



**PEGMONT**

**Pegmont Mines Limited**  
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The Manager  
The National Stock Exchange of Australia  
Level 3,  
1 Bligh Street  
Sydney NSW 2000

Dear Sir,

**Quarterly Activity Report**  
**30 June 2024**

**1. Summary**

- (i) **The 1 for 10 New Issue** of Ordinary Shares at 4c each successfully raised \$300,000. Costs of the issue was \$24,697.
- (ii) **Cash at bank** increased by \$220,380 to \$811,145, administration expense of \$73,468 and net income of \$3,379. Working capital increased by \$9,531.
- (iii) **Investment income** from bank interest was \$5,775 and investment losses were \$63,936 before write back of \$61,540 in loss provisions.
- (iv) **Royalty interests** operated by Austral Resources Australia Ltd at Mount Kelly is estimated to have produced 1,650 tonnes of cathode copper during the quarter and sold 1,650 tonnes. Cumulative copper sales are estimated to total 69,000 tonnes since commencement of the Mount Kelly operations.
- (v) **Metal prices** (LME Index) were generally firm, up 12.2% except for iron ore (down 21.7%). However due to uncertain political factors in USA and Europe, projection of current commodity prices is problematic and cannot be taken for granted.



## 2. Cash and Investing Activities

Cash balances at ANZ Bank including Term Deposits total \$775,944 and credit with Macquarie Cash Vision Account held to support investing activities was \$35,214. Interest earned during the quarter was \$5,775. Investing activities resulted in a profit of \$3,379 after a write back of \$61,540 for market loss. However, total market value of the portfolio was \$5,759 above cost at 30 June. The portfolio is concentrated on strongly growing companies with cash balances in excess of debt. They are valued individually on the basis of lower of cost or market value. The current loss provision is \$14,417. At 30th June 2024, total investments comprised of 4 stocks at a cost of \$151,221 and a market value of \$156,980.

## 3. Royalty Interests

Royalty interests are held in two groups of tenements in the Mount Isa geological province, one group around Mount Kelly for copper, gold and other minerals operated by Austral Resources and the other group of tenements at Pegmont (containing lead-zinc-silver) located 25 km west of the large Cannington Mine south of Cloncurry.

The Mount Kelly tenements include Mining Lease and Exploration permits operated by Austral using open pit mining at Anthill, then trucking ore to Mount Kelly for treatment by crushing, acid leaching to a SX-EW plant to produce 99.99% pure copper metal. Royalty becomes payable after the extraction and sale of 100,000 tonnes of copper at the rate of 1% NSR. Total estimated sale of cathode copper to date is about 69,000 tonnes.

Vendetta Mining Corp of Canada owns the Pegmont leases but it is still undertaking financial evaluation studies. Royalty becomes payable after the recovery of option exercise payments of \$5m from cash flow at 1½% NSR.

## 4. Commodity Background

The lithium carbonate price has recovered 28.6% from 2023 low as new supply has been cut due to construction delays, high cost inflation and a low commodity price. Whereas copper continues to attract attention (corporate) as new discoveries tend to be of lower grade and costly to develop. Hence, there has been corporate activities to acquire operating mines to enhance growth as a cheaper option to exploration.

The LME Index is up 12.2% reflecting cost inflation and lack of new capacity, and rising demand from the EV industry. Oil, up 16.5% reflects Middle East tensions, whereas iron ore prices are down 16.5% reflecting difficulties of the Chinese construction industry.

The Aussie dollar remained steady, as did the RBA interest rate, reflecting a divided opinion amongst local economists.

Western economies have commenced a more stable interest rate policy based on lower inflation rates generally reported. However, slower economic activity and rising unemployed leading to lower consumption may result in weaker demand and prices for metal commodities in the near term. Political instability in USA and Western Europe could force a realignment in currencies to reflect changed economic circumstances. Australian gold producers have experienced high cost inflation during the past four years and many operations rely on a 'low' Aussie dollar to mine material of below 1.5 g/t gold grade.

### Summary of Selected Commodity Price Movements – TO 30 JUNE 2024

		2024 28 June	2024 30 Mar	2023 29 Dec	2022 31 Dec	June (Decline) on 31.12.23 %
Oil-WTI	\$US/bb	83.4	83.2	71.6	80.6	16.5
Iron ore (63% Fe lump)	\$US/t	106.8	106.0	136.4	117.1	(21.7)
LME Index		4,165.7	3,808.3	3,713.2	3,983.4	12.2
Lithium Carbonate	\$US/t	9,005	10,743	7,000	50,428	28.6
Zinc	\$US/t	2,919.5	2,486.1	2,640.2	2,983.9	10.6
Copper	\$US/t	9,675	8,816	8,544.0	8,397.5	11.3
Gold	\$US/oz	2,327.72	2,217.4	2,065.1	1,819.7	12.7
\$A/\$US		0.67	0.65	0.67	0.68	0.0
All Ords Index		8,013.8	8,153.7	7,852.0	7,197.3	2.1
Gold Index (ASX 200)		7357.0	7,242.3	7,379.0	5,918.7	(0.3)



## 5. Income and Expenditure (cash basis) Unaudited

	June 2024 Quarter \$	Half Year to June 2024 \$	Guidance Year Dec 2024 annuation \$
<b>Income Received</b>			
Interest/Dividends/Other	5,775	11,513	25,000
Realised profit/(loss) from sale of shares	(63,936)	(63,936)	(44,000)
	<b>(58,161)</b>	<b>(52,423)</b>	<b>(19,000)</b>
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Provision to market gain/(loss)	61,540	9,921	24,000
Net Income from investing activities	3,379	(42,502)	5,000
Net Income	3,379	(42,502)	5,000
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<b>Expenditures (cash basis)</b>			
<b>Exploration</b>			
Canyon refund of prior expenses	(12,567)	(13,067)	(12,000)
Royalty Agreement costs	-	462	-
General	-	-	-
	<b>(12,567)</b>	<b>(12,605)</b>	<b>(12,000)</b>
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<b>Corporate</b>			
Administration	36,163	59,494	150,000
Audit Fees	(1,200)	0	17,000
Directors' Fees	26,375	52,750	106,000
New Issue Expenses	24,697	24,697	25,000
	<b>(73,468)</b>	<b>(124,336)</b>	<b>286,000</b>
Net Operating Surplus/(Deficit)	(70,089)	(166,838)	(281,000)
Working Capital, net receipts	(9,531)	(69,977)	(70,000)
Net Cash Surplus/(Deficit)	(79,620)	(236,815)	(351,000)
Add: Opening Cash Balance	590,765	747,960	747,960
New Issue – Gross Proceeds	300,000	300,000	300,000
<b>Closing Cash Balances</b>	<b>811,145</b>	<b>811,145</b>	<b>696,960</b>

## 6. Guidance for 2024

The Company's cash position is \$811,145 plus a share portfolio having a market value of \$156,980, sufficient to last until end of 2027 based on an expenditure rate of \$250,000 per year. Provided that Austral can average 9,000 tonnes/annum of cathode copper at Mount Kelly to December 2027, then royalty income could be generated and become a valuable source of future income.

Yours faithfully



**Malcolm A Mayger**  
Managing Director