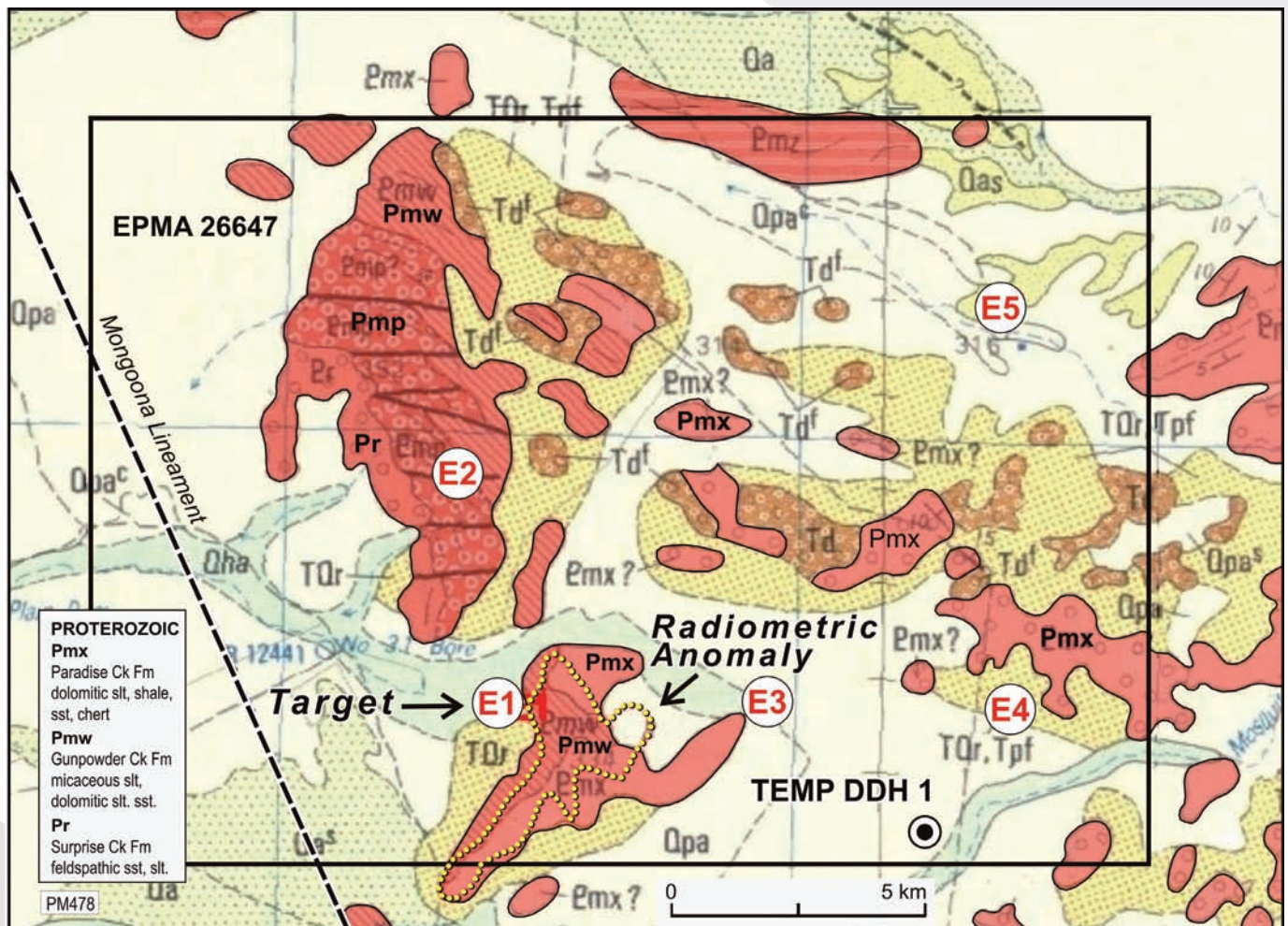
Our new project

Templeton Exploration Application (100%)EPM 26647

The Templeton application reaffirms our interest in copper-gold and cobalt exploration. It covers a high priority geophysical target that can be tested in the first year of exploration

- ▲ Templeton exploration area is located 60 kilometres west of Mount Isa. It is largely unexplored due to the residual and alluvial cover with minimal surface rock exposure. **The application covers 96 sub-blocks, or 246 square kilometres covering five large magnetic anomalies.**
- ▲ Geological setting in Templeton area is similar to that in areas where copper mining has been undertaken, notably Mount Kelly and Lady Annie (see page 7).
- ▲ Magnetic anomalies in the Templeton area are similar to those at Mount Kelly and Lady Annie **but they have not been tested by previous explorers.**
- ▲ Spectral analysis of a previous radiometric survey (at 400 metre line spacing) indicate potassium, uranium and thorium anomalies that are likely to be related to hydrothermal alteration.
- ▲ Based on experiences in use of airborne magnetic and spectral radiometric survey of close spaced lines (50 or 100 metres) an altered mineralised system with copper mineralisation can be identified on the basis of **coincident magnetic anomaly and a radiometric anomaly.**
- ▲ The first year program will be to undertake an airborne magnetic and radiometric survey and identify coincident anomalies to generate drill target areas to be confirmed by an Induced Polarisation survey. Drilling is expected to be undertaken by late 2018.
- ▲ The first two years budget of \$330,000, including drilling will concentrate on E1 and E2 anomalies.
- ▲ **The Queensland Government Department of Natural Resources and Mines (DNRM) have approved the work program for EPM 26647.**

Geological map of Proterozoic outcrop and Radiometric anomaly covering E1 Target



Templeton Application area
Geological map of Proterozoic outcrop
and Radiometric anomaly covering E1 Target

Our new project

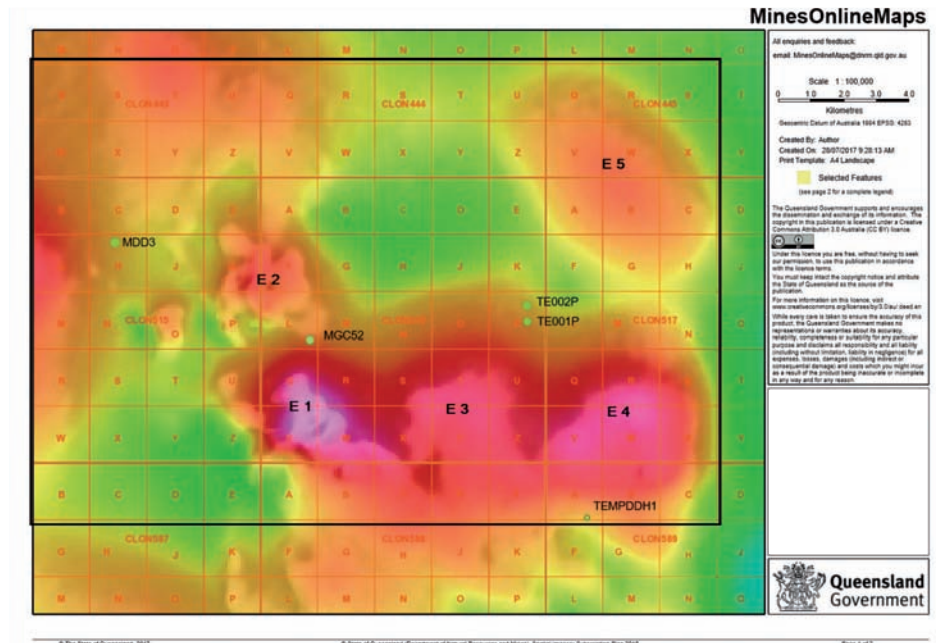
Geophysical Model

Templeton Magnetic Anomalies

In EPM 26647 there are five magnetic anomalies. The anomalies may be related to magmatic intrusive bodies. One drill hole TEMPDDI intersected the contact of a mafic intrusion and Proterozoic sediments, with brecciation, alteration, veining and disseminated sulphides in both units. The anomaly (E1) terminates against a major NW-trending basement fault. This is considered to be a favourable environment for copper mineralisation.

The main magnetic anomalies have been labelled E1, E2, E3, E4 and E5 as shown on the map.

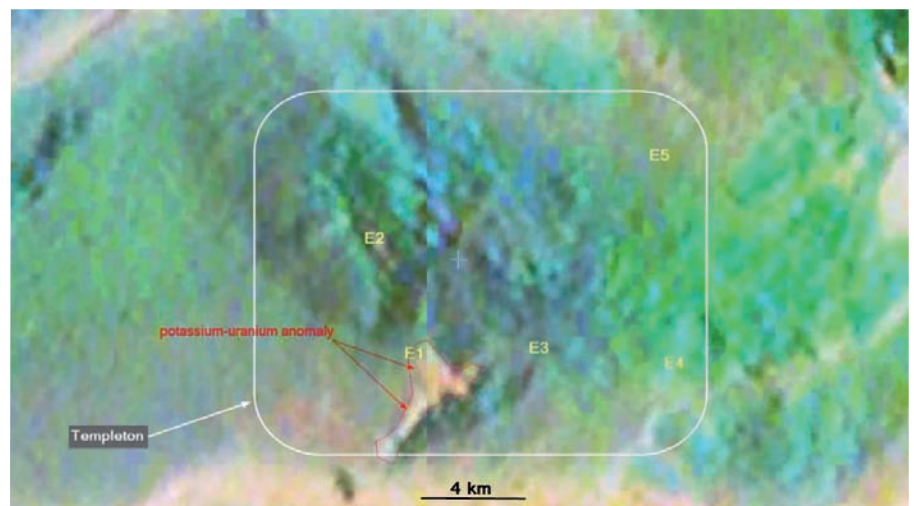
These magnetic anomalies have not been tested by previous work.



Location of drill holes completed by CEC, MIM and BHP

Templeton Radiometric Anomaly

The potassium-uranium anomaly (4 kilometres NE-SW by 0.5-1.5km NW-SE) is yellow-pink because of combination of potassium and uranium – a target for sampling on foot traverses and drilling because it is located on top of magnetic anomaly E1 and may represent potassically altered core zone of the porphyry type mineralised system with high magnetite content – the so called 'chalcopyrite-magnetite core zone'.



Litho-Stratigraphic Table

The Litho-Stratigraphic table of the Western Succession of the Mount Isa block is a very useful guide as to where to hunt for Mount Isa-type base metal deposits. We are focussed on this part of the Stratigraphic Table. The stratigraphic position of the Mount Isa mine (Urquhart Shale of the Mount Isa Group) is equivalent to the Paradise Creek Formation. – van Dijk, 1991

The Templeton magnetic anomalies (E1, 2, 3,4 and 5) appear to express a circular round-oval shaped deep seated mafic – intermediate magmatic intrusion which may have the potential to source copper-gold mineralisation.

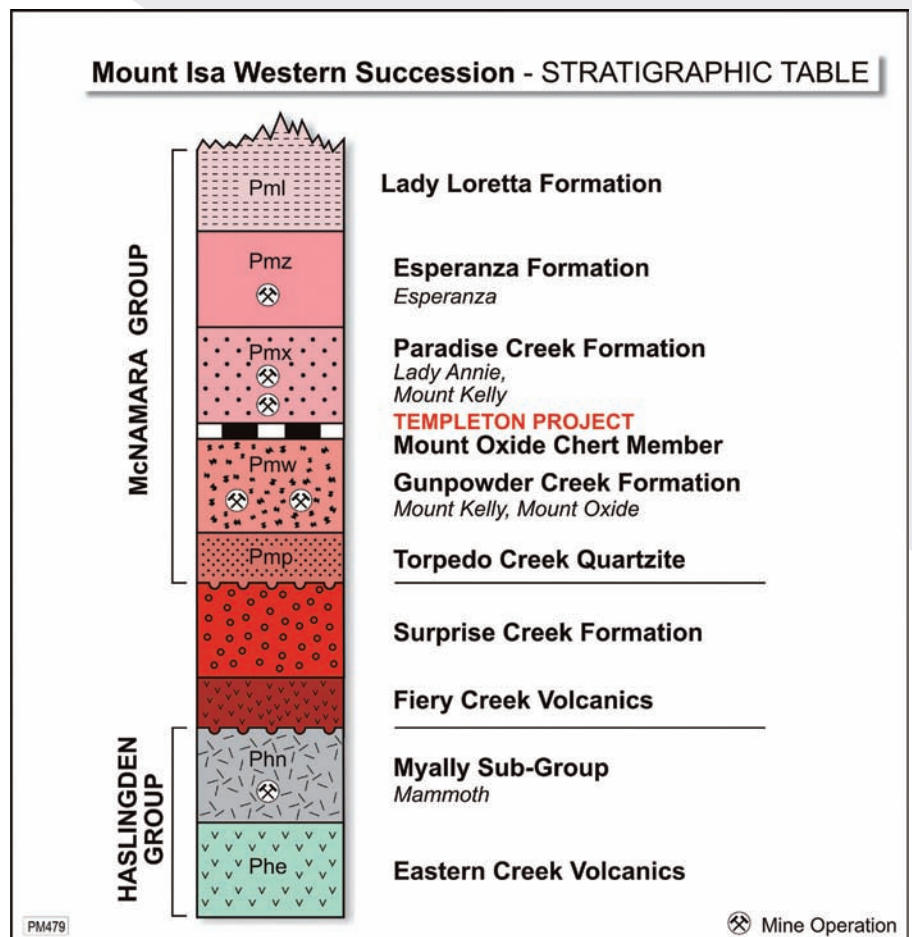
Templeton E1 anomaly is coincidental with favourable outcrop geology including **Pmx** (Paradise Creek Formation) and **Pmw** (Gunpowder Creek Formation).

Templeton E2 anomaly is associated with **Pmw** and possibly with **Pmp** (Torpedo Creek Quartzite) outcrop.

Templeton E4 anomaly is associated with **Pmx** (Paradise Creek Formation). TEMP DDH1 was drilled on the flank of E4 to 759 metres (EOH), intersected McNamara and Myally Group sediments then (intrusive) dolerite 664–759 metres.

Anomalies E3 and E5 are covered by recent sediment.

In summary, the Templeton application area has the right outcropping suite of proterozoic rocks for Mount Isa-type mineralisation.



Our team

Pegmont Mines Ltd has been operating in the Mount Isa region since 1996 upon the acquisition of the Pegmont tenements, under the direction of Malcolm Mayger (Managing Director).

Board of Directors

John M Armstrong

Non-Executive Chairman
BSc, MBA, FFin, FAICD

Mr Armstrong, is a professional company director with over 40 years of experience in investment banking and resource finance. He was appointed a Director in year 1998.

Peter J Read

Non-Executive Director
BEC, FAICD

Mr Read, is a corporate specialist in mining, marketing and business consulting. He was appointed in 2014.

Malcolm A Mayger

Managing Director
BComm, CA, FAICD

Mr Mayger, has 50 years experience in exploration and mining investment. He founded the Company in 1987 and then was involved in all tenement acquisitions, including Pegmont, Mount Kelly, Anthill, the Mount Gordon Fault Zone exploration areas and more recently the Templeton application area.

The Board has regular meetings to discuss strategy and impact of current issues.

Company Secretary

Christopher D Leslie

BComm, FCA

Mr Leslie has 31 years experience in the mineral and petroleum industries at senior levels.

Technical Management

David Hewitt

BSc (University of Queensland, 1964),
and MSc in Exploration and Mining
Geology (James Cook University, 1990)

After 28 years elsewhere in Australia and PNG, David commenced work in the Mount Isa Inlier in 1992, focussing on copper and gold mineralisation. Since 1996 he became project geologist at Pegmont Mines Limited, also at New Hope gold-cobalt discovery and Lightning Creek IOCG Projects in the Eastern Succession. He was also supervising geologist from 1998 at Mount Kelly, Anthill, Dividend and May Downs prospects during their drilling. His responsibilities also included detailed mapping and identification of drill targets. This work successfully resulted in the identification of Mount Isa type mineralisation at Mount Kelly. After 2004, David was involved in advancing the Pegmont Project to resource status prior to the Option deal with Vendetta Mining Corp.

David is responsible for field activity and exploration.

Senior Adviser - Geology

Jacob Rebek

Jacob graduated as a Geological Engineer from the University of Ljubljana, Slovenia in 1967. He joined CRA Limited in 1970 to work in Papua New Guinea and Solomon Islands. Since 1975, he worked in various parts of Australia and was the team manager responsible for the discovery of Century Zinc deposit (second largest zinc mine in the world).

Between 1998 and 2000, Jacob worked in the role of Rio Tinto Exploration Director for South America until retirement in 2003. Jacob has since continued to work in exploration in Australia and Chile.

Jacob has been a Member of the Australian Institute of Mining and Metallurgy since 1975. He has been involved in exploration for copper since 1970 and is fully familiar with a wide range of types of copper deposits in Australia, Papua New Guinea and Chile.

Jacob's previous experience was applied to the study of base metal exploration potential around Mount Isa, from which the Templeton Application resulted. He is responsible for target selection.

Our performance

The Company commenced exploration in the Mount Isa district north-west Queensland in 1996.

Current Tenements (100% interest)

Pegmont lead-zinc project (100% interest, under option to Vendetta)

	Status	Area	Date of Grant	Date of Expiry	Comment
EPM 26210	granted	26 ha	22.08.2017	21.08.2022	Current Resource (June 2017, AMC Consultants)
MLs 2620, 2621, 2623					

Activity

Vendetta has drilled 93 drill holes for a total of 19,065 metres since May 2017 in resource development

Resource	'000 Tonnes	Pb %	Zn %	Ag g/t
Indicated	2.245	5.5	2.6	10
Inferred	9.947	5.0	2.9	8

New Hope - gold-cobalt deposit (100% interest)

	Status	Area	Date of Grant	Date of Expiry
MLs 2487	granted	8.09 ha	06.12.1973	31.12.2018

Activity

In discussion with an interested party

Current Resource (May 2012, JM Geological Consulting)

Resource	Tonnes	Au g/t	Co %
Measured	27,500	7.37	0.22
Indicated	56,000	6.49	0.17
Inferred	10,000	6.9	0.2
Total	93,500	6.8	0.2

Royalty Tenements, Mount Kelly

(Owned by CST Minerals, 1% NSR deferred to Pegmont 76.73% interest until 100,000 tonnes of copper produced)

	Status	Date of Grant	Date of Expiry	Comment
MLs 5435, 46, 47, 48	granted	10.01.1974	31.01.2031	From these MLs at Mount Kelly mining has recovered 46,302 tonnes of cathode copper
5476, 77, 78	granted	10.01.1974	31.01.2031	
90168, 69, 70	granted	14.02.2006	31.12.2027	
EPMs 16240	granted	26.04.2012	25.04.2030	Exploration activities continue
16241	granted	26.04.2012	26.04.2020	
16242	granted	26.04.2012	26.04.2018	
16244	granted	08.04.2010	07.04.2018	

Tenement in Application (100% interest)

Templeton	Status	Date of Grant
EPM 26647	work program approved	Expected April-June 2018

Financial performance

The Company was successful in more than covering administration costs by investment profits, which resulted in undistributed franking credits of \$4,509,000.

\$4.5m

Undistributed franking credits

\$4.0m

Cash upon Vendetta exercising its Option over The Pegmont Project

- ▲ During 2000, the Company raised \$752,175 by a prospectus issue and listed on the Stock Exchange of Newcastle Limited (now known as the National Stock Exchange of Australia Limited) – NSXA.
- ▲ During 2004, the Company sold its 76.73% equity interest in Reefway Pty Ltd (a 76.73% subsidiary) for cash and shares totalling \$3,059,185 plus a deferred NSR royalty of 1%.
- ▲ From 2004 to 2010, the Company applied the Reefway proceeds to sharetrading and generated a net trading profit of \$13,658,100 (after provisions). These funds were expended on exploration \$3,753,000, administration \$4,048,000, **income tax \$4,629,000 and dividend payments of \$1,375,000 (2.75 cents per share).**
- ▲ From 2011 to 2016, the Company incurred a net trading loss of \$1,335,000 (after provisions) and expenditure of \$2,695,000 on exploration, administration of \$2,467,000, taxation nil and dividend payments nil.
- ▲ At 30 June 2017, working capital was \$380,446, whilst deferred borrowings were \$300,000 after receipt of Option proceeds of \$350,000.
- ▲ **The Issued Capital** is 71,391,556 Ordinary fully paid shares having contributed \$4,486,107 (6.3 cents per share).
- ▲ The Company has 268 shareholders.
- ▲ Future growth by the Company may enable a wider shareholder base to develop.
- ▲ The future estimate of Funds at 31 December 2018 assumes that Vendetta will exercise its Call Option over the Pegmont Project. They have not indicated their decision on this matter to date.

Funds at 30 June 2017	\$000
Cash holdings	516
Less, expenses to 31 Dec 2018	
Administration	300
Exploration	100
	116
Add, Option	
28 February 2018	500
	616
Less	
Loan Repayment	400
	216
Vendetta exercise	4,000
Funds at 31 Dec 2018	4,216

	2016 \$000	2015 \$000	2014 \$000	2013 \$000	2012 \$000
Gross Trading Revenue	78	44	135	296	1,885
Administration	(218)	(207)	(440)	(334)	(424)
Net Profit/(Loss)					
before tax	(124)	(222)	(346)	(742)	(1,463)
after tax	(124)	(222)	(346)	(742)	(1,463)
Cash	217	266	411	19	520
Working Capital	140	229	443	10	744
Net Assets	3,156	3,274	3,489	3,356	4,239
Net Asset per share (¢)	4.4	4.6	4.9	5.4	6.8

Note: The New Hope gold-cobalt deposit is likely to be sold shortly.

Glossary

Geological Terms

Deposit	a coherent body of mineralisation intersected by drilling
IOCG	Iron Oxide Copper Gold
Lode	a concentration of mineralisation
Mineralisation	process by which minerals are introduced and concentrated within a host rock and the product of this process
Ore body	zone from which a mineral(s) of economic value can be extracted
Prospect	an area with signs of mineralisation having anomalous target values
Resource	a deposit of mineralisation delineated by drilling in accordance with the Joint Ore Resource Code (JORC)
Mafic	a general term used to describe an igneous rock or mineral with relatively high concentration of magnesium and iron
Magnetite	a highly magnetic iron oxide rock associated with igneous rocks
Magnetic Anomaly	rocks made up of minerals with strong magnetic properties
Malachite	a carbonate copper mineralisation found in oxidised zones of copper deposits
SXEW	Solvent Extraction Electro-Winning

Chemical Symbols

Ag	Silver
Au	Gold
Co	Cobalt
Cu*	Copper
CuO	Copper oxide
Pb*	Lead
Re	Rhenium
Zn*	Zinc

* Base Metal

Drilling

DD	Diamond Drill
RAB	Rotary Air Blast
RC	Reverse Circulation

Assays

%	parts per 100
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Weight

t	tonnes; 1,000,000 grams
Mt	million tonnes
'000t	thousand tonnes

Corporate

Company	Pegmont Mines Limited
Vendetta	Vendetta Mining Corporation (listed on the Toronto Stock Exchange)

Director's Statement

This brochure, in celebration of 21 years exploring the Mount Isa Region, was compiled from Company records and from advice received from consultants on technical matters including geology and metallurgy. The Templeton Application (EPM 26647) was based upon publicly available information and widely accepted geological models.

The Financial Performance (page 10) includes Funds estimate at 31 December 2018 which assumes that Vendetta will exercise their Call Option on the Pegmont Project despite not having indicated their decision on this matter.

This statement is made in accordance with a resolution of the Directors.



Malcolm A Mayger
Director

Sydney
30 November 2017

Corporate Information

Registered Office

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Phone: (02) 6583 7747
Email: pegmont@hotmail.com
Website: www.pegmont.com.au

Directors

John M Armstrong
Non-Executive Chairman

Peter J Read
Non-Executive Director

Malcolm A Mayger
Managing Director

Company Secretary
Christopher D Leslie

Listed on The National Stock Exchange of Australia (NSXA)

Code: PMI

Share Registry

C/- Computershare Investor Services Pty Ltd

Shareholder enquiries

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Auditors

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