

Pegmont Mines Limited

ACN 003 331 682

Financial Report for the
Half-Year ended 30 June 2023

Directors' Report

The Directors of Pegmont Mines Limited submit herewith the financial report for the half-year ended 30 June 2023. 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 60, is a practicing solicitor in Port Macquarie with experience in commercial investments.

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

Mr Mayger, aged 83, has over 50 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.

MONTGOMERIE, John W. (Non-Executive Director) *FCA*

Mr Montgomerie, aged 75, is a Chartered Accountant with 30 years experience in raising finance and in various listed and unlisted companies as a director, founder and shareholder.

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

Mr Woods, aged 70, 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 2023 resulted in a net loss of \$166,352, an increase on a loss of \$143,988 to June 2022. This result is after expensing all administration and exploration and resource evaluation expenditure incurred during the six months and including share trading loss of \$8,413 (2022- loss \$6,467). The loss has been subjected to a review by the auditor.

	Segment Revenue 2023 \$	Segment Profit/(Loss) 2023 \$	Segment Profit/(Loss) 2022 \$
Share Trading before market gain/loss	83,538	9,587	(17,726)
Dividend Received	—	—	500
Gross Revenue from share trading	83,538	9,587	(17,226)
Interest	10,552	10,552	793
Exploration expenditure-net of recoveries		(25,521)	(19,183)
Unallocated expenses		(142,970)	(119,631)
Fair value gain/(loss) on financial assets		(18,000)	11,259
Income Tax Expense		—	—
Profit/(loss) for the half- year after income tax		(166,352)	(143,988)
Earnings(loss) per share		(0.002)	(0.002)

Activities

The Company announced the temporary cessation of exploration activities during the half year resulting in no direct field exploration being undertaken by the Company during the period. In relation to royalty interests held by the Company, Austral Resources continues to develop the Anthill copper mine which produced just under 5,000 tonnes of Cathode Copper during the half year. Furthermore, Austral is confident that exploration will replace this production to extend mine life. Operational activities have been enhanced with increased recoveries and copper prices above initial estimates. Vendetta Mining Corp reported on 18 May 2023 several high-grade lead-zinc drill intersections in Zone 2 and 3 at the Pegmont lead zinc project from drilling during 2022. The drilling program was ceased with the early onset of the wet season.

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 fluctuating market for shares in these volatile times.

Changes In State Of Affairs

The Company’s application to surrender Canyon Tenement EPM 27345 (the only tenement retained by the Company) has been approved by the Queensland Mines Department. Other exploration activities may be considered should the Company’s financial position improve.

NorthCorp Accountants located in Port Macquarie were appointed auditors of the Company at the Annual General Meeting held 25 May 2023 following the resignation of Rothsay Audit and Assurance Pty Ltd and have reviewed this report.

Due to the increase in investment interest rates over the previous 12 months the Company placed cash funds on bank term deposits with a balance held of \$612,128 at 30 June 2023.

AUDITORS’ INDEPENDENCE- SECTION 307C

The lead auditors independence declaration under S307C of the *Corporations Act 2001* is set out on page 11 for the half-year ended 30 June 2023.

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

Dated this 1 day of September 2023

On behalf of the Directors



MA Mayger

Director

Directors' Declaration

For The Half-Year Ended 30 June 2023

In accordance with a resolution of the Directors of Pegmont Mines Limited, the Directors declare that:

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a) Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) Giving true and fair view of the Consolidated Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date.
2. 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.



MA Mayger

Director

Dated this day 1 day of September 2023.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For The Half-Year Ended 30 June 2023

	Note	Half-year Ended 30 June 2023 \$	Half-year ended 30 June 2022 \$
Revenue from continuing operations			
Gross revenue from share trading		83,538	62,468
Cost of sales		(73,951)	(80,194)
Gain/Loss on sale of shares		9,587	(17,726)
Fair value gain/ (loss) on financial assets		(18,000)	11,259
		(8,413)	(6,467)
Investment income		10,552	1,293
Expenses from ordinary activities		(168,491)	(138,814)
Income tax credit/(expense)	5	–	–
Net Profit/(loss) from ordinary activities for half-year after income tax		(166,352)	(143,988)
			–
Profit/(loss) for half year attributable to members of Pegmont Mines Ltd and recognised directly in equity		(166,352)	(143,988)
Retained Profits brought forward		(5,444,700)	(5,042,852)
Dividend Paid		–	–
Retained Profits at end of half-year		(5,611,052)	(5,186,840)
Earnings (loss) per share – basic	4	(0.002)	(0.002)

Consolidated Balance Sheet
As at 30 June 2023

	Half-year 30 June 2023 \$	Annual Report 31 Dec 2022 \$	Half-year 30 June 2022 \$
Current Assets			
Cash and Cash Deposits	236,729	458,084	1,222,211
Receivables	8,849	9,270	8,516
Financial assets at amortised cost	612,128	603,053	–
Financial assets at fair value through profit and loss	108,358	61,000	67,040
Total Current Assets	966,064	1,131,407	1,297,767
Non-Current Assets			
Royalty assets	200,000	200,000	300,000
Total Non-Current Assets	200,000	200,000	300,000
Total Assets	1,166,064	1,331,407	1,597,767
Current Liabilities			
Payables	35,509	34,500	43,000
Total Current Liabilities	35,509	34,500	43,000
Non-Current Liabilities	–	–	–
Total Liabilities	35,509	34,500	43,000
Net Assets	1,130,555	1,296,907	1,554,767
Equity			
Contributed equity	4,541,607	4,541,607	4,541,607
Reserves	2,200,000	2,200,000	2,200,000
Retained profits	(5,611,052)	(5,444,700)	(5,186,840)
Total entity interest	1,130,555	1,296,907	1,554,767
Total parent equity interest	1,130,555	1,296,907	1,554,767
Net tangible assets per share cents	1.6	1.8	1.7

Consolidated Statement of Cash Flows**For The Half-Year Ended 30 June 2023**

	Note	Half-year ended 30 June 2023 \$	Half-year ended 30 June 2022 \$
Cash flows from operating activities			
Directors & secretary fees		(80,228)	(74,794)
Payments to suppliers and contractors		(61,312)	(31,109)
Interest and other items of a similar nature received		10,552	1,293
Net cash from operating activities		(130,988)	(104,610)
Cash Flows Related to Investing Activities			
Exploration expenditure		(25,521)	(19,183)
Payments for purchase of shares		(139,309)	(80,194)
Receipts from sale of shares		83,538	62,468
Purchase of financial assets at amortised cost		(9,075)	—
Net cash provided from investing activities		(90,367)	(36,909)
Cash flows from financing activities			
Loan repayment		—	—
Share		—	—
Net cash flows from financing activities		—	—
Net increase/(decrease) in cash and cash equivalents		(221,355)	(141,519)
Cash and cash equivalents at the beginning of the half year		458,084	1,363,730
Cash and cash equivalents at end of half year	3	236,729	1,222,211

Statement of Change in Equity

For the Half-Year Ended June 2023

	Half-year Ended 30 June 2023 Number Issued	Half-year Ended 30 June 2022 Number Issued
Ordinary shares issued at 31 December 2021	–	72,316,556
31 December 2022	72,316,556	–
Issued during current half year	–	–
Ordinary shares issued at 30 June 2022		72,316,556
30 June 2023	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 2023 has been prepared in accordance with Australian 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 2022 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*.

Market quoted shares are stated at fair value by reference to the lower of cost and market value.

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 2023, 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 2023. 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	10,552	793
b) exploration expensed	(25,521)	(19,183)

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	139,870	1,109,603
Deposits at call	96,859	112,608
Cash and cash equivalents at 30 June 2023	236,729	1,222,211

Due to the increase in investment interest rates over the previous 12 months the Company placed cash funds on bank term deposits.

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

	Current Half-year Consolidated \$	Previous Corresponding Half-year Consolidated \$
Basic losses per share	(0.002)	(0.002)
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 25%	—	—
Timing Differences	—	—
Income Tax Expense	—	—

Tax losses at 30 June 2023 not taken to account were \$10,882,082.

6. Commitments for expenditure*Mineral tenement leases*

The Company does not hold any mineral tenements. Accordingly, the Company will not be required to outlay minimum expenditure requirements during 2023/2024 (2022/2023 \$122,000).

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 2023.

PARTNERS

Paul Fahey B Bus CA

Bart Lawler B Com CA

Patrick Brennan B Com CA

Alison McKinnon B Bus CA

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PEGMONT MINES LIMITED**

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Pegmont Mines Limited. As the lead auditor for the review of the financial report of Pegmont Mines Limited for the half-year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

NorthCorp Accountants



Jodie Thomas
Registered Company Auditor

10-12 Short Street
Port Macquarie NSW 2444

1 September 2023

PARTNERS

Paul Fahey B Bus CA

Bart Lawler B Com CA

Patrick Brennan B Com CA

Alison McKinnon B Bus CA

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PEGMONT MINES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Pegmont Mines Limited and its controlled entities (the Group), which comprises the Consolidated Statement of Financial Position as at 30 June 2023, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Matter

The financial reports of the Group for the year ended 31 December 2022 and the half-year ended 30 June 2022 were audited by another auditor who expressed unmodified opinions on those financial reports on 30 March 2023 and 1 September 2022 respectively.

PARTNERS

Paul Fahey B Bus CA

Bart Lawler B Com CA

Patrick Brennan B Com CA

Alison McKinnon B Bus CA

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF PEGMONT MINES LIMITED**

Responsibilities of the Directors for the Financial Report

The Directors of Pegmont Mines Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standard AASB 134 and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

NorthCorp Accountants



Jodie Thomas
Registered Company Auditor

10-12 Short Street
Port Macquarie NSW 2444

1 September 2023