

Pegmont Mines Limited

ABN 97 033 331 682

Corporate Office

13 Oden Street
Port Macquarie NSW 2444

Telephone: 6583 7747
Email: pegmont@hotmail.com

30 April 2019

The Manager
The National Stock Exchange of Australia
Level 3
1 Bligh Street
SYDNEY NSW 2000

Dear Sir,

Quarterly Activity Report 31 March 2019

We are pleased to submit the following Quarterly Activity Report of Pegmont Mines Limited (the Company) for the three months to 31 March 2019.

1. Summary

- Cash balances (excluding guarantees and environmental bonds) at 31 March 2019 increased by \$529,419 to \$2,183,360, including a final exercise payment of \$632,500 (including GST) by Chinova Resources Cloncurry Mines Pty Ltd on New Hope.
- No field exploration activity in Templeton EPM 26647 was undertaken during the quarter. A new application, EPMA 27255 Battle Creek was made in the Mount Kelly area, north of Mount Isa.
- Vendetta Mining Corp paid \$50,000 to extend their option exercise payment period to 6 May 2019 and an additional extension payment of \$300,000 accrued thereon. Vendetta made several announcements on results of Positive Preliminary Economic Assessment on the Pegmont Lead-Zinc Project (28 January), the raising of C\$1.5 million equity (11 March) and a non-binding term sheet for a proposed US\$2,556,818 funding to be used to pay the final exercise payment of A\$3,000,000 to acquire the Pegmont Lead-Zinc Project (12 April).

2. Cash – \$2,183,360

Cash balances have increased by \$529,419 due to the receipt of \$632,500 (including \$57,500 GST) net income of \$12,847 less payments of \$28,076 on exploration, \$59,961 on administration and Working Capital movements \$604,609.

3. New Application – Battle Creek EPMA 27255

A new application of seven (7) sub-blocks covering several north trending magnetic anomalies was made two (2) kilometres from the Mount Kelly copper SxEW operations (see attached map). This application area is adjacent to Reefway Royalty Tenements of Redie Creek, and Mount Kelly. It contains bullseye magnetic anomalies along seven (7) kilometre strike, which remained untested, despite proximity to known copper mining operations at Mount Kelly (over which the Company has a royalty interest).

4. Vendetta Activity Announcements relating to Pegmont

The Company has extended the payment period of \$300,000 due from Vendetta by 31 March to 6 May 2019 upon the receipt of a fee of \$50,000 (paid 1 April 2019).

Vendetta has made the following announcements during the quarter:

- 28 January 2019 – Positive Preliminary Economic Assessment on the Pegmont Lead-Zinc Project, setting out a number of economic highlights which inter-alia include:
 - A mine life 10 years at 3,000 tonnes per day open pit followed by underground mining
 - After tax payback period of 3.5 years
 - Average annual production of 124Mlbs of lead, 50Mlbs of zinc and 298K ounces of silver
 - Average net smelter return (NSR) \$135/t of ore
 - There remain significant Mineral Resources not included in the PEA mine plan, which with further drilling will potentially increase Mine Life or increase production rate.
- 11 March 2019 – Vendetta announced a C\$1.5 million financing (private placement)
- 12 April 2019 – Vendetta announced that it has entered into a non-binding term sheet for a proposed transaction to pay the final Pegmont Lead-Zinc property payment of A\$3,000,000 and in so doing complete the acquisition of a 100% interest in the Pegmont Project tenements.

These announcements may be viewed in detail on the Company's website or by Google.

5. New Hope ML 2487

Chinova has exercised its option to acquire 100% interest in ML 2487 and paid \$632,500 (including 10% GST) on 18 January 2019. Documentation and approvals are in course of finalisation.

6. Commodity Background

Summary of Selected Commodity Price Movements
December 2018 – March 2019

			2018 31 December	2019 29 March	Improvement %
Oil	\$US/bbl		45.10	61.59	36.6
Iron ore (62% Fe fines)	\$US/t	28 March 2019	72.73	85.11	17.0
LME Index		27 March 2019	2,801.1	3,015.7	7.7
Lead	\$US/t		2,009.0	2,003.5	(0.3)
Zinc	\$US/t		2,510.5	2,928.5	16.6
Copper	\$US/t		5,965.0	6,360.0	6.6
Gold	\$US/oz		1,279.6	1,290.2	0.8
\$A/\$US			0.7058	0.7127	1.0
All Ords Index			5,709.4	6,261.7	9.7
Gold Index (ASX 200)			5,465.3	5,884.9	7.7

Oil prices bottomed because of cutbacks by some OPEC countries and interruption of production from Libya. Gold has weakened due to resolution of the Syrian civil war and a possible US/China resolution on a trade agreement, to reduce the US trade deficit. Iron ore has firmed due to reduction in Brazilian exports to China by repeated tailings dam failures and consequent down stream destruction.

7. Income Summary (cash basis)

Income Received	Actual Year to March 2019 \$	Estimate to December 2019 \$
Interest/Dividends/Other	8,777	40,000
Realised profit from sale of shares	5,475	–
	14,252	40,000
Less, increased provision to market	(1,405)	–
Net Income from investing activities	12,847	40,000
Vendetta – Option Proceeds	–	3,000,000
– Payment of extension fees	–	–
Net Income	12,847	3,040,000
Expenditures (cash basis)		
Exploration		
Templeton – EPM 26647	20,011	250,000
Mingera – EPM 27113	180	60,000
Battle Creek – EPMA 27255	6,266	
Other	1,619	
	(28,076)	310,000
Corporate		
Administration	27,461	330,000
Audit Fees	–	
Directors' Fees	32,500	
	(59,961)	640,000
	(88,037)	2,400,000
Working Capital, net receipts (Note 1)	604,609	575,000
Net Cash Surplus/(Deficit)	529,419	2,975,000
Add: Opening Cash Balance	1,653,942	1,653,942
Closing Cash Balances (Note 2)	2,183,361	4,628,942

Note 1 Includes receipt of \$632,500 from Chinova (including 10% GST) upon exercise of option over New Hope gold-cobalt deposit.

Note 2 Upon the receipt of Vendetta's exercise payment of \$3,000,000, the Board of Directors intend to pay a special dividend to shareholders, the amount will be considered upon the Company's cash requirements over the next two years.

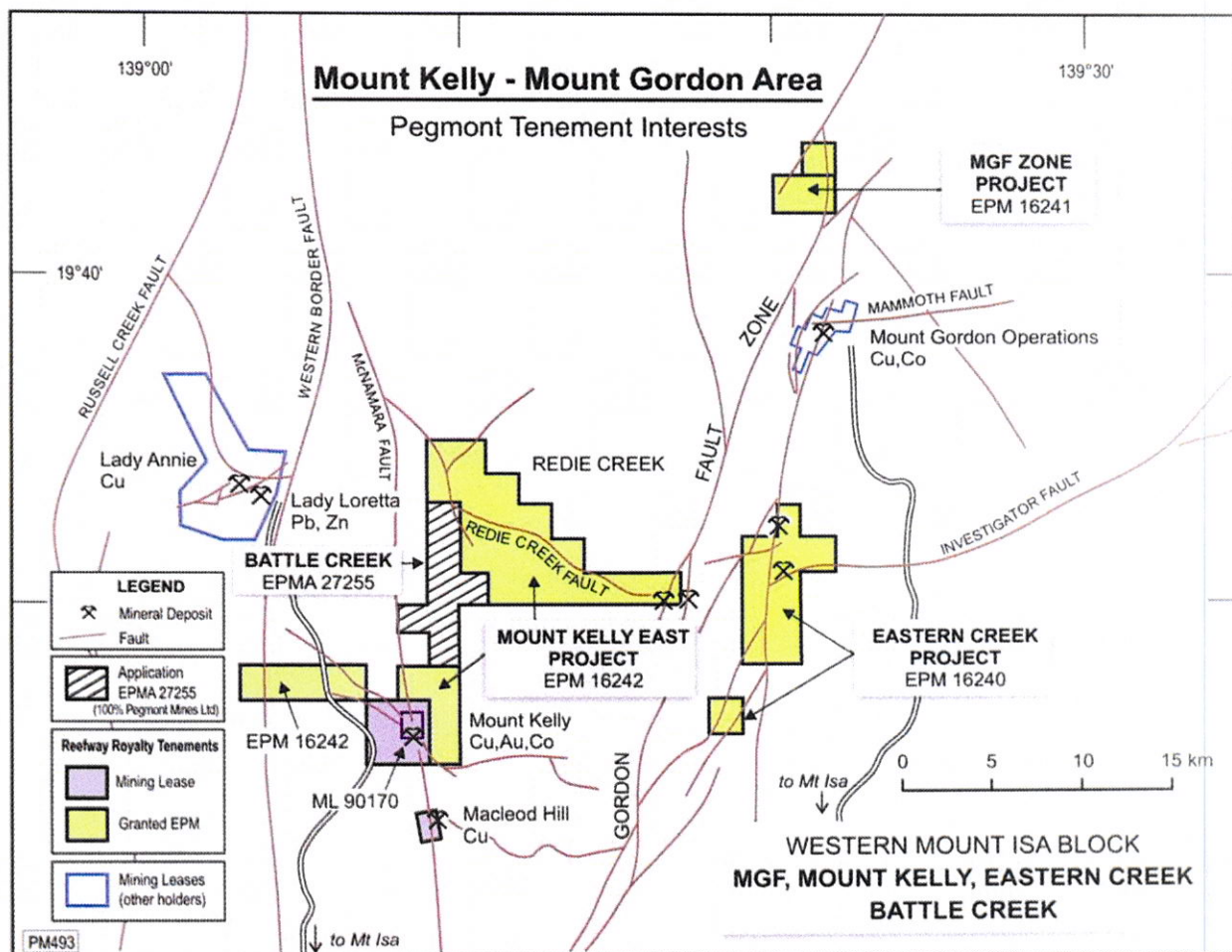
Conclusion

The Company's financial position continues to improve as our assets are realised into cash. Consequently, we now have sufficient funds to support an exciting copper-gold exploration program based on drill testing magnetic anomalies at Templeton, Mingera and Battle Creek. These areas have many undrilled targets, which offer considerable leverage to exploration success. Drilling at Templeton is anticipated during June.

Yours faithfully



Malcolm A Mayger
Managing Director



EPMs 16240, 16241, 16242 are held by CST Minerals Lady Annie Pty Ltd and are subject to the Reefway Royalty Agreement