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PEGMONT

Pegmont Mines Limited

<u>Pegmont Mines Ltd intersects mineralised intrusives in preliminary drilling at Templeton EPM 26647, Mt Isa region</u>

Summary:

- *Pegmont drilled three vertical RC holes totaling 612m on three magnetic (high) anomalies in the E2 cluster to test for copper-gold mineralisation. Two holes confirmed the presence of "mafic" intrusive rocks, while the other hole was stopped due to excess water.*
- *Assay results from these holes were low for copper and gold and well below expectations, possibly reflecting strong leaching in the weathered zone which extends to about 114m.*
- *Petrography of the intrusives shows strong hydrothermal alteration, some local gold and minor pyrite and chalcopyrite.*
- *At surface Pegmont has found and sampled hydrothermally altered, fractured and brecciated mineralised rocks with quartz veins and limonite.*
- *Additional rock sampling around magnetic Anomaly 13 produced several anomalous gold and bismuth assays, including 0.33g/t Au and 649ppm Bi.*
- *Ongoing reviews of Government aeromagnetic and gravity data indicate the possible coincidence of magnetic lows with gravity high areas that may support the concept of magnetite destruction and associated alteration with possible mineralisation overprint.*
- *These observations have caused a rethink of Pegmont's original concept of drill testing only magnetic highs for mineralised mafic intrusions.*

About Pegmont Mines

Pegmont Mines Limited (NSXA: PMI) has base metal and royalty interests in the Mt Isa Inlier. The Company is an active copper-gold explorer in the Templeton and Mingera tenures and has two small tenure applications near Mount Kelly (**Figure 1**). Reference can be made to both the Annual Report and the latest Quarterly Report for financial details.

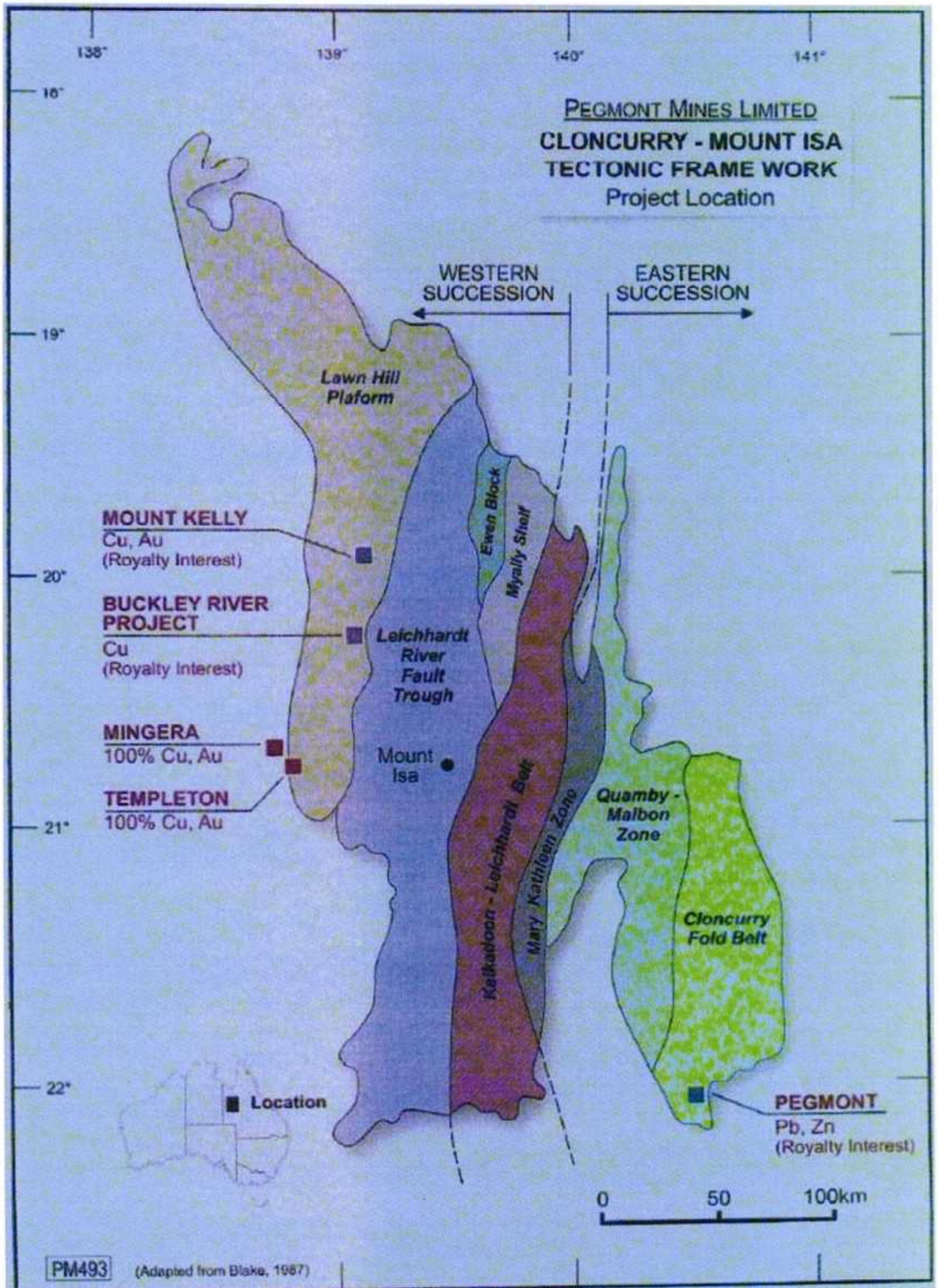


Figure 1. Location of Templeton EPM 26647 and other interests of Pegmont Mines Ltd.

Drill Results Assays and Logs

Results of the first pass drilling program at Templeton were received. Three vertical drill holes, PTR001-PTR003 were drilled for 612m (**Figure 2**).

The holes were sited to provide a preliminary test of magnetic Anomalies 7, 6 and 5 for copper and gold mineralization (**Table 1**). These anomalies were some of the shallowest magnetic features defined by magnetic modelling (**Figures 3-4**) where 30 anomalies had previously been defined in the tenure. Magnetic susceptibilities were measured on all drill samples.

Results of the drilling showed very low Cu and Au with the best results in PTR001, including 5m @ 0.035% Cu from110-115m and 4m @ 0.079% Cu from 178-182m in metasediments of the Saint Smith Formation (**Table 2**). Both PTR002 and PTR003 intersected weathered and fresh but hydrothermally altered "mafic" intrusives where the geochemical results were subdued (**Table 3**). Low level gold intersected in these intrusives has little or no associated copper. The depth of oxidation of about 114m was much deeper than anticipated.

The rocks show locally strong primary haematite, chlorite and sericite alteration in the magnetite bearing mafic intrusives, some magnetite in the sediments above these and strong haematite in the weathered zone (**Table 3**).

While no economic intersections were obtained, this first pass drilling confirmed that the exploration concept was valid with anomalous copper and gold.

Figure 2. Satellite image with location of the drill holes.

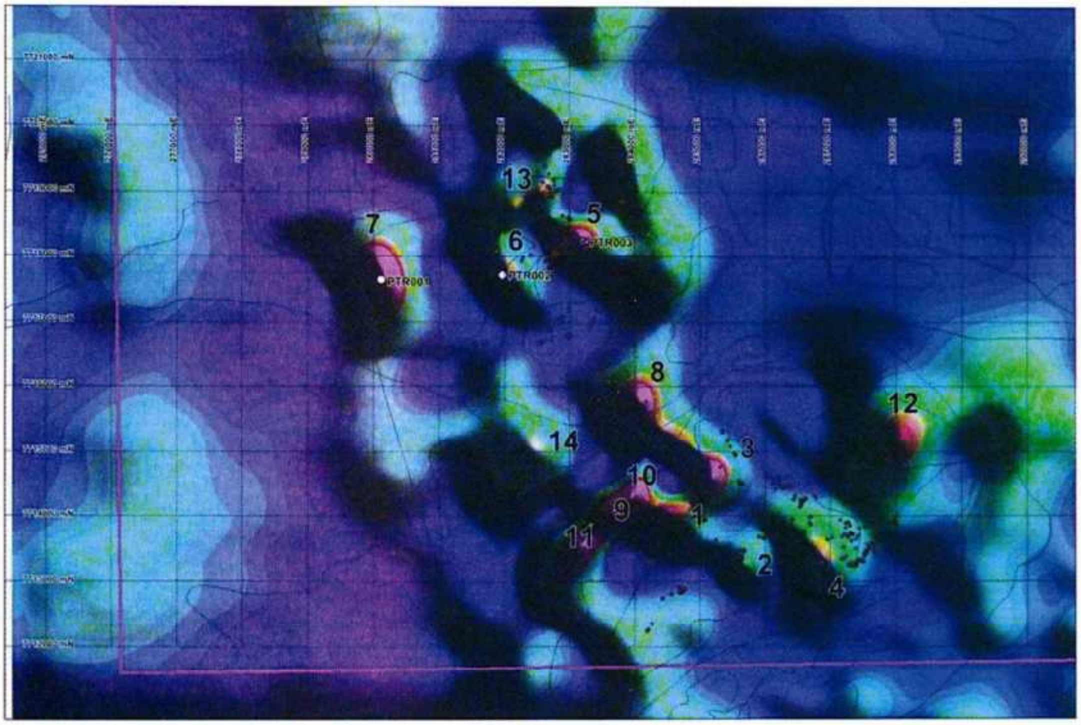


Figure 3. Magnetic model Depth Slice 500m showing magnetic anomalies and drill holes. Red dots are limonitic jasper rock samples collected to date.

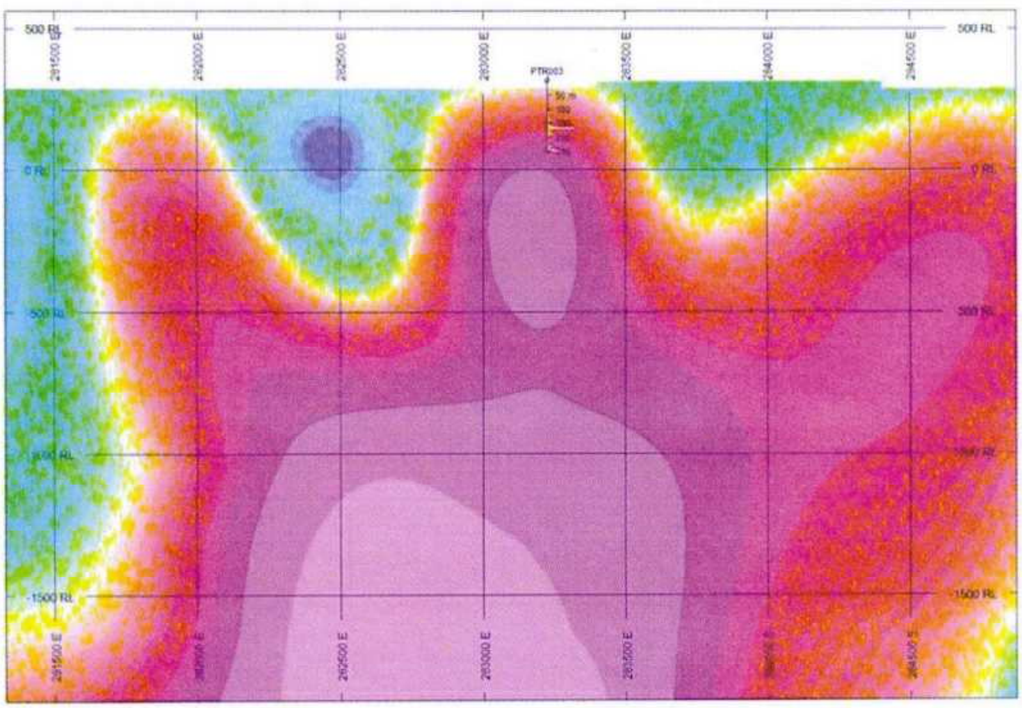


Figure 4. Cross Section through the 3D smooth magnetic model output for magnetic Target 5 showing hole PTR003 and histogram plot of magnetic susceptibilities.

Table 1. Drill Hole Collars.

Target	Drill Hole	GDA94_East	GDA94_North	Zone	Declination	Elevation (m)	Total Depth (m)
Target 7	PTR001	280113	7717650	54	-90	288	210
Target 6	PTR002	281976	7717716	54	-90	299	150
Target 5	PTR003	283226	7718231	54	-90	318	252

Table 2. Summary of the best Copper and Gold from Templeton Drilling.

Target	Hole	From	To	Width	Au g/t	Cu %
Mag 7	PTR001	110	111	1	0.01	0.044
	PTR001	111	112	1	0.01	0.035
	PTR001	112	113	1	0.02	0.022
	PTR001	113	114	1	0.02	0.039
	PTR001	114	115	1	0.02	0.035
	PTR001	178	182	4	<0.01	0.079
	PTR001	182	186	4	0.01	0.019
	PTR001	198	202	4	0.01	0.021
	PTR001	206	210	4	<0.01	0.016
Mag 6	PTR002	30	34	4	0.01	0.010
	PTR002	114	118	4	0.02	0.013
Mag 5	PTR003	90	91	1	0.02	0.004
	PTR003	91	92	1	0.02	0.001
	PTR003	94	95	1	0.02	0.002
	PTR003	95	96	1	0.04	0.001
	PTR003	111	112	1	0.02	0.002

Table 3. Summary Drill Logs.

Drill Hole	From	To	Summary Description
PTR001	0	24	Red brown haematitic soils, sands and gravels
PTR001	24	27	Part weathered clayey quartzite
PTR001	27	114	Light grey quartzite, clayey in part, some local pyrite 111-114
PTR001	114	125	Light grey quartzite, part Kspar altered 114-121, local minor fine grained disseminated pyrite
PTR001	125	153	Ferruginous haematitic quartzite
PTR001	153	180	Fine grained pinkish sandstone-quartzite
PTR001	179	183	Fine grained sandstone-quartzite
PTR001	183	200	Fine grained pink sandstone-quartzite

PTR001	200	210	Dark grey fine grained quartzite with magnetite, some minor pyrite 200-201, 209-210
PTR002	0	10	Haematitic alluvial sands, gravels and clays
PTR002	10	16	Weathered haematitic clayey quartzite
PTR002	16	28	Light grey fine grained weathered clayey quartzite
PTR002	28	34	Light grey claystone
PTR002	34	63.5	Fine grained locally ferruginous clayey quartzite
PTR002	63.5	65	Beige coloured weathered clayey schist
PTR002	65	71	Haematite weathered schist
PTR002	71	100	Weathered schist becoming less ferruginous and less weathered down hole
PTR002	100	114	Part weathered locally sericitic fine grained mafic intrusive
PTR002	114	150	Fresh fine grained mafic intrusive, minor local sericite including 139-140, trace K-spar alteration. Part quartz-veined zone136-137
PTR003	0	5	Weathered haematitic quartzite
PTR003	5	17.5	Weathered limonite-haematite-clay schist and local quartzite
PTR003	17.5	43	Dark brown weathered haematite-limonite quartzite
PTR003	43	44	Clay zone (Fault)
PTR003	44	61	Haematite weathered quartzite
PTR003	61	79	Weathered fine grained haematite-clay fine mafic intrusive
PTR003	79	80	White quartz vein
PTR003	80	96	Moderately weathered clay-haematite mafic intrusive
PTR003	96	100	As above but with quartz-Kspar veining
PTR003	100	114	Slightly haematite weathered mafic intrusive with local sericite alteration, some Kspar veining 111-114
PTR003	114	193	Fresh fine grained mafic becoming coarser grained down hole. Minor fine grained pyrite 131-136, minor Kspar veining 157-158, 167-168, 185-191, minor pyrite 160-161, minor calcite veins 161-164, 180-182.
PTR003	193	198	More prominent pervasive Kspar alteration to 40% of host mafic intrusive
PTR003	198	201	Patchy sericite-epidote-Kspar alteration of fine grained mafic intrusive
PTR003	201	234	Fine grained mafic intrusive with local minor Kspar alteration
PTR003	234	238	Quartz veined zone in mafic intrusive with local Kspar alteration
PTR003	238	241	Relatively unaltered mafic intrusive
PTR003	241	243	Quartz veined mafic intrusive
PTR003	243	252	Fine grained mafic intrusive, trace pyrite 249-251

Geology and Rock Chip Results

The tenure is located in Proterozoic quartzites, schists, sandstones and siltstones (Saint Smith and Bularnu Formations) of the Lawn Hill Platform about 60km west of Mt Isa (**Figure 7).** It was selected because of bullseye magnetic targets with possible copper-gold potential on the edge of a large gravity low.

The quartzites can outcrop strongly and have a gentle to moderate dip to the northeast and east. But the area is strongly weathered to about 114m depth with Tertiary duricrust development and extensive more recent colluvial and alluvial deposits.

It was the recognition of limonitic jaspers (often brecciated and with quartz vein fragments) and the sampling of these over more than 12km, that has shown local anomalous Cu, Au, Bi, Co, As, Mo as well as other elements including K, P and V (**Figures 5a, 5b**). Some of these anomalies are developed in close proximity to magnetic highs and some have been observed to be controlled by northwest, north and north east structures where quartz veins are developed.

All rock chip samples collected to date are shown in **Figure 3** and include outcropping, strongly haematitic quartzites as well as the limonitic jaspers that are developed in flat areas where there is either minor weathered sub-crop or no outcrop. Some of the more significant samples are listed with geochemistry in **Table 4**, while thematic Cu and As plots are in **Figures 6 and 7**.

The results show that despite deep weathering and suspected strong leaching related to the old weathering surface, sampling of the right medium (limonitic jasper) can still highlight anomalism. This is fundamental to using geochemistry in this environment to highlight mineralised areas.

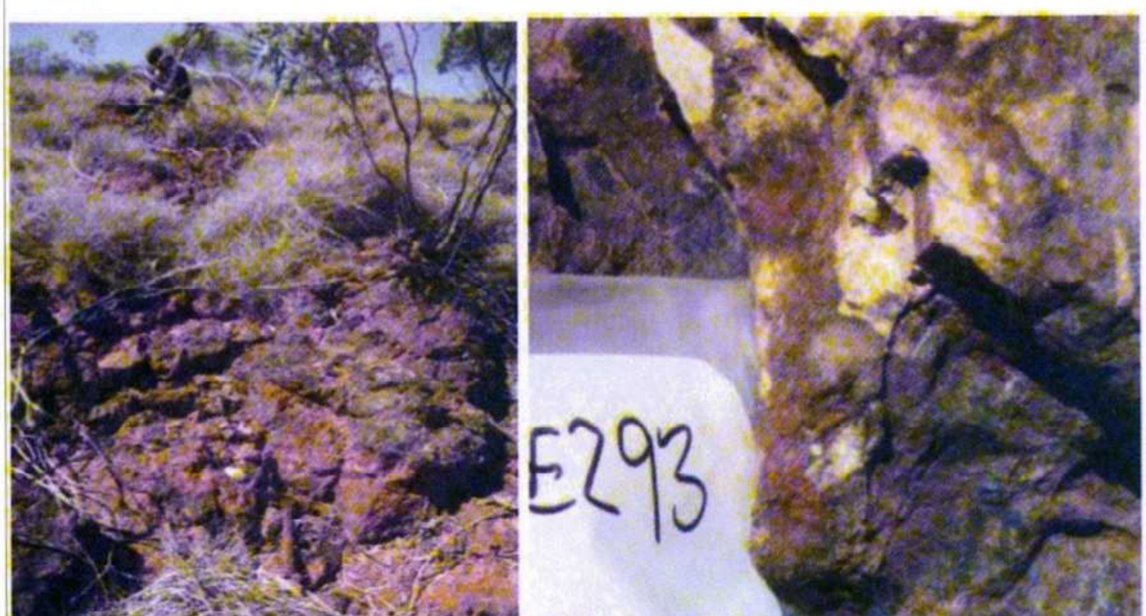
High Cu is often associated with high to moderate As values, but the highest Au values (still very low) are associated with Bi in a zone proximal to magnetic Anomaly 13 (0.33g/t Au,649ppm Bi, **Figure 5b**). While there does not appear to be a good connection between high Cu and Au, too few samples were assayed for Au to rule this out. There is a correlation of the highest Co with the best Cu values. Mo does show a correlation with low to moderate Bi in one sample, but in others weakly anomalous Mo correlates with high Cu. The highest V values do show a relationship to higher Cu values and slightly elevated Au. P has a direct relationship to high to moderate Cu values and is >1% in three samples.

The greatest concentration of anomalous copper values is in the south to the southeast of magnetic Anomaly 3 (to 1030ppm Cu), but a northwest structural zone between holes PTR003 and PTR002 also has significant values (to 1210ppm Cu) (**Figure 6**). This is in part also reflected in the arsenic distribution, but there is a major cluster of high arsenic samples in the southeast bordering magnetic Anomaly 4 (**Figure 7**).

Further sampling including more detailed sampling where the limonitic jaspers are preserved, will help better define areas of geochemical interest over and around magnetic anomalies to assist targeting for drill testing.

TE294: ferruginous / limonitic 'crust' black glassy dense heavy - **1210ppm Cu**

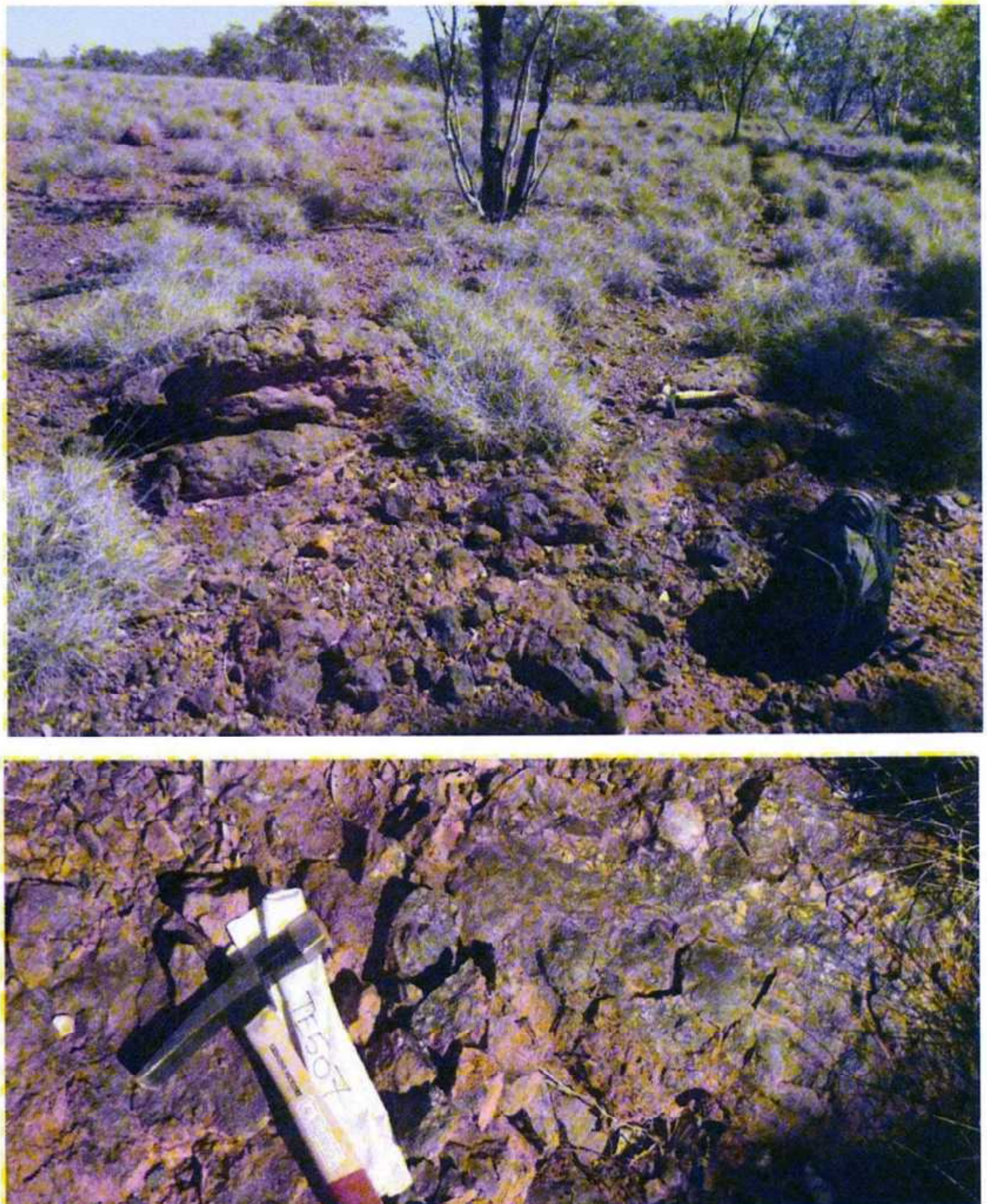
Sample	Au	Ag	As	Ba	Bi	Ca	Co	Cu	Fe	Mg	Mn	Mo	Ni	P	Pb	S	Sb	V	Zn
TE294		<0.5	48	80	3	0.02	26	1210	>50	0.02	181	<1	42	4830	60	0.03	<5	70	95



TE293: ferruginous / limonitic 'crust' (quartzite clasts and quartz grains cemented by limonite) – **448ppm Cu**

Sample	Au	Ag	As	Ba	Bi	Ca	Co	Cu	Fe	Mg	Mn	Mo	Ni	P	Pb	S	Sb	V	Zn
TE293		<0.5	78	170	2	0.04	5	448	25	0.05	78	2	22	2470	9	0.03	<5	646	35

Figure 5a. Examples of limonitic jaspers with anomalous copper (no gold analysis).



Sample	Au	Ag	As	Ba	Bi	Ca	Co	Cu	Fe	Mg	Mn	Mo	Ni	P	Pb	S	Sb	V	Zn
TE507	0.33	<0.5	19	120	649	0.04	1	28	21.4	0.03	135	2	4	1260	25	0.02	4	141	21

Figure 5b. Outcrop of sample TE507 limonitic breccia with quartz vein fragments close to Magnetic Target 13 (see Figure 3). Note assay data with high Bi (649ppm) and Au (0.33ppm) results.

Table 4. Selection of the highest Cu, Bi, As and Au rock chip geochemistry.

No	WGS84 N	WGS84 E	Au 21	Ag	As	Ba	Bi	Ca	Co	Cu	Fe	Mg	Mn	Mo	Ni	P	Pb	S	Sb	V	Zn
TE53	7713819	287234	0.002	<0.5	73	240	<2	0.1	59	244	>50	0.1	706	5	68	5030	16	0.1	<5	152	54
TE111	7714238	286541	<0.00	<0.5	52	260	<2	0	11	326	21.5	0	146	3	30	1870	5	0	<5	34	15
TE112	771425	286557	0.008	<0.5	95	450	<2	0.1	20	649	30.9	0.1	988	5	32	2540	15	0.1	<5	140	30
TE123	7716975	283329	0.01	1.1	39	270	18	0	3	8	10.8	0	263	42	<1	270	29	0.1	17	709	4
TE137	7717988	282705	0.013	<0.5	56	320	<2	0	9	698	46.1	0	111	5	25	2250	50	0.1	6	324	35
TE139	7717690	282705	0.005	<0.5	107	2130	<2	0.1	46	772	43.3	0	580	4	58	>10000	19	0.1	<5	82	80
TE250	7714254	286610		<0.5	70	400	<2	0	10	237	17.5	0.1	255	2	19	1590	11	0	<5	78	18
TE251	7714247	286582		<0.5	59	1350	<2	0.1	14	219	20.9	0	469	1	11	3010	28	0.1	6	71	8
TE252	7714247	286582		<0.5	61	2030	<2	0.1	14	211	19.9	0.1	1310	2	12	3060	26	0.1	<5	68	9
TE253	7714252	286565		<0.5	39	300	<2	0.1	8	259	15.3	0	313	2	13	1440	3	0	<5	55	5
TE254	7714252	286565		<0.5	25	280	2	0.1	16	571	19.2	0	205	2	50	3320	34	0	<5	69	105
TE256	7714239	286542		<0.5	116	200	5	0	8	332	26.4	0	235	2	15	2490	8	0.1	<5	46	17
TE263	7714304	286455		<0.5	27	580	5	0.1	75	1030	46.6	0.1	762	2	232	7550	13	0	<5	25	462
TE264	7714455	286382		<0.5	46	640	<2	0	32	826	18.8	0	235	2	69	3770	4	0	<5	27	91
TE265	7714462	286382		<0.5	16	230	<2	0	13	283	10.1	0	183	4	33	1720	<2	0	<5	11	53
TE266	7714454	286312		<0.5	58	610	<2	0.1	7	441	21	0	279	2	22	4840	6	0.1	<5	35	44
TE268	7714504	286202		<0.5	46	320	2	0	7	315	14.9	0	198	2	19	1670	2	0	<5	56	14
TE289	7713609	284776		<0.5	81	640	<2	0.1	6	232	20.7	0.1	529	2	23	2550	14	0	<5	153	29
TE291	7717928	282634		<0.5	185	1070	<2	0.1	2	110	22.6	0.1	287	1	24	2880	34	0.1	<5	750	9
TE292	7717949	282640		<0.5	156	870	<2	0.1	4	130	16.4	0	89	3	14	2440	15	0.1	5	432	16
TE293	7717968	282667		<0.5	78	170	2	0	5	448	24.6	0.1	78	2	22	2470	9	0	<5	646	35
TE294	7717986	282694		<0.5	48	80	3	0	26	1210	>50	0	181	<1	42	4830	68	0	<5	70	95
TE313	7717724	282710		<0.5	103	450	2	0.1	53	710	43.9	0	1560	1	53	8490	14	0	<5	196	98
TE314	7717688	282710		<0.5	140	470	4	0.1	56	456	>50	0	875	2	68	>10000	7	0.1	<5	152	82
TE315	7717677	282716		<0.5	20	150	<2	0.1	39	280	>50	0	703	<1	83	>10000	4	0	6	52	157
TE331	7714495	286123		<0.5	25	130	<2	0	5	208	13.4	0	87	2	9	2220	39	0	7	31	9
TE333	7714603	286055		<0.5	71	70	5	0	6	106	26.8	0	261	1	14	3210	5	0	<5	32	10
TE334	7714624	286017		<0.5	62	170	12	0.1	29	677	35.4	0.1	241	2	29	7030	21	0	<5	45	42
TE335	7714635	286021		<0.5	74	400	<2	0.1	17	900	37.8	0.1	170	3	29	5330	7	0.1	<5	33	42
TE501	7718947	282696	0.01	<0.5	63	220	58	0	12	44	41.7	0	97	<1	28	2970	11	0.1	<5	163	69
	7718947	282696	0.07	<0.5	29	90	65	0	9	28	19.5	0	119	1	20	1890	9	0.1	<5	93	54
TE503	7718931	282721	0.02	<0.5	5	180	2	0	2	53	22.3	0	64	1	13	900	8	0.1	<5	177	43
TE504	7718931	282721	0.02	<0.5	6	130	<2	0	3	67	24.7	0	51	1	17	1350	20	0.1	<5	155	69
TE505	7718950	282719	0.02	<0.5	27	370	9	0.1	6	23	36.5	0.1	383	1	18	1590	13	0.1	<5	677	48
TE506	7718950	282719	0.02	<0.5	20	390	<2	0.1	5	19	34.5	0	106	1	17	1260	12	0.1	<5	486	48
TE507	7718975	282713	0.33	<0.5	19	120	649	0	1	28	21.4	0	135	2	4	1260	25	0	<5	141	21
TE508	7719049	282701	0.03	<0.5	38	50	2	0	4	162	39.5	0.1	88	1	14	3060	11	0	<5	2460	44
TE509	7719049	282701	0.02	<0.5	<5	110	<2	0	2	5	2.01	0.4	68	1	3	100	15	0	<5	49	10

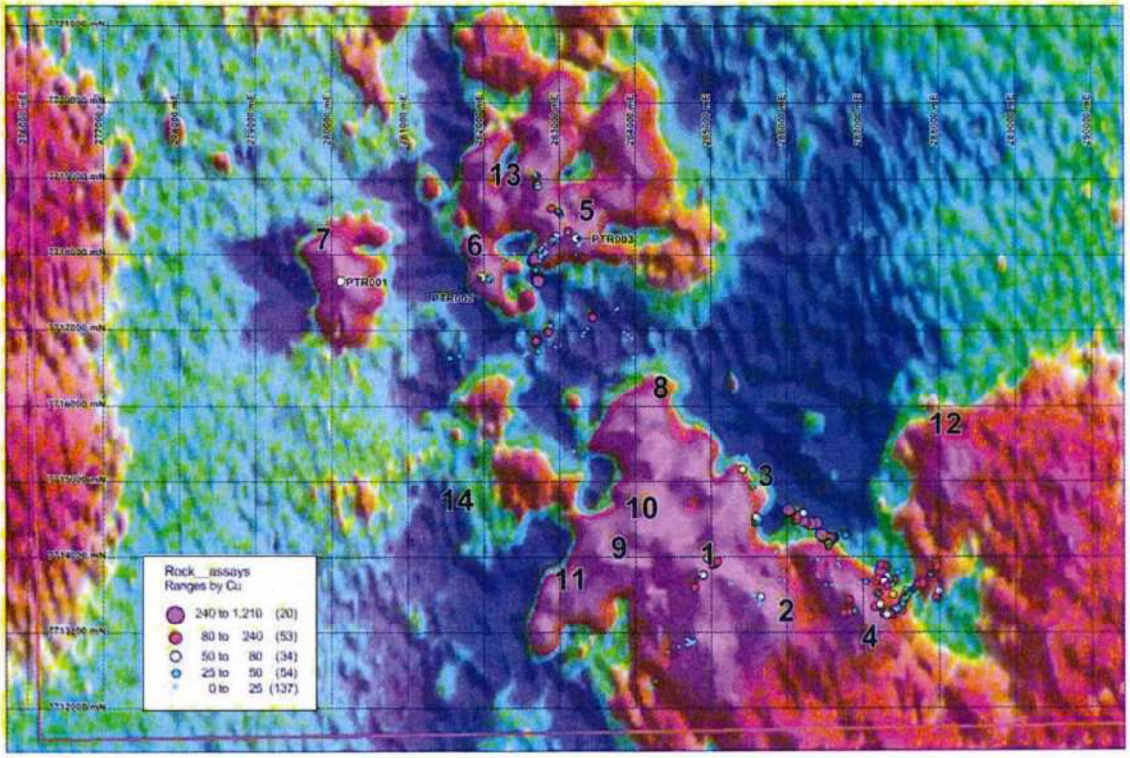


Figure 6. RTP 1VD magnetic image with plot of thematic copper in ppm in rock chips.

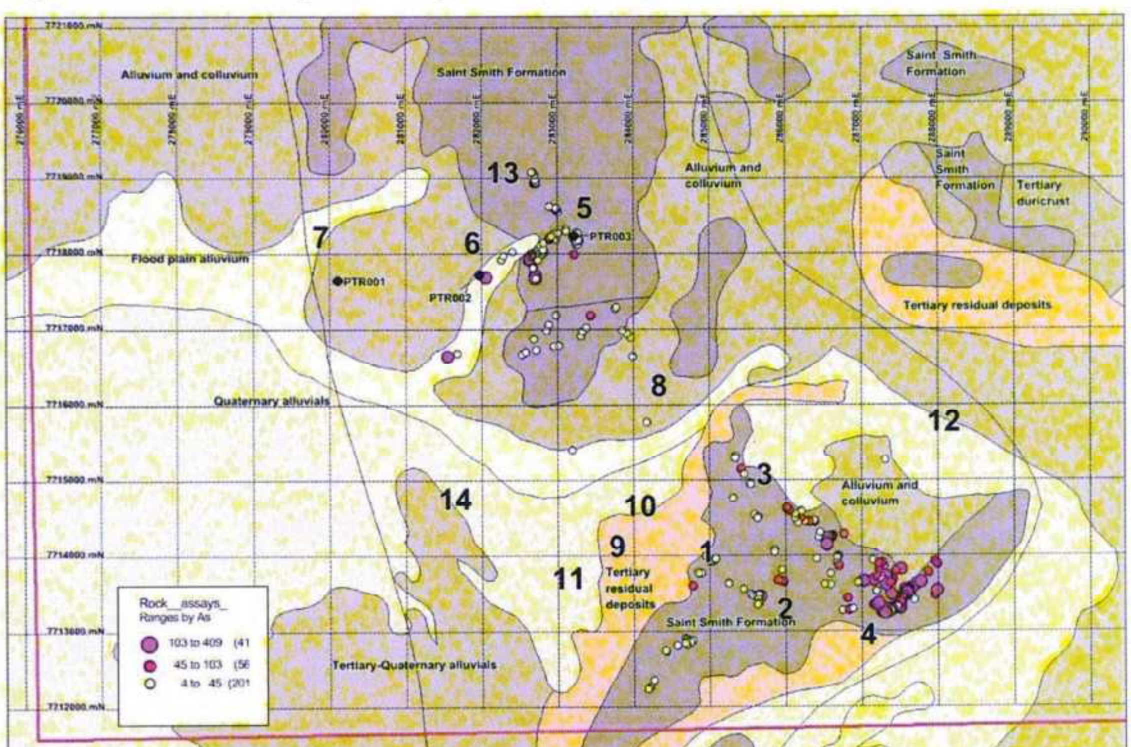


Figure 7. Regional Government geology with plot of thematic arsenic in ppm in rock chips.

Petrographic studies

Petrography of the limonitic jaspers shows they contain coarse to fine quartz grains in veins and breccias composed of goethite and sub-microscopic quartz, all cut and healed by late haematite in fractures and vughs. Several generations of limonitic jasper may occur often cut by later goethite and haematite. Free gold particles occur at 5-20 microns size in quartz vein fragments, including colloform quartz and also in vughs in several limonitic jasper samples. Three of those samples were spread over a distance of 150m proximal to magnetic Anomaly 13 and another proximal to sub-cropping "mafic" south of hole PTR003. Some pyrite relics, magnetite and rare chalcopyrite were also identified in the jaspers.

Petrography also established that the mafic intrusives intersected in drilling are strongly brecciated and schistose and possibly quartz monzonite to monzodiorite in composition. These rocks contain biotite, orthoclase (sometimes as phenocrysts), chlorite, quartz, haematite, magnetite, apatite, rare tourmaline and pyrrhotite (**Figure 8a**). All samples were described as exhibiting ubiquitous red rock alteration (haematite dusting), sericitised feldspars, veins of quartz, amphibole, biotite, chlorite and interbanded pyrite and magnetite. Some free gold occurs as crystals or as fine particles in association with magnetite and/or pyrite in a quartz-chlorite matrix in three samples of the drilled "mafic" (hole PTR003, 117-118, 167-168, 196-197) (**Figure 8b**).

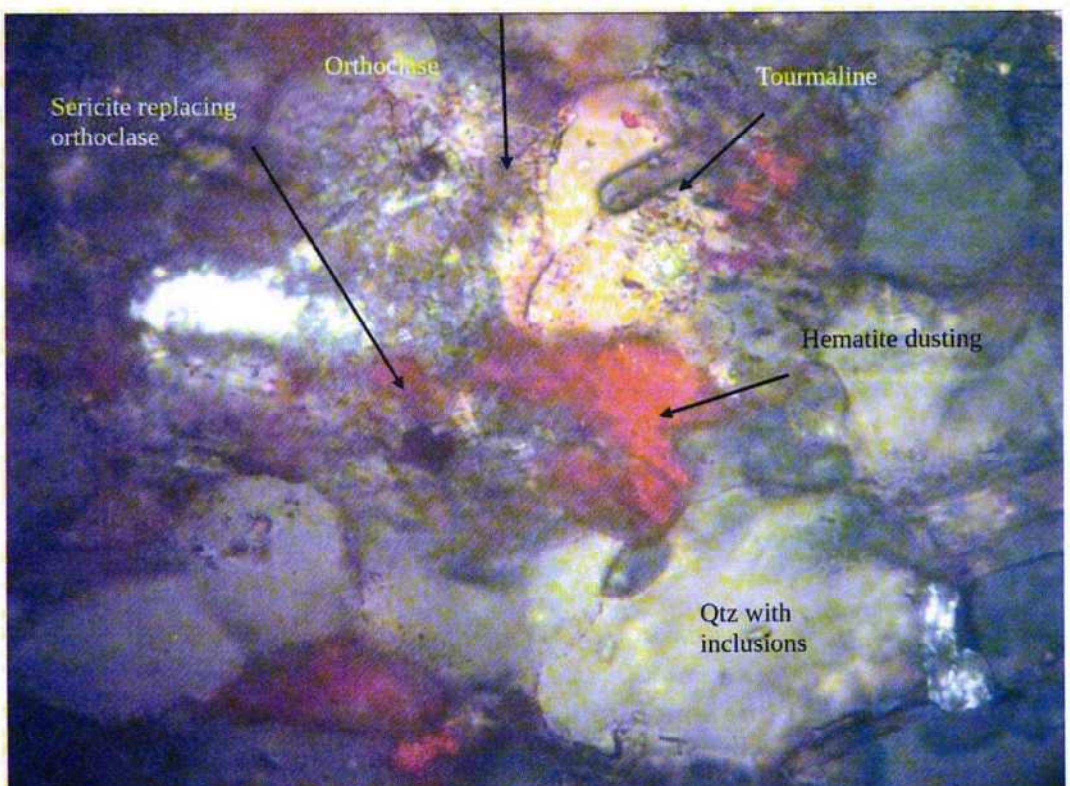


Figure 8a. PTR002 97-98m. Altered intrusive with sericite alteration and incipient interstitial red rock alteration – microcrystalline haematite (x250 cross polars).

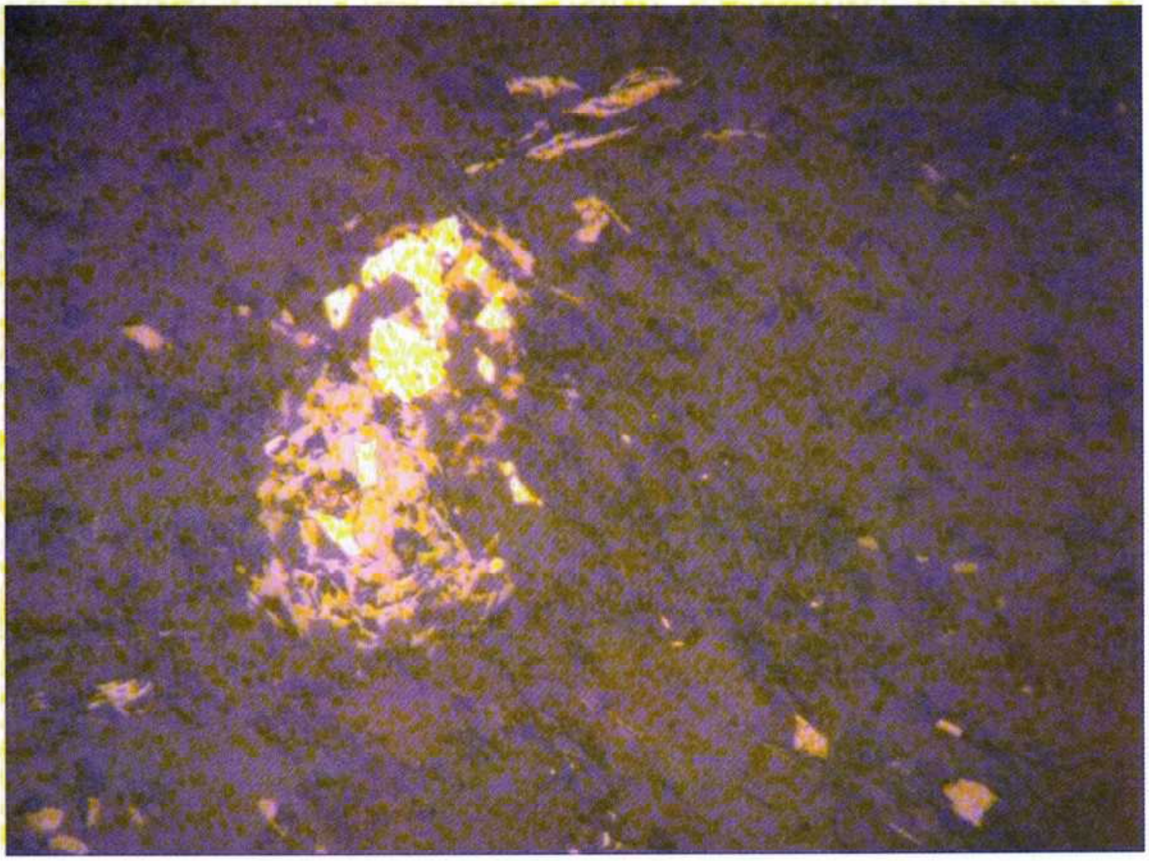


Figure 8b. PTR003 117-118. Free gold (yellow) associated with pyrite in vein (reflected light).

Geophysical and Radiometric Anomalies and Discussion

Geophysical imagery is a critical tool to help understand the nature of the geological environment at Templeton and to assist targeting for copper and gold mineralisation. Aeromagnetic and radiometric imagery (potassium, uranium, thorium) is fundamental to this and gravity imagery is also important in defining more subtle areas of higher density that could relate to mineralised and altered rock. For instance, the potassium imagery highlights potassium anomalies in purple and red, many of which exhibit a mottled pattern and relate to Tertiary-Quaternary alluvial deposits. But a large area in the south and a smaller area extending northwest of PTR003 are within Saint Smith Formation which typically has a low potassium response and hence these highlighted areas are considered anomalous (**Figure 9**). They could then reflect potassium alteration related to intrusives and possible overprinting mineralisation.

The outcrop and undercover extents of magnetic bodies such as igneous intrusions can be determined and modelled to determine shape and depth extent. At Templeton the magnetic imagery shows magnetic complexes that are known from drilling to include magnetic intrusive mafic bodies. But the imagery also highlights several standout ovoid magnetic lows between magnetic highs that have the character of potentially demagnetized bodies (**Figure 10**). Such can occur as overprinting alteration by hydothermal fluids derived from intrusive bodies and have the potential to be mineralised, as is very common in many intrusive-related deposits including porphyry copper-gold deposits. Two highlighted areas are east of magnetic Anomaly 13 in the north and between magnetic Anomalies 10 and 3 in the south.

As well as the positively magnetised bodies, studies of the imagery have revealed reversely or remanently magnetised intrusive bodies that formed when the earth's magnetic field was reversed. These show as "low" zones on the RTP Tilt magnetic imagery, but highs on the analytical signal image that is independent of the orientation of the earth's magnetic field and extend the area of known intrusives. All these elements are summarized in an RTP Tilt magnetic image in **Figure 10** which also includes location of the rock chip samples collected to date and subtle late time airborne electromagnetic anomalies derived from reprocessing of three historical surveys.

While the southern magnetic low appears to be under shallow Tertiary residual deposits, the potassium image (**Figure 9**) suggests some sub-crop of bedrock (potassium high). The northern low is within outcrop/sub-crop. Extension of rock sampling and geological reconnaissance to this magnetic low area should better elucidate its significance since it sits within a major gravity high area based on 2km spaced Government gravity data (**Figure 11**). The southern magnetic low is on the gravity gradient/gravity high margin with the high centred near magnetic Anomaly 4 and borders sub-crop of the Saint Smith Formation.

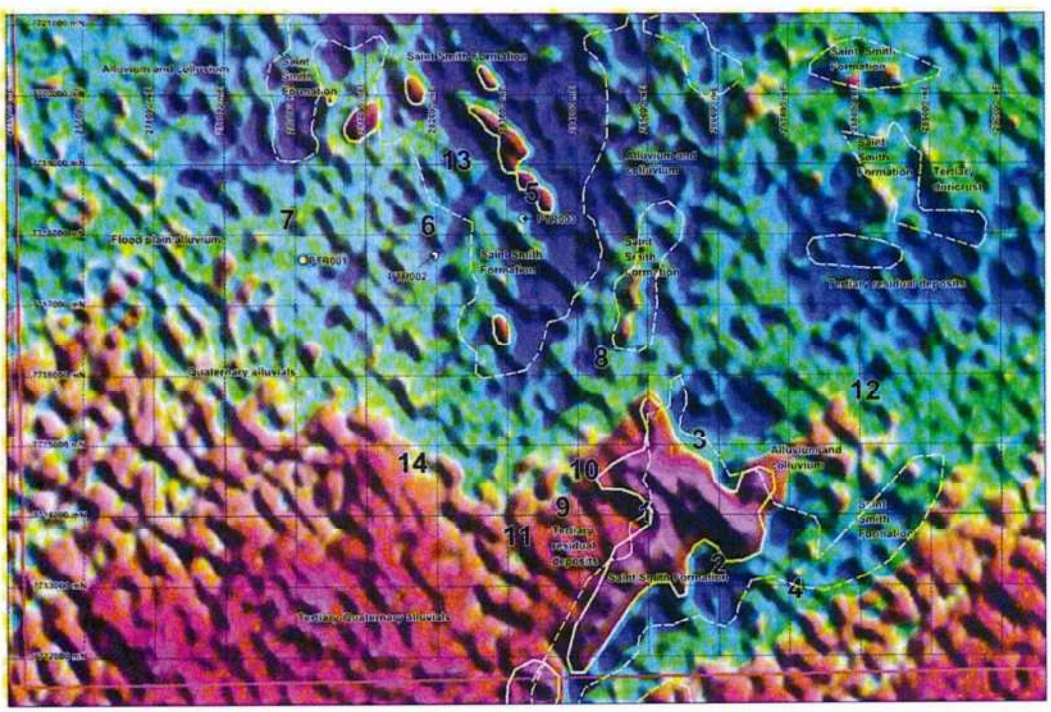


Figure 9. Potassium radiometric image with anomalism in sub-crop areas (yellow polygons) and highlighting areas of outcrop or sub-crop (white polygons) and cover.

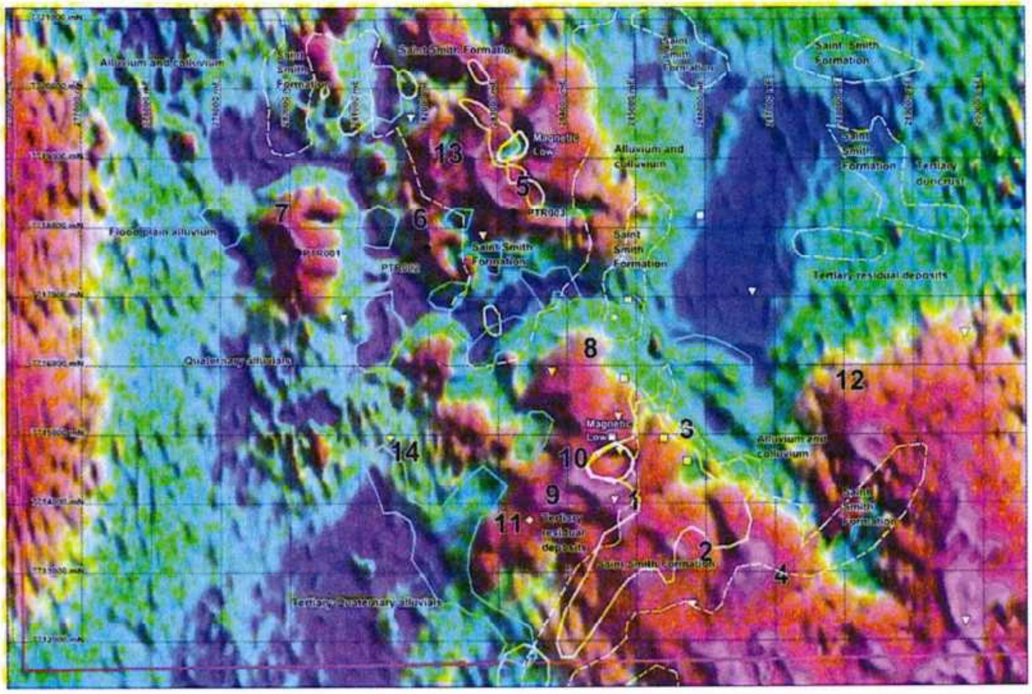


Figure 10. RTP Tilt magnetic image showing two magnetic low zones (solid white polygons), remanently magnetised bodies (blue polygons) and potassium anomalies (yellow). Subtle late time airborne EM anomalies are in white symbols.

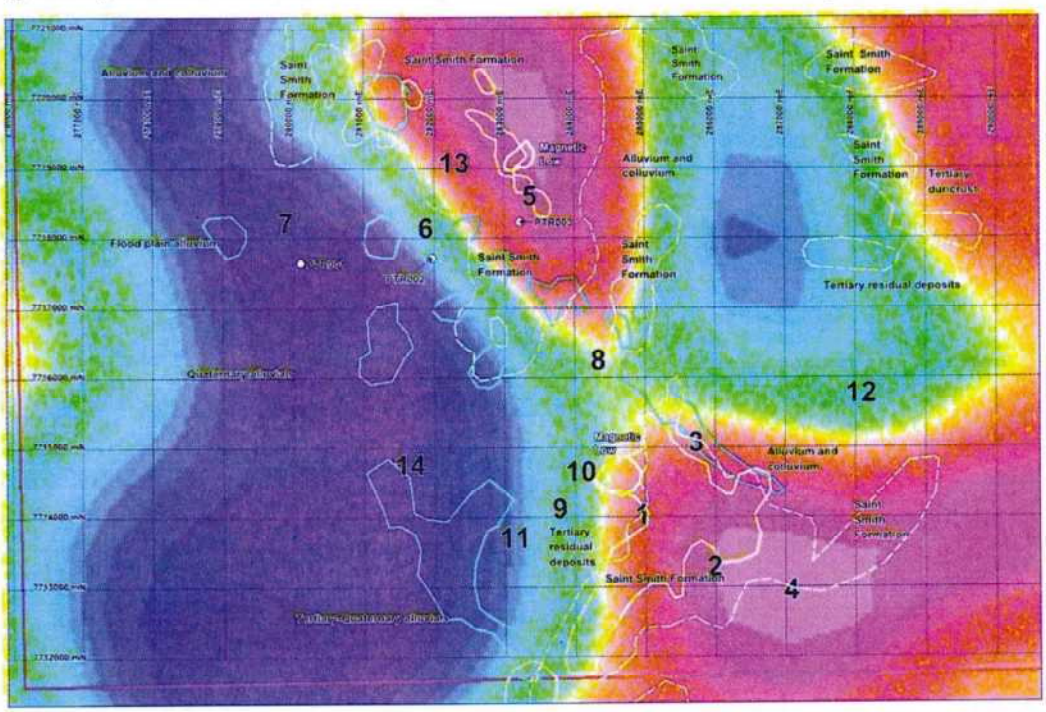


Figure 11. High pass gravity image (Government 2km spaced stations Other details as for Figure 10.

Future Exploration Recommendations

The first phase drilling at Templeton has been successful as proof of concept regarding mineralisation related to "mafic" intrusives though the targets drilled did not produce significant grades for copper and gold. However, the strong hydrothermal alteration in the intrusives and the local gold and copper observed in the mineralogical studies offers good encouragement. The challenge at Templeton is to locate strongly mineralised intrusives through more comprehensive sampling, use of ground geophysics and drilling.

The rock sampling program established the critical importance of limonitic jaspers on an old weathering surface that has largely depleted metals by deep weathering. Continuing studies indicate that future exploration discoveries of economic deposits will stem from a better understanding of the distribution of metal anomalous limonitic jaspers, metal zoning, magnetic and demagnetized intrusives, hydrothermal alteration and discrete gravity highs that may relate to alteration and mineralization.

A forward exploration program will involve the following:

- Extensive rock chip sampling of limonitic jaspers (where present) over defined magnetic features in Templeton tenure and also extend over previously defined anomalous zones to highlight limits. Extension of this work to the adjacent Mingera tenure which has similar magnetic features (**Figure 12**)
- More extensive sampling and geological reconnaissance near magnetic Anomaly 13 (E2) and large magnetic low zone to the east with a coincident gravity high and potassium anomaly.
- A similar exercise for magnetic Anomalies 10, 3, 1 (E1) in the south where strong potassium responses and magnetic low area also exist, together with remanently magnetised intrusives.
- Detailed ground gravity survey over the E2(North) and E1(South) areas to highlight discrete gravity highs within the main magnetic complexes and better understand the variations in the intrusive complex.
- Selected IP lines and associated data processing and modelling, may be used to better define targets over anomalous geochemical zones and buried intrusives.
- Checking of airborne EM anomalies defined from reprocessing of historical surveys occur locally, particularly in the south over the magnetic complexes to establish context and mineralisation interest, as some are in the zone of rock chip geochemical anomalism and others under shallow cover.
- Drill testing of the highest ranked targets in September-October and possible down-hole EM or cored extension to hole PTR001.
- Extension of elemental analysis to include REE, Sc, Nb, Y, U, Th and possibly PGE to check distribution within the intrusives. Ensure that all Au fire assays involve a 50g sample.

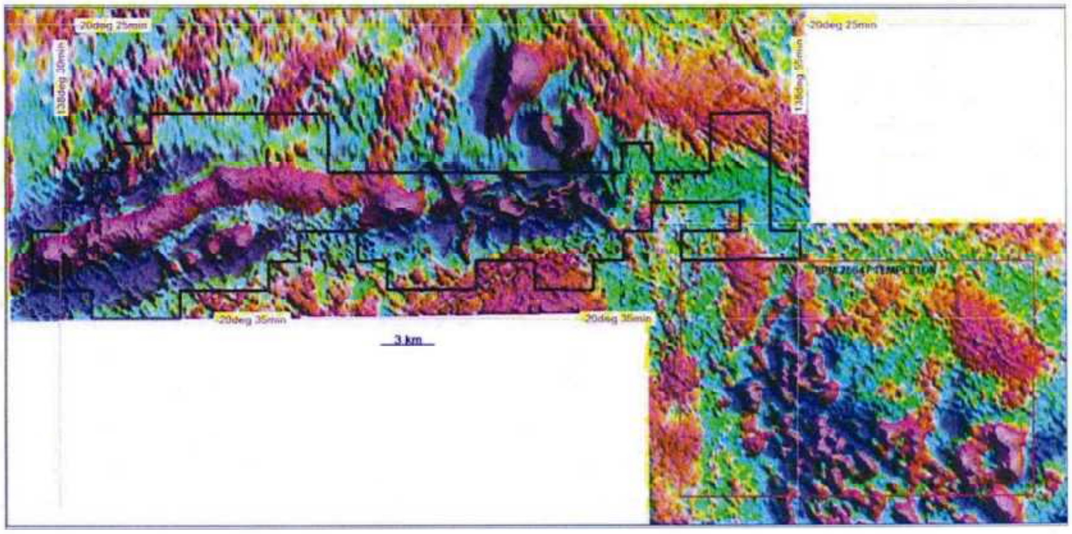


Figure 12. RTP HP4000 magnetic image of EPM 26647 Templeton (red polygon) and EPM 27113 Mingera (black polygon) showing enhanced magnetic features.

Competent Person Statement

The information in this report as it relates to exploration results, geology and exploration targets was compiled by Dr Peter Gregory, who is a Member of the AusIMM and a consultant to the Company. Dr Gregory does not have any shares or options in the Company. He has been on site to review the drilling and surface ironstones, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Gregory consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

For further information contact:

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JORC Code, 2012 Edition – Table 1 report - Exploration Update

Section 1 Sampling Techniques and Data

- This table is to accompany an NSXA release by Pegmont Mines Ltd to update the market on the preliminary drilling results to test three magnetic targets on EPM 26647 Templeton west of Mt Isa.

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Summary results of rock chip sampling geochemistry as a background to the drilling of RC holes only are given. These rock chips were random grab samples of limonitic crust and as such do not compare with continuous chip samples or costean samples. • In the RC drill program, samples were passed through a cyclone and split using an attached splitter to produce a 2kg sample in calico bags from a total sample of about 20kg every metre collected in large green plastic bags. Selected 2kg samples (based on logging) were sent to the laboratory for assay. • The cyclone was cleaned out every rod to limit contamination. • Water was usually controlled, except at the end of PTRD001 where water flow led to hole termination due to concerns with sample return. Several instances of poor sample recovery or no sample were due to cavities in the quartzites drilled.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Reverse circulation drilling was undertaken
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Recoveries were assessed from the volume of sample collected from the cyclone in each 1m. Discussions with the driller also highlighted when there was any sample return problem related to cavities or water flow.
Logging	• *Whether core and chip samples have been geologically and*	• This is a greenfields exploration drilling program and logging is of

Criteria	JORC Code explanation	Commentary
	geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	chips and sufficient to ascertain the rock types, any mineralization and alteration. • It is not the basis for resource work which would require core drilling to better define the parameters to be recorded in any follow-up RC work. As such the logging of the RC chips is qualitative. • 612 m of chips were logged in three holes where only minor disseminated mineralisation was recorded.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The RC samples were automatically split through a splitter attached to the cyclone and were dry samples except for sample at the end of hole PTR001. • This is the best technique to produce a representative sample from a large volume of material. • At this stage of preliminary first pass target testing, no duplicate samples have been taken. If laboratory results are significant, then selected duplicate samples may be resplit from the original large 20kg sample as a check. • Samples are representative of the medium sampled based on the fine grain size of the metasedimentary rocks and intrusives.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• A four-acid digest was used for the rock chips to allow total digestion of each sample for the rock chips and will also be used for the drill samples. Analysis was by ICP (OES and MS) and for gold by fire assay with 30gm charge and some check 50gm charges. Only a selection of samples were assayed for Au due to the generally low results recorded, but this will be expanded after areas of Bi anomalism showed a strong Au association. This methodology is appropriate for this stage of the reconnaissance exploration. As higher results were generally obtained from a 50g charge for fire assay, then this will be used for future gold assays to limit any nugget effects. • Magnetic susceptibility measurements were ideally measured on the 20kg samples, but in the first instance were measured on the 2kg bags as the bulk samples had been moved from site. • At this stage of the greenfields program, the Company will rely on laboratory standards for checking of accuracy of results and contamination. Any change to that would rely on significant results being obtained that would then require the Company to insert its own

Criteria	JORC Code explanation	Commentary
		standards and blanks in any assay batch before submission to the laboratory.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• This is not relevant at this preliminary stage of the program, but if significant intersections are drilled in the future, then data verification will need to be undertaken by an independent person. • All data is recorded digitally. • Should discrepancies be noted in assay data, then reanalysis of pulps would be requested.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• At this preliminary greenfields stage, a hand held GPS with accuracy of ±3m is deemed sufficient. • The grid system has been defined above as UTM GDA94 Zone 54. • Preliminary topographic control from GPS is sufficient for the preliminary stage, but if significant results are obtained requiring detailed grid drilling, then DEM data would be obtained.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data spacing when testing defined regional magnetic and geochemical targets is adequate until a significant discovery demands a grid spacing for detailed drilling and resource calculations • No sample compositing has been applied to rock chip samples. While the 1m samples from the more interesting sections of Holes PTR001-003 from visual logging were analysed, other sections of these holes were analysed from 4m composites.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Initial sampling is to define geochemical interest whether ironstone samples are along defined trends or not. The selection is based on outcrop, strong limonite development and often the presence of quartz veining. • Initial testing is with vertical holes, but should angled holes be drilled, then these would be at right angles to any perceived structural trend that could control mineralization.
Sample security	• *The measures taken to ensure sample security.*	• Samples are taken directly from the field to the laboratory in Mt Isa with any other sample storage at a locked premise.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Such reviews will be undertaken by a person conversant with the techniques and issues. If issues are found, then these will be addressed to ensure that the highest quality results are in place.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• EPM 26647 Templeton of Pegmont Mines Ltd (100% owned) comprising 96 sub-blocks and located 60km west of Mt Isa. Also EPM 27113 of Pegmont Mines Ltd (100% owned) comprising 100 sub-blocks adjoins. • No known impediment to operating in the area as have already been working on the ground.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Historical exploration by other parties including MIM and BHP Minerals has been reviewed.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• A deposit style of copper-gold related to mafic intrusives within the Lawn Hill Platform sediments of the Western Succession, Mt Isa. Since an unusual alkaline lamprophyric association has been indicated from petrography on drill samples, the possibility of association with the largely undercover, recently defined Silurian-Devonian Diamantina Alkaline Province is high. This suggests that there may be potential for REE, Sc, Co, Ni, U, Th and in different intrusives.as dissemination and veining in the intrusives and in the wall rock.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• A table with Target Number, Drill Hole Number, GDA94 Zone 54 co-ordinates obtained by hand held Garmin GPG (accuracy±3m), elevation in metres of the collar by hand held GPS and hole length and dip recorded. In the initial program all holes are vertical. Once significant assay data are obtained, then down-hole length and intersection thickness will be recorded

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No requirement at this stage.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• If assay results contain geochemistry of interest, this will initially be reported by down-hole length. Should future drilling encounter mineralisation where geometry is known, then true width would be reported, otherwise all reporting would be by drill hole intercept.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not required for this greenfields drilling pending results.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Representative ranges of values were summarized for rock chips overview and standard deviation plots given for some elements. Summary ranges of values for selected elements commented on and the best intersection though low grade listed.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Initial comments on structural control, geological observations, geochemical summary of rock chip data and interpretation of remanence in magnetic data were made.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further extensive rock sampling of limonitic jaspers where these are developed is critical to defining and refining areas of interest given the deep weathering and subsequent leaching of elements. This will include not just the magnetic targets in EPM 26647, but also the first on-ground work sampling over similar magnetic targets in adjacent EPM 27113 also held by Pegmont Mines. Other work will include structural interpretation to determine potential mineralization controls, checking areas of reversely magnetised intrusions, review of updated

Criteria	JORC Code explanation	Commentary
		rock chemistry for zonation and vectoring, potassium and uranium radiometric studies and field follow-up, field checking of defined EM anomalies from reprocessing of historical surveys. Ground geophysics involving magnetics, detailed gravity stations and selected IP lines may be employed to help target over permissive intrusives.

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Competent Person's Consent Form

Pursuant to the requirements of NSXA Listing Rules 5.6, 5.22 and 5.24 and Clause 9 of the JORC Code 2012 Edition (Written Consent Statement)

Report name

Pegmont Mines Ltd intersects mineralised intrusives in preliminary drilling at Templeton EPM 26647, Mt Isa region

(Insert name or heading of Report to be publicly released) ('Report')

Pegmont Mines Limited

(Insert name of company releasing the Report)

EPM 26647

(Insert name of the deposit to which the Report refers)

If there is insufficient space, complete the following sheet and sign it in the same manner as this original sheet.

14.08.2019

(Date of Report)

Statement

I,

Peter Warwick Gregory

(Insert full name(s))

confirm that I am the Competent Person for the Report and:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).
- I am a Competent Person as defined by the JORC Code, 2012 Edition, having five years experience that is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a Member or Fellow of *The Australasian Institute of Mining and Metallurgy* or the *Australian Institute of Geoscientists* or a 'Recognised Professional Organisation' (RPO) included in a list promulgated by ASX from time to time.
- I have reviewed the Report to which this Consent Statement applies.

I am a full time employee of

(Insert company name)

Or

I am a consultant working for

GeoDiscovery Group Pty Ltd

(Insert company name)

and have been engaged by

Pegmont Mines Ltd

(Insert company name)

to prepare the documentation for

Exploration within EPM26647

(Insert deposit name)

on which the Report is based, for the period ended

14.08.2019

(Insert date of Resource/Reserve statement)

I have disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Exploration Targets, Exploration Results.

Consent

I consent to the release of the Report and this Consent Statement by the directors of:

Pegmont Mines Limited

(Insert reporting company name)

Peter Gregory	14.08.2019
Signature of Competent Person:	Date:
AUSIMM	102835
Professional Membership: *(insert organisation name)*	Membership Number:
Marie T. Gregory	Marie Gregory, Mt Gravatt East Qld 4122
Signature of Witness:	Print Witness Name and Residence: (eg town/suburb)

Additional deposits covered by the Report for which the Competent Person signing this form is accepting responsibility:

Additional Reports related to the deposit for which the Competent Person signing this form is accepting responsibility:

Signature of Competent Person:

Date:

Professional Membership:
(insert organisation name)

Membership Number:

Signature of Witness:

Print Witness Name and Residence:
(eg town/suburb)