



PEGMONT

Pegmont Mines Limited
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30 April 2024

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

Dear Sir,

Quarterly Activity Report
31 March 2024

1. Summary

- (i) **Cash balances** declined by \$157,195 to \$590,765 due to ongoing corporate costs of \$50,881, net income-loss \$45,881 a minor refund of \$38 in exploration expenditure and a change in working capital of \$60,471.
- (ii) **Investment income** incurred a loss of \$45,881 after providing \$51,619 for market loss on investments and crediting \$5,738 interest on cash deposits.
- (iii) **Royalty interests** relating to Reefway tenements operated by Austral Resources Ltd continued to produce copper, selling 8,837 tonnes during 2023 and achieving a cumulative total of 65,500 t since commencement of the Mt Kelly operations, including Anthill.
- (iv) **Copper prices** have firmed recently, to AUD \$15,300 which should provided an incentive for Austral to increase copper production to nominal capacity of 10,000 t p.a. (weather permitting).
- (v) A 1 for 10 Non-Renounceable Entitlements Issue of 7,500,000 ordinary shares to raise \$300,000 gross at 4 cents each was announced on 1 March 2024. The Entitlement Offer closed 5.00 pm AEDT on 23 April 2024. It is fully underwritten by Mr M. A. Mayger, a Director of this Company.

2. Cash and Investing Activities

Cash balances at ANZ Bank, including Term Deposits total \$538,731 and credit with Macquarie Cash Vision Account held to support investing activities was \$52,034, making a total of \$590,765.

Investing activities were affected by an unexpected half-yearly loss result by an industrial holding as a result of a major discontinuity arising from relocation of production activities to USA. Future production into a major market is expected to generate growing opportunities.

There were no sales of securities during the quarter. Shares in an iron ore producer and in a gold producer were made on the basis that iron ore prices appear to have bottomed at around US \$80–90/t, whilst gold has surged on Middle East tensions.

3. Royalty Interests

Royalty interests are held in two groups of tenements in the Mount Isa geological province, one group around Mount Kelly (copper, gold and other minerals) which are north of Mount Isa and the other group at Pegmont (lead–zinc–silver) located 25 km west of the large Cannington Mine (silver, lead–zinc); south of Cloncurry.

The Mount Kelly tenements, including mining leases are operated by **Austral Resources Limited** using open pit mining at Anthill, then trucking ore to Mount Kelly for treatment by acid leaching to a Solvent Extraction – Electrowinning (SX-EW) process to produce 99.99% pure copper cathode for off mining lease marketing. Cumulative copper cathode sales to 31 December 2023 total 65,500 t.

Vendetta Mining Corp. (listed on the Toronto Exchange) acquired the Pegmont tenements in June 2019. Their subsequent exploration increased resources estimates to:

Indicated 5.76 Mt @ 6.5% Pb, 2.6% Zn, 11 g/t Ag

Inferred 8.28 Mt @ 5.1% Pb, 2.8% Zn, 8 g/t Ag

Subsequent drilling has intersected mineralisation outside these Resource boundaries.

4. Commodity Background

Counter inflationary measures conducted by central bankers by maintaining high interest and restricting money supply, negatively affected oil, base metals and lithium prices. Iron ore has performed weakly due to lower demand from China whilst gold up 7.4% reflects heightened political tensions in the Middle East war between Israel and Gaza/Iran.

The Aussie exchange rate declined slightly by 1.9%.

Summary of Selected Commodity Price Movements – TO 31 MARCH 2024

		2024 30 Mar	2023 29 Dec	2022 31 Dec	March (Decline) on 31.12.23 %
Oil-WTI	\$US/bb	83.2	71.6	80.6	16.2
Iron ore (63% Fe lump)	\$US/t	106.0	136.4	117.1	(22.3)
LME Index		3,808.3	3,713.2	3,983.4	2.6
Lithium Carbonate	\$US/t	10,743	7,000	50,428	53.7
Zinc	\$US/t	2,486.1	2,640.2	2,983.9	(6.1)
Copper	\$US/t	8,816	8,544.0	8,397.5	3.2
Gold	\$US/oz	2,217.4	2,065.1	1,819.7	7.4
\$A/\$US		0.65	0.67	0.68	(3.0)
All Ords Index		8,153.7	7,852.0	7,197.3	3.8
Gold Index (ASX 200)		7,242.3	7,379.0	5,918.7	(1.9)

Despite economic uncertainties, the US economy remained firm with strong growth.

5. Income and Expenditure (cash basis) Unaudited

	March 2024 Quarter \$	Year to Dec 2023 \$	Guidance Year Dec 2014 annuation \$
Income Received			
Interest/Dividends/Other	5,738	26,475	20,000
Realised profit/(loss) from sale of shares	0	32,764	(70,000)
	5,738	59,239	(50,000)
Provision to market gain/(loss)	(51,619)	(22,622)	50,000
Net Income from investing activities	(45,881)	36,617	–
Net Income	(45,881)	36,617	–
Expenditures (cash basis)			
Exploration			
Canyon	(500)	26,606	–
Royalty Agreement costs	462	336	–
General	–	3,620	–
	(38)	(30,562)	–
Corporate			
Administration	23,306	164,178	140,000
Audit Fees	1,200	19,000	17,000
Directors' Fees	26,375	106,688	107,000
	(50,881)	(289,866)	264,000
Net Operating Surplus/(Deficit)	(96,724)	(283,811)	(264,000)
Working Capital, net receipts	(60,471)	(30,283)	–
Net Cash Surplus/(Deficit)	(157,195)	(314,094)	(264,000)
Add: Opening Cash Balance	747,960	1,062,054	747,960
New Issue – Gross Proceeds	–	–	300,000
Closing Cash Balances	590,765	747,960	783,960

6. Guidance for 2024

The Company's cash position at 29 March 2023 was \$590,765 a decline of \$157,195 after an increase in trading assets by \$63,508. Funds invested in shares increased to \$197,846 with a market value of \$132,000, weighed down by a loss making industrial; which was subsequently sold in April upon an uptick in share price.

Due to uncertain geopolitical conditions and pause in lower inflation trends, the share market has become volatile and unpredictable, signalling caution. Gold producers are in favour, but not explorers. Our current guidance reflects this situation, although we hope to end the year with a positive result.

Simplification of Pegmont's activities by discontinuing exploration has reduced costs towards \$264,000 for corporate overheads. The infusion of \$300,000 proceeds less expenses from a New Issue should ensure adequate liquidity for the next four years wait time to receipt of royalty income from the Mount Kelly tenements.

To December, the Mount Kelly royalty tenements, including the Anthill Mine have produced/sold 65,500 t of cathode copper towards a royalty free target of 100,000 t. Austral Resources Limited, the current owner of the leases is producing around 2,000 t of copper per quarter with nominal capacity of 10,000 p.a. Austral is currently benefiting from elevated copper prices and undertaking financial studies on the Lady Colleen deposit (a royalty tenement) as a possible development to boost copper output and sales.

7. Subsequent Events to 29 March 2024

On 15 April 2024, the industrial investment was sold at a loss of \$69,311 during a temporary uptick in market interest. This loss was fully provided for in the December 2023 Accounts and in the March Quarterly results.

The Entitlement New Issue of 7,500,000 Ordinary Shares at 4 cents each to raise \$300,000 gross closed on 23 April 2024. Total funds received for the new shares was \$126,921.52, representing 3,173,038 new shares. Total shortfall was 4,058,611 plus 268,351 available for over-subscription.

Yours faithfully



Malcolm A Mayger
Managing Director