

Pegmont Mines Limited

ACN 003 331 682

Financial Report for the
Half-Year ended 30 June 2022

Directors' Report

The Directors of Pegmont Mines Limited submit herewith the financial report for the half-year ended 30 June 2022. In order to comply with the provisions of the Corporations Act, the Directors report as follows: -

The names and particulars of Directors of the company in office during the year and on the day this report is made out are:

ORITI, Hadyn G. (Non-Executive Chairman) *LLB*

Mr Oriti, aged 59, is a practicing solicitor in Port Macquarie with experience in commercial investments.

MAYGER, Malcolm A. (Executive Managing Director) *BCom, CA, FAICD*

Mr Mayger, aged 82, has over 47 years experience in exploration, mining and investment. Malcolm Mayger founded the company in 1987 and has guided its subsequent development from an exploration concept to royalty holder and mining investment..

READ, Peter J. (Non-Executive Director) *B Ec FAICD*

Mr Read, aged 83, , is a corporate specialist with experience as a previous managing director with Drillsearch Energy Ltd and Queensland Resources NL. In addition he has extensive experience in marketing and business consulting

WOODS, Richard S. (Alternate for Mr M A Mayger) *BBusCA*

Mr Woods, aged 69, is a Chartered Accountant and former partner of Walker Wayland NSW Chartered Accountants for 27 years with extensive taxation experience

Review of Operations

The company's operations during the half year to 30 June 2022 resulted in a net loss of \$143,988 a decrease on a loss of \$207,628 to June 2021. This result is after expensing all administration and exploration and resource evaluation expenditure incurred during the six months and including share trading loss of \$6,467 (2021- loss \$1,400). The loss has been subjected to a review by the auditor.

| | Segment Revenue 2022 \$ | Segment Profit/(Loss) 2022 \$ | Segment Profit/(Loss) 2021 \$ |
|---|----------------------------------|--|--|
| Share Trading before market gain/loss | 62,468 | (17,726) | — |
| Dividend Received | 500 | 500 | — |
| Gross Revenue from share trading | — | — | — |
| Interest | 793 | 793 | 6,185 |
| Exploration expenditure-net of recoveries | | (19,183) | (80,106) |
| Unallocated expenses | | (119,631) | (132,307) |
| Fair value gain/(loss) on financial assets | | 11,259 | (1,400) |
| Income Tax Expense | | - | - |
| Profit/(loss) for the half- year after income tax | | (143,988) | (207,628) |
| Earnings(loss) per share | | (0.02) | (0.03) |

Activities

No field exploration activity was undertaken by the Company during the half year. In relation to royalty interests held by the Company Austral Resources commenced ore production at the Anthill copper mine and has embarked on an active exploration program to increase economic resources beyond four years. Vendetta following the raising of additional funds has commenced an active program to increase the status of their resource at Pegmont. Both these projects could enhance the value of royalty interests over their tenement held by the Company.

The near-term share investing activities of the Company will maintain the “Patient investing” strategy of buying equity positions at substantial discount to their recent price highs, appropriate to a declining market for shares in these volatile times.

Changes In State Of Affairs

The Canyon Tenement EPM 27345 is the only tenement currently retained by the Company with the aim of enhancing the prospect value for a possible option agreement. Other exploration activities may be considered should the Company’s financial position improve.

Mr Peter J Read retired from the Board at the conclusion of the Annual General Meeting of the Company on 26 May 2022. At a Directors’ meeting following the AGM on 26 May 2022 Mr Hadyn Oriti was appointed Chairman and Mr Peter Read was appointed to fill a casual vacancy as a Director until such time as the appointment of an independent Director occurs.

AUDITORS’ INDEPENDENCE- SECTION 307C

Following this report is a letter received from the company’s Auditors.

This report is made in accordance with a resolution of the directors.

Dated this 1 day of September 2022

On behalf of the Directors



MA Mayger

Director

Directors' Declaration

For The Half-Year Ended 30 June 2022

The directors declare that:

- a) The attached financial statements and notes thereto comply with Accounting Standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance;
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*; and
- d) In the directors' opinion there are reasonable grounds to believe that Pegmont Mines Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'MA Mayger', with a stylized flourish at the end.

MA Mayger

Director

Dated this day 1 day of September 2022.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For The Half-Year Ended 30 June 2022

| | Note | Half-year Ended 30 June 2022 \$ | Half-year ended 30 June 2021 \$ |
|--|----------|--|--|
| Revenue from continuing operations | | | |
| Gross revenue from share trading | | 62,468 | — |
| Cost of sales | | (80,194) | — |
| Gain/Loss on sale of shares | | (17,726) | — |
| Fair value gain/ (loss) on financial assets | | 11,259 | (1,400) |
| | | (6,467) | (1,400) |
| Investment income | | 1,293 | 6,185 |
| Option proceeds and extension fees | | | |
| Recovery of Exploration Expenditure | | | |
| Expenses from ordinary activities | | (138,814) | (212,413) |
| Income tax credit/(expense) | 5 | — | — |
| Net Profit/(loss) from ordinary activities for half-year after income tax | | (143,988) | (207,628) |
| | | | — |
| Profit/(loss) for half year attributable to members of Pegmont Mines Ltd and recognised directly in equity | | (143,988) | (207,628) |
| Retained Profits brought forward | | (5,042,852) | (4,538,613) |
| Dividend Paid | | — | — |
| Retained Profits at end of half-year | | (5,186,840) | (4,746,241) |
| Earnings (loss) per share – basic | 4 | (0.02) | (0.03) |

Consolidated Balance Sheet

As at 30 June 2022

| | Half-year 30 June 2022 \$ | Annual Report 31 Dec 2021 \$ | Half-year 30 June 2021 \$ |
|--|---------------------------------|------------------------------------|---------------------------------|
| Current Assets | | | |
| Cash and Cash Deposits | 1,222,211 | 1,363,730 | 1,801,359 |
| Receivables | 8,516 | 17,902 | 28,945 |
| Prepayments | - | - | - |
| Financial assets at fair value through profit and loss | 67,040 | 40,000 | 6,342 |
| Total Current Assets | 1,297,767 | 1,421,632 | 1,836,646 |
| Non-Current Assets | | | |
| Royalty assets | 300,000 | 300,000 | 200,000 |
| Total Non-Current Assets | 300,000 | 300,000 | 200,000 |
| Total Assets | 1,597,767 | 1,721,632 | 2,036,646 |
| Current Liabilities | | | |
| Payables | 43,000 | 22,877 | 41,280 |
| Loans | - | - | - |
| Total Current Liabilities | 43,000 | 22,877 | 41,280 |
| Non-Current Liabilities | - | - | - |
| Total Liabilities | 43,000 | 22,877 | 41,280 |
| Net Assets | 1,554,767 | 1,698,755 | 1,995,366 |
| Equity | | | |
| Contributed equity | 4,541,607 | 4,541,607 | 4,541,607 |
| Reserves | 2,200,000 | 2,200,000 | 2,200,000 |
| Retained profits | (5,186,840) | (5,042,852) | (4,746,241) |
| Total entity interest | 1,554,767 | 1,698,755 | 1,995,366 |
| Total parent equity interest | 1,554,767 | 1,698,755 | 1,995,366 |
| Net tangible assets per share cents | 1.7 | 1.9 | 2.8 |

Consolidated Statement of Cash Flows

For The Half-Year Ended 30 June 2022

| | Note | Half-year Ended 30 June 2022 \$ | Half-year ended 30 June 2021 \$ |
|---|----------|--|--|
| Cash flows from operating activities | | | |
| Cash receipts in the course of operations | | | |
| Receipts from sale of shares | | 62,468 | - |
| Cash payments in the course of operations | | | |
| Payments for purchase of shares | | (80,194) | - |
| Directors & secretary fees | | (74,794) | (81,660) |
| Payments to suppliers and contractors | | (31,109) | (47,510) |
| Interest and other items of a similar nature received | | <u>1,293</u> | <u>6,185</u> |
| Net cash from operating activities | | <u>(122,336)</u> | <u>(122,985)</u> |
| Cash Flows Related To Investing Activities | | | |
| Exploration expenditure | | (19,183) | (80,160) |
| Net cash provided from investing activities | | <u>(19,183)</u> | <u>(80,160)</u> |
| Cash flows from financing activities | | | |
| Loan repayment | | - | (200,000) |
| Share Issue | | - | - |
| Net cash flows from financing activities | | = | <u>(200,000)</u> |
| Net increase/(decrease) in cash and cash equivalents | | (141,519) | (403,091) |
| Cash and cash equivalents at the beginning of the half year | | 1,363,730 | 2,204,450 |
| Cash and cash equivalents at end of half year | 3 | 1,222,211 | 1,801,359 |

Statement of Change in Equity

For the Half-Year Ended June 2022

| | Half-year Ended 30 June 2022 Number Issued | Half-year Ended 30 June 2021 Number Issued |
|--|---|---|
| Ordinary shares issued at 31 December 2020 | – | 72,316,556 |
| 31 December 2021 | 72,316,556 | – |
| Issued during current half year | - | – |
| Ordinary shares issued at 30 June 2021 | | 72,316,556 |
| 30 June 2022 | 72,316,556 | – |
| | 72,316,556 | 72,316,556 |

Note: All shares that are Issued are Quoted.
There was no other category of Issued or Quoted Securities.

Options: There were no options on issue.

Notes to the Financial Statements**For the Half-Year ended 30 June 2022****1. Basis of Preparation of Half-Year Financial Statements**

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2022 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001* and International Financial Reporting Standards.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by Pegmont Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised Accounting Standards

In the half-year ended 30 June 2022, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2022. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Revenue and Expense

Operating profit before income tax is arrived at after:

| | Current Half-year Consolidated \$ | Previous Corresponding Half-year Consolidated \$ |
|----------------------------------|--|---|
| a) crediting interest as revenue | 793 | 6,185 |
| b) exploration expensed | (19,183) | (80,106) |

3. Reconciliation of cash

Cash at the end of the half-year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:

| | | |
|--|------------------|------------------|
| Cash on hand and at bank | 1,109,603 | 250,177 |
| Deposits at call | 112,608 | 1,551,184 |
| Cash and cash equivalents at 30 June 2022 | 1,222,211 | 1,801,359 |

NOTES TO THE FINANCIAL STATEMENTS (CONT)**4. Earnings per share.**

| | Current Half-year Consolidated \$ | Previous Corresponding Half-year Consolidated \$ |
|--|--|---|
| Basic losses per share | (0.02) | (0.03) |
| The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share | 72,316,556 | 72,316,556 |

The diluted earnings per share is not materially different from the basic earnings per share.

5. Income Tax

| | | |
|--|---|---|
| Prima facie tax payable on the operating profit at 27.5% | - | - |
| Timing Differences | - | - |
| Income Tax Expense | - | - |

6. Commitments for expenditure**Mineral tenement leases**

In order to maintain current rights of tenure to mining tenements on which the Company will be undertaking exploration activity, the Company will be required to outlay minimum expenditure requirements during 2022/2023 of approximately \$122,000 less allowable carried forward excess expenditure from the previous year (2021/2022 \$184,000).

7. Segmental Information

The economic entity operates predominantly in one geographic location. The operations of the economic entity consist of investment and exploration for minerals within Australia.

8. Subsequent Events

No matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the half-year ended 30 June 2022.