NSX release

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PEGMONT

Pegmont Mines Limited

Drilling of a section of the McNamara West Fault and its intersection with a major northwest fault corridor shows patchy moderately anomalous copper geochemistry

Summary:

- *In EPM 27345 Canyon, Pegmont drilled eight angled RC holes (PCR001-PCR008 totaling 927m) to test for secondary and primary copper mineralization in shallow covered areas across the McNamara West Fault and in and along its intersection with a major northwest fault corridor north of the McLeods ML.*
- *Holes PCR006 is the most significant with broad zones of weak to moderate copper anomalism from 41-98m across the northwest structure including 62-66m, 4m @ 2045ppm Cu, 131ppm Co, 99ppm As, 11.1% Fe.*
- *Trace secondary copper minerals only were observed (no primary copper minerals) and the highest copper values relate to iron-rich zones where there has apparently been scavenging of copper by iron in the weathering environment.*
- *High Pb values to 8390ppm in hole PCR001 are suggested to be a distal representation of sulphide mineralisation related to the copper zone to the south in the McLeods ML. No other Pb values of interest were seen in the other drill holes that are all further north of this area.*
- *Definition of structural traps may be aided by radiometric uranium imagery, since preliminary studies show a relationship of uranium with copper mineralisation within the Mt Kelly MLs to the north and also at Lady Annie to the northwest*
- *Uranium anomalism patches appear to cluster in a corridor between and bordering the McN amara West Fault and McNamara East Fault and extending into the Mt Kelly MLs.*
- *Existing rock chip geochemistry over part of these areas and the interpreted extension of the northwest fault corridor shows anomalism in As and Mo and a zonation in Cu, Zn and Pb that requires more comprehensive drill follow-up to define the full width of the fault corridors and mineralisation areas at depth.*
- *Another significant targeting tool is magnetic data, as <u>subtle</u> magnetic anomalies visible in line magnetic data are coincident with copper mineralisation within the McLeods ML and also with copper mineralization at Mt Kelly and Lady Annie. A cluster of such magnetic features in EPM 27345 north of the drill area and bordering the McNamara West Fault is then regarded as a prime drill target extending over a 700m strike and 400m width, part coincident with a large uranium anomaly (see Figure 15, page 24) and is recommended for drill testing.*

About Pegmont Mines

Pegmont Mines Limited (ASX: PMI) has base metal and royalty interests in the Mt Isa Inlier. The Company is an active copper-gold explorer and has two tenures, Canyon and Battle Creek near Mount Kelly with potential for structurally controlled copper (**Figure 1**). Reference can be made to both the Annual Report and the latest Quarterly Report for financial details.

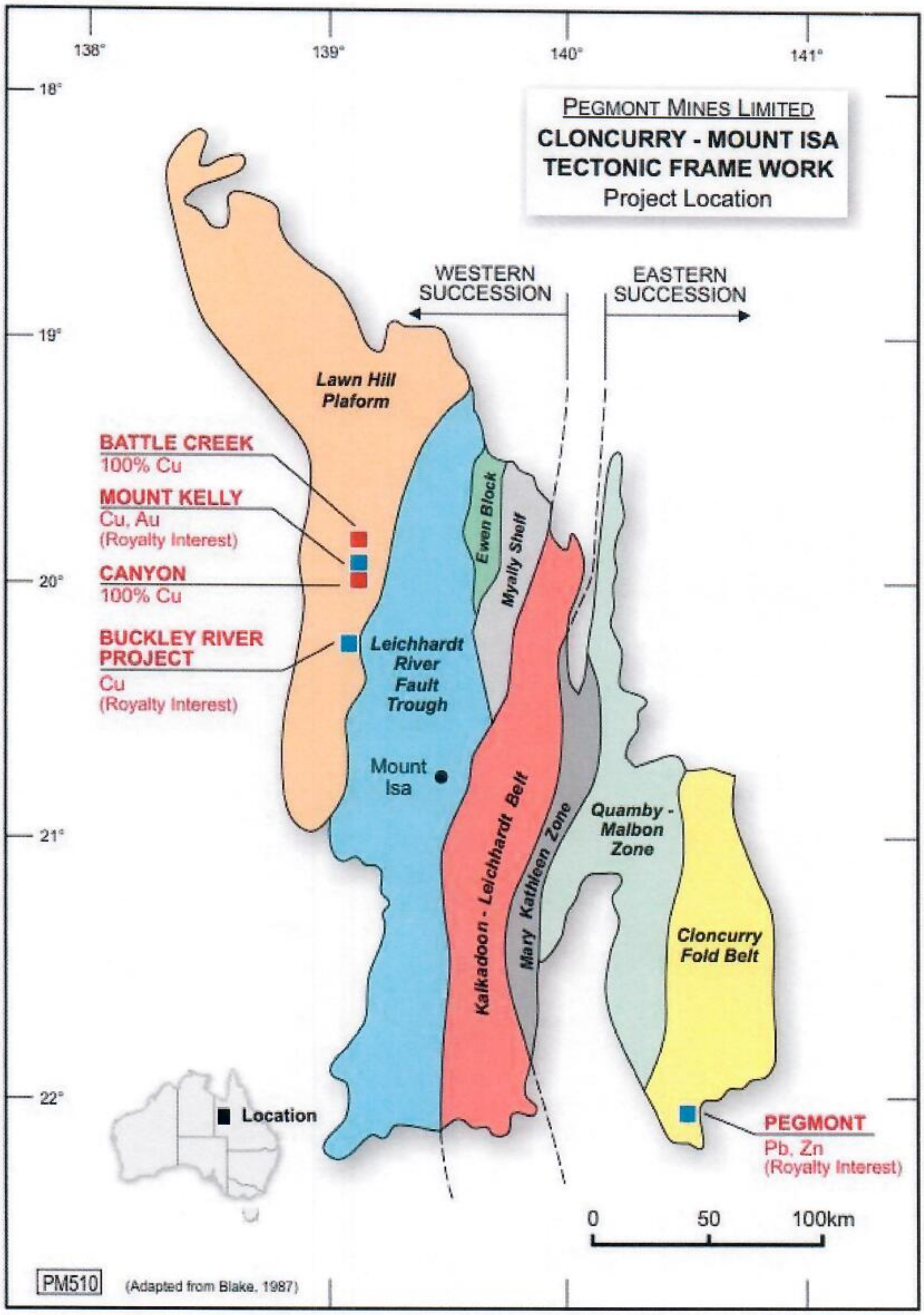

Figure 1. Location of Canyon and Battle Creek EPMs in the Mt Kelly mining district and other interests of Pegmont Mines Ltd.

Introduction

Pegmont Mines is the holder of two EPMs in the Mt Kelly region about 100km north northwest of Mt Isa. These are Canyon EPM 27345 and Battle Creek EPM 27255. The Mt Kelly Mining Leases occur adjoining the Canyon EPM in the north and the McLeod Mining Lease occurs in the south of the Canyon EPM (**Figure 1**). While Mt Kelly, Mt Clarke, Swagman and other deposits are known within the mining leases held by Austral Mining, in the Canyon EPM, only the Canyon copper occurrence is recognised, though the Mt McLeod copper occurrence occurs in the Austral Mining ML in the south of this EPM (**Figure 2**). The mineralisation in the Mt Kelly area is related to the deposition of copper in breccia structures at the intersection of brittle northwest structures with the north trending McNamara Fault and subsequent oxidation and supergene enrichment with blanket oxide and supergene copper extending in the weathered zone out from the structures.

This report summarises the results of eight RC drill holes that tested for copper mineralization along the western arm of the McNamara fault and the intersection zone with a major northwest fault/fault zone north of the McLeod Mining Lease within Canyon EPM **(Figures 3-4**).

Regional Geology and Geophysics

The geology of the Canyon tenure comprises McNamara Group sediments of the Torpedo Creek Quartzite and Gunpowder Creek Formation in the south overlain conformably by the Paradise Creek Formation which has the Mount Oxide Chert (2m thick) at its base, then dolomite and siltstone and chert followed by stromatolitic chert and sandstone, then stromatolitic dolomite and dolomite at the top (**Figure 2).** The Gunpowder Creek Formation is dominated by laminated red and green micaceous siltstone and micaceous sandstone and pyritic quartzite. Dolomite, dolomitic siltstone and carbonaceous shale occur near the top. The Surprise Creek Formation unconformably underlies the Gunpowder Creek Formation in the southeast while basalts of the Fiery Creek Formation unconformably underlie Surprise Creek Formation and occur to the east of drill area and in the McLeods ML. The basalts have been drilled at depth further north of the drill area at Canyon prospect. These basalts have a moderate magnetic character (**Figure 4**), are structurally confined and are considered pivotal to the copper source for formation of copper mineralisation, as they occur along or bordering the McNamara Fault West. Buried magnetic basalt shows a close relationship to copper mineralisation further north at Canyon, in the Mt Kelly MLs and also further northwest in the Lady Annie area (**Figure 5**).

The western section of Canyon tenure and covering part of the area drill has thin Mesozoic cover of ferruginous sandstone, conglomerate, siltstone and claystone which is locally overlain by Tertiary colluvial and alluvial deposits. This potentially masks mineralization.

Structure

The McNamara Fault bifurcates into an Eastern segment and Western segment south of the McLeods Mining Lease (**Figure 2**). Within the Mining Lease, copper mineralization is related to dilational zones along the McNamara West Fault which dips steeply west and intersects moderately west dipping stratigraphy on the east limb of a syncline.

A major northwest fault corridor visible on satellite imagery and as a demagnetized zone on magnetic imagery (**Figure 4**) and its intersection with the McNamara West Fault, was seen as a Mt Kelly look-alike structural scenario with potential to host significant copper mineralisation out from the McNamara Fault into northwest structures. The thin Mesozoic and Tertiary cover masking Proterozoic bedrock suggested that very limited historical shallow drilling across these structures had not tested the bedrock and to depth where oxide and supergene copper mineralisation may occur.

Geochemistry

Previous rock chip geochemistry carried out by Pegmont had highlighted malachite along the McNamara West fault further north in the Canyon area and also moderate copper geochemistry within some narrow northwest structures cutting it (**Figure 6**). Where there was brecciation and silicification, the best copper was found. This gave credibility to the northwest corridor tested in the drilling, as satellite imagery suggested a series of closely spaced sub-parallel structures.

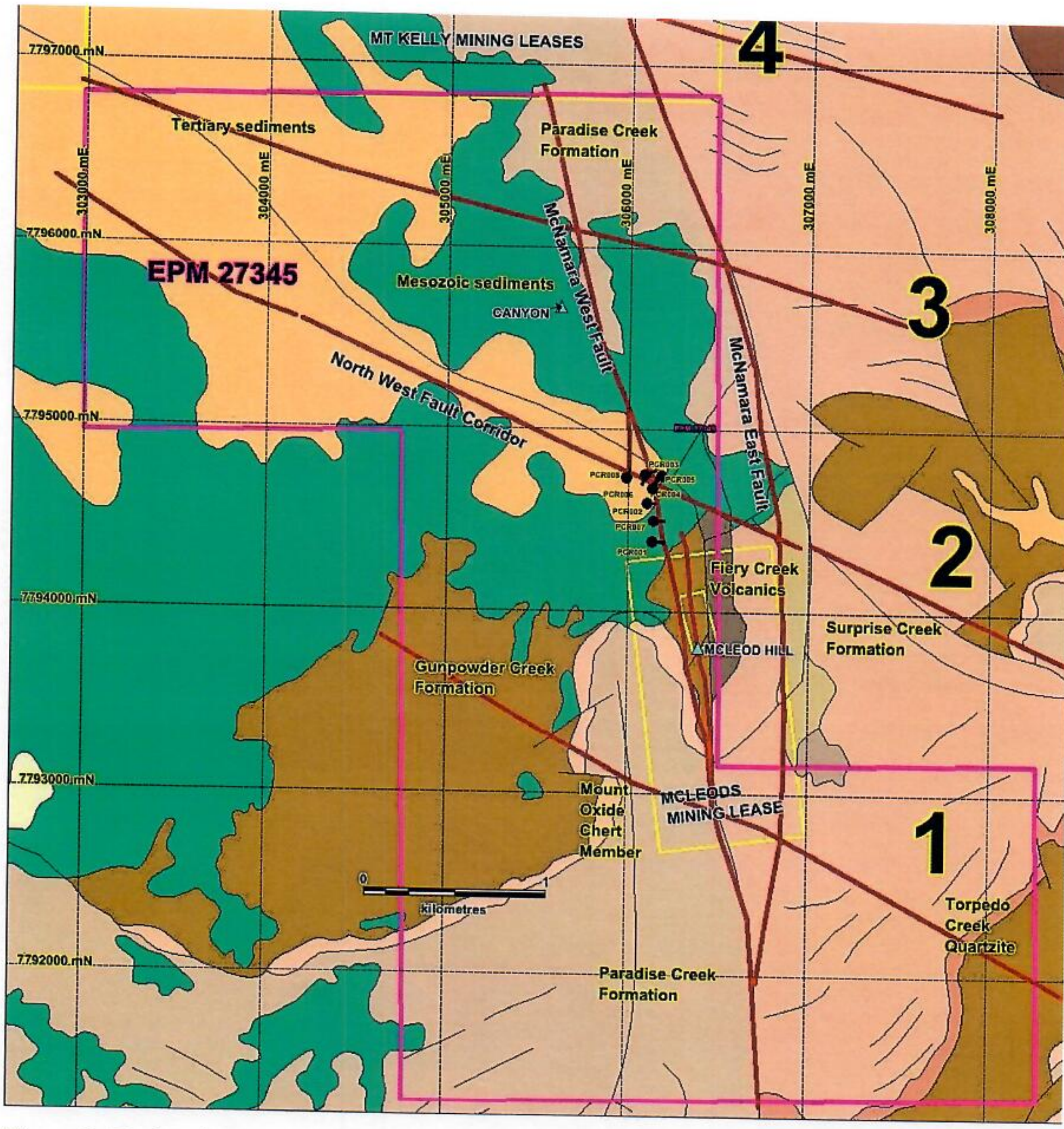

Figure 2. Regional geology of EPM27345 Canyon with MLs (yellow) and mineral occurrences (blue triangles). The McNamara Fault segments and major northwest fault corridors are shown (red) with the drill area encompassing corridor 2 and the McNamara West Fault (labelled black dots).

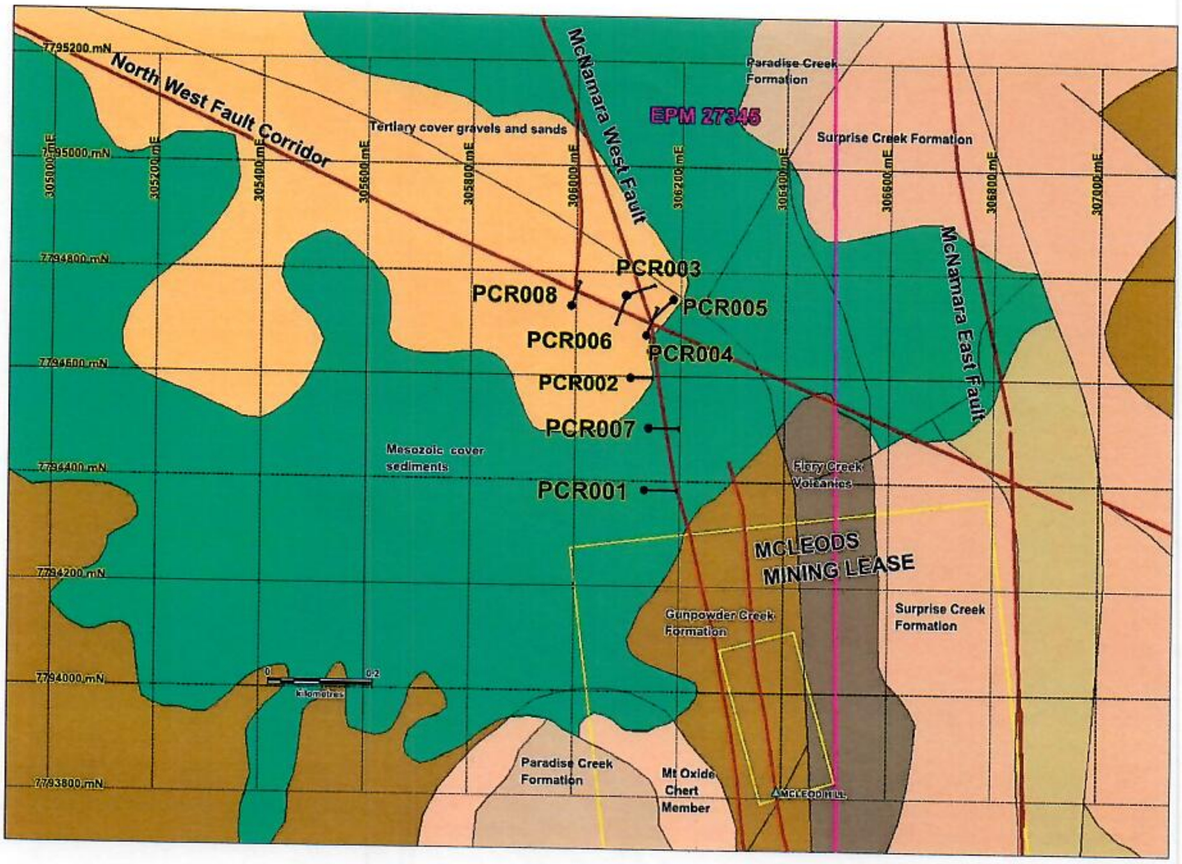

Figure 3. Detail of drill holes and projections on regional geology north of McLeods ML with McNamara Fault (West and East) and the northwest fault corridor.

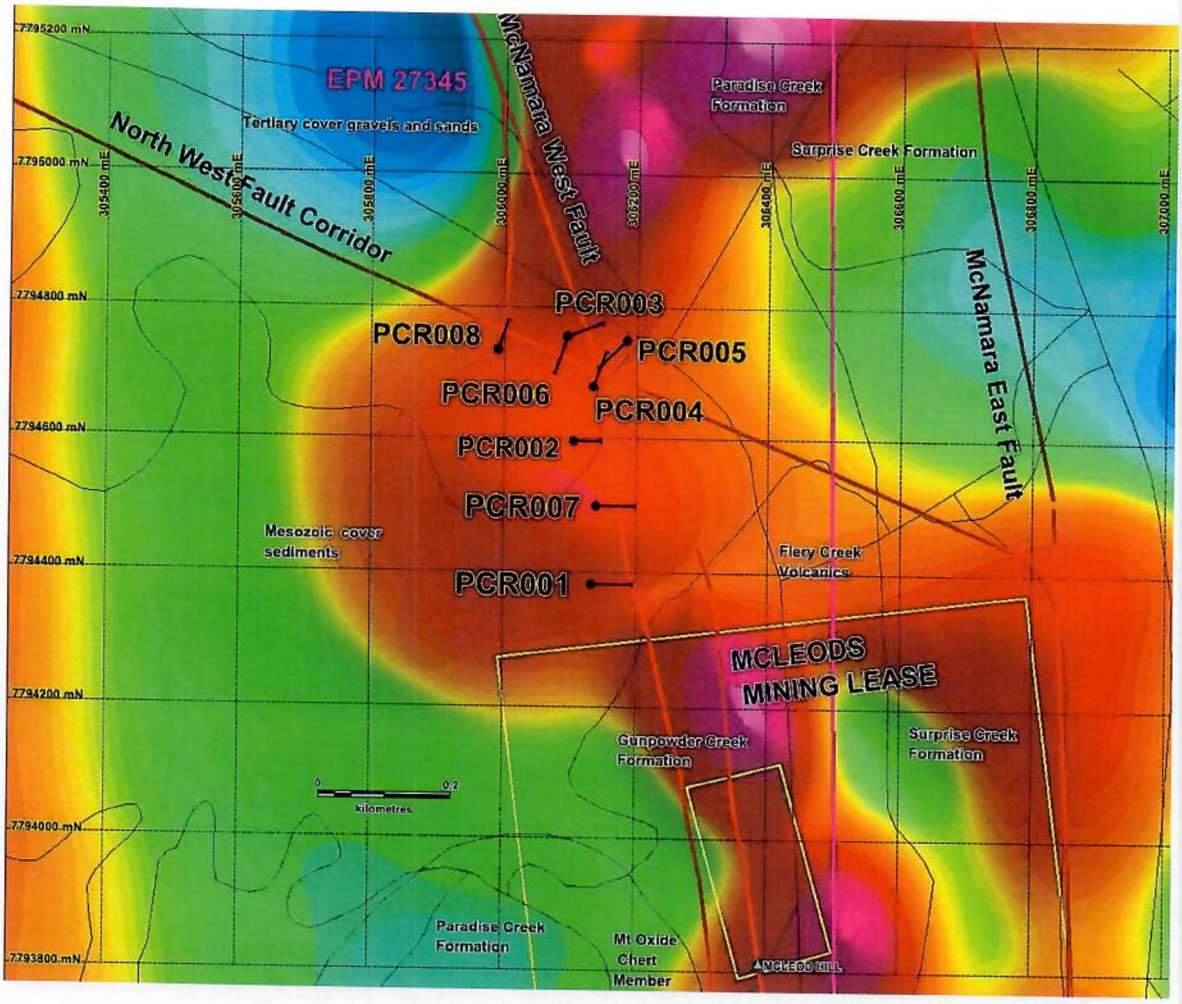

Figure 4. Magnetic susceptibility depth slice 100m with main faults and drill holes.

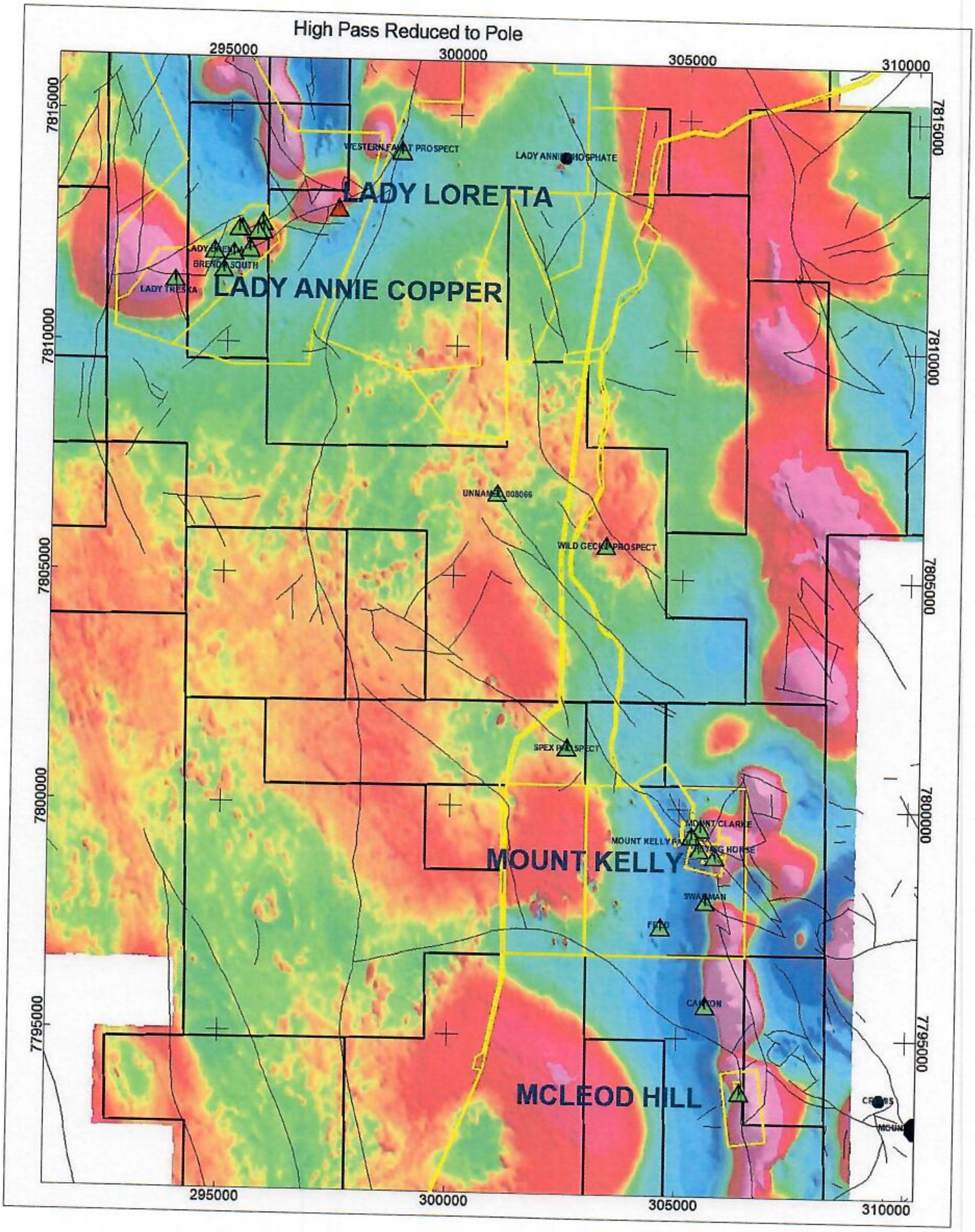

Figure 5. Regional RTP High Pass magnetic image showing relationship of known copper mineralisation to magnetic basalts and structure at Mt Kelly, Lady Annie, McLeod Hill and Canyon.

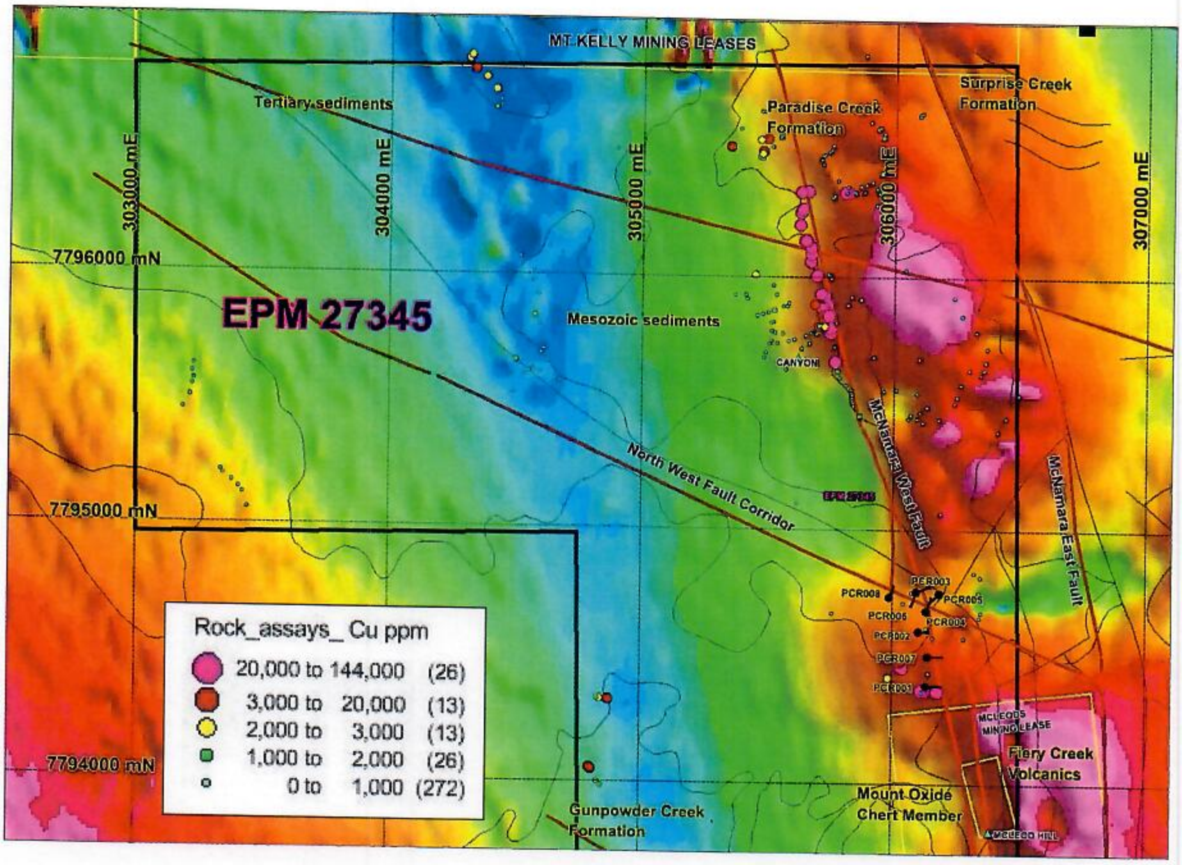

Figure 6. RTP Tilt magnetic image of part of EPM 27345 showing thematic Cu in rock chips.

Drill Results Assays and Logs

Results of the drilling program were received. Eight angled drill holes PCR001-PCR008 were drilled for 927m (**Figures 3, 4, 7 and 8**). Hole collar information is given in **Table 1**, summary drill logs in **Table 2** and summary assay information in **Table 3.**

The holes were sited to test for oxide, supergene and primary copper mineralization both along the continuation of the McNamara West Fault north from the McLeods ML (inferred resource of 1.42Mt @ 0.49% Cu, Austral Resources Prospectus, 2021) and also at and along the structural intersection with a major northwest fault/fault corridor.

Histograms of Cu geochemistry are plotted on the drill hole projections in **Figure 9** and Cu and Pb geochemistry on cross sections in **Figure 10**. There was only one instance of visible malachite, but anomalous copper is associated with limonitic to haematitic zones in siltstones and quartzites, while carbonaceous shales in the Gunpowder Creek Formation may have anomalous copper values to 500ppm.

Hole PCR001 drilled to test the steep westerly dipping continuation of the McNamara West Fault where Cu, As and Co values suggest two zones 20-35m and 61-91m. Copper values are only weakly anomalous, apart from 22-23m, 1385ppm. Interestingly, there are Pb assay spikes in this hole, both in the basalts of the Fiery Creek Formation and in associated quartzite (maximum 8390ppm Pb 118-119m with associated 300ppm Cu, 63ppm As, 2.6% Fe), but also higher in the Gunpowder Creek Formation above this. This could reflect distal zonation (cooler temperature of deposition) related to copper mineralisation either at depth or to the south or north along the fault. The basalts are mostly very depleted in Cu (range 2-656ppm) that suggest Cu has been hydrothermally leached and deposited elsewhere. As and Co are weakly anomalous where there is anomalous Cu and moderate to high Fe (e.g., 22-23m, 29ppm As, 150ppm Co, 1385ppm Cu, 25.2% Fe)

Hole PCR002 drilled 250m north of hole PCR001 also to test the McNamara Fault. Copper values are again low, usually in the 100-900ppm range 22-64m, with a high of 1100ppm Cu at 64-65m where 84ppm As and 242ppm Co, 4.93% Fe are associated.

Hole PCR003 and hole PCR006 were drilled to test the triangular wedge zone between the McNamara West Fault and the northwest fault corridor with the former drilled across the McNamara West Fault and the latter across the inferred position of the northwest fault.

Hole **PCR003** drilled moderate levels of copper, 9m @1625ppm Cu from 58-67m, that is probably coincident with the McNamara West Fault with the hole continuing to completion in the basalts of the Fiery Creek Formation Interestingly, high As is associated 60-67 and locally higher Co. The best interval is 60-61m with 3220ppm Cu, 575ppm As and 455ppm Co, 8.25% Fe. This hole had trace malachite at 2m and weakly anomalous Cu to 418ppm, As to 101ppm to 9m suggesting a secondary structure perhaps paralleling the northwest structure. There were also weakly anomalous Cu, As and Co values in carbonaceous shale near the McNamara West Fault.

Hole **PCR006** produced the most interesting results of the program. These include extensive weak to moderate copper anomalism in the 41-98m zone with the best results 62-66m, 4m @ 2045ppm Cu, 73-74m, 1m @1145ppm Cu, 78-83m, 5m @1688ppm Cu, 88-89m, 1m @ 1155ppm Cu and 91-92m, 1m @1050ppm Cu. This is probably in Paradise Creek Formation with a fault zone with quartz veining 98-100m at the contact with black shale of the upper Gunpowder Creek Formation which again has Cu to 494ppm and Mn to 1915ppm. A high at 64-65m of 2750ppm Cu has associated 136ppm As and 173ppm Co, 14.95% Fe, while the interval 80-81 has 2450ppm Cu, 113ppm as, 205ppm Co, 18.65% Fe.

What is significant is that As and Co are weakly anomalous from at least 55m to the end of the hole at 118m where there was still 455ppm Cu, 30ppm As, 38ppm Co in shales. Continuation of the hole further into the Gunpowder Creek Formation was warranted, though the target northwest structure appears to have been tested. The collar position near PCR003 also showed weakly anomalous Cu to 430ppm, As to 98ppm, Fe to 22.1% in the interval 0-5m, suggesting both holes have collared within a narrow fault zone that satellite imagery suggests is northwest trending and part of a larger fault corridor.

Hole **PCR004** was drilled to test the McNamara West Fault intersection with the interpreted central position of the major northwest fault corridor. The interval 15-42m is weakly anomalous in Cu, while the interval 30-33m showed 3m @ 1420ppm Cu in limonitic weathered siltstone of the Gunpowder Creek Formation and probably reflects the central position of the fault. Weakly anomalous As to 52ppm and Co to 167ppm are associated. The basalt of the Fiery Creek Volcanics intersected towards the end of the hole is also depleted in copper, suggesting hydrothermal leaching.

Hole **PCR005** was designed to test an area of ferruginous breccia on the eastern side of the McNamara West Fault and continued towards the projection of PCR004, but did not cross the McNamara West Fault. There were no anomalous values with the breccia proving to be laterite. This also suggests that the eastern side of the McNamara West Fault is not of interest for copper at this location. Basalt towards the end of the hole was very depleted in copper, again suggestin g hydrothermal leaching of copper and other elements.

Hole **PCR007** was drilled between PCR001 and PCR002 to test the McNamara West Fault. The hole appears to have drilled too close to this fault to be a depth test of mineralisation west of it. Weakly anomalous Cu only was recorded 24-32m (high of 417ppm) and the best Cu only 595ppm at 16-17m. As is usually below detection (maximum 33ppm), while Co reaches a high of 96ppm only.

PCR008 was drilled to test the northwest fault near an interpreted north trending fault that marks the western limit of the basalt of the Fiery Creek Volcanics on magnetic imagery. The hole appears to have been drilled in dolomitic siltstones of the Paradise Creek Formation and shale of the upper Gunpowder Creek Formation. A broad anomalous copper zone extends 41-62 m in ferruginous siltstones with highs of 41-42m, 1m @1240ppm Cu, 101ppm As, 41ppm Co, 6.05% Fe and 58-59m, 1m @ 1180ppm Cu, 39ppm As, 70ppm Co, 8.59% Fe. This is probably the northwest fault zone. The shale then extends to the end of the hole at 95m and has haematite impregnation, is part silicified, albitic locally and manganese stained, all consistent with a hydrothermal alteration overprint. It has weak copper with values to 502ppm, 64ppm As, 78ppm Co, 91-92m. This weak copper in the black shale is consistent with moderate Mn values (to 2440ppm) in similar rocks in hole PCR006. This could indicate a broader system at depth.

Table 1. Drill Hole Collars.

HOLE	GDA_EASTING	GDA_NORTHING	Zone	DEC	AZI MGA grid)	Depth (m)
PCR001	306133	7794383	54	-60	90	124
PCR002	306105	7794597	54	-70	90	124
PCR003	306094	7794756	54	-60	70	118
PCR004	306135	7794680	54	-60	20	112
PCR005	306185	7794750	54	-60	226	118
PCR006	306096	7794756	54	-60	200	118
PCR007	306140	7794500	54	-60	90	118
PCR008	305990	7794735	54	-60	20	95

Table 2. Summary Drill Logs for Canyon Drilling.

Drill Hole	From	To	Description
PCR001	0	3	Sandstone (Mesozoic?)
PCR001	3	17	Siltstone GUNPOWDER CREEK FM
PCR001	17	22	Quartzite
PCR001	22	23	Weathered pisolitic siltstone
PCR001	23	32	Haematitic siltstone
PCR001	32	34	Siltstone
PCR001	34	98	Quartzite (broken 67-89 McNamara Fault) TORPEDO CREEK QUARTZITE
PCR001	98	111	Basalt (trace sulphide) FIERY CREEK VOLCANICS
PCR001	111	124	Haematitic quartzite, trace pyrite
PCR002	0	2	Lateritic rubble
PCR002	2	11	Siltstone, locally silicified GUNPOWDER CREEK FM
PCR002	11	13	Possible weathered dyke
PCR002	13	23	siltstone, locally silicified
PCR002	23	59	Weathered siltstone, ochreous
PCR002	59	75	Silicified shale
PCR002	75	124	Quartzite, part silicified and sericite altered, irregularly quartz veined
PCR003	0	3	Lateritic rubble, trace azurite 1-2m
PCR003	3	38	Weathered siltstone PARADISE CREEK FM?
PCR003	38	57	Silicified siltstone
PCR003	57	61	Faulted siltstone
PCR003	61	66	Siltstone
PCR003	66	74	Graphitic shale GUNPOWDER CREEK FM
PCR003	74	84	Siltstone
PCR003	84	91	Silicified siltstone
PCR003	91	99	Sandstone
PCR003	99	101	Siltstone
PCR003	101	106	Sandstone
PCR003	106	118	Basalt FIERY CREEK VOLCANICS
PCR004	0	1	Laterite and siltstone
PCR004	1	29	Weathered siltstone GUNPOWDER CREEK FM
PCR004	29	34	Ochreous weathered siltstone and trace ironstone - Main fault?
PCR004	34	49	Siltstone
PCR004	49	65	Sandstone with sericite, quartz-haematite
PCR004	65	89	Sandstone/quartzite with quartz veins TORPEDO CREEK QUARTZITE
PCR004	89	112	Basalt FIERY CREEK VOLCANICS
PCR005	0	2	Lateritic rubble
PCR005	2	13	Weathered siltstone GUNPOWDER CREEK FM

PCR005	13	29	Quartzite
PCR005	29	46	Weathered siltstone
PCR005	46	80	Shale, part sericitic 56-61, 77-80, strong haematite 61-65
PCR005	80	100	Quartzite
PCR005	100	103	Shale, part sericitic and quartzite
PCR005	103	118	Basalt FIERY CREEK VOLCANICS
PCR006	0	4	Ferruginous rubble
PCR006	4	62	Clayey weathered siltstone PARADISE CREEEK FM
PCR006	62	67	Ochreous weathered siltstone
PCR006	67	73	Weathered siltstone
PCR006	73	82	Ochreous weathered siltstone with iron staining 76-77
PCR006	82	98	Weathered siltstone
PCR006	98	101	Fault zone in shale with quartz veining and possible quartz-sulphide veining 97-98 GUNPOWDER CREEK FM
PCR006	101	118	Shale
PCR007	0	1	Rubble
PCR007	1	15	Weathered siltstone GUNPOWDER CREEK FM
PCR007	15	18	Ferruginous siltstone
PCR007	18	28	Weathered siltstone
PCR007	28	32	Ferruginous siltstone
PCR007	32	33	Weathered siltstone
PCR007	33	49	Quartzite, possibly silicification
PCR007	49	53	Siltstone, part ferruginous with quartz veins
PCR007	53	113	Quartzite with quartz veins
PCR007	113	116	Siltstone
PCR007	116	118	Quartzite TORPEDO CREEK QUARTZITE
PCR008	0	2	Lateritic rubble
PCR008	2	41	Weathered siltstone PARADISE CREEK FM?
PCR008	41	62	Ochreous siltstone and iron stained 43-46 and 58-59, part silicified, faulted?
PCR008	62	87	Hard laminated shale, part silicified with Fe and Mn, albite? GUNPOWDER CREEK FM
PCR008	87	92	Siltstone
PCR008	92	95	Shale

Table 3. Summary Assay Data

HOLE NO	TD	RESULTS
PCR001	124	Best Cu: 1385ppm 22-23m,
		Pb 8390ppm 118-119 (local fine
		disseminated sulphides)
PCR002	124	Best Cu: 1100ppm 64-65m
PCR003	118	Cu 1645ppm 58-67m
PCR004	112	Cu 1420ppm 30-33m
PCR005	118	No anomalous Cu values
PCR006	118	Elevated Cu:
		2045ppm 62-66m, 1145ppm 73-74
		1688ppm 78-83, 1155ppm 88-89
		1050ppm 91-92m
PCR007	118	Elevated Cu 16-32, best assay
		594 ppm 16-17m
PCR008	95	Best Cu: 1240ppm 41-42m
		1180ppm 58-59m

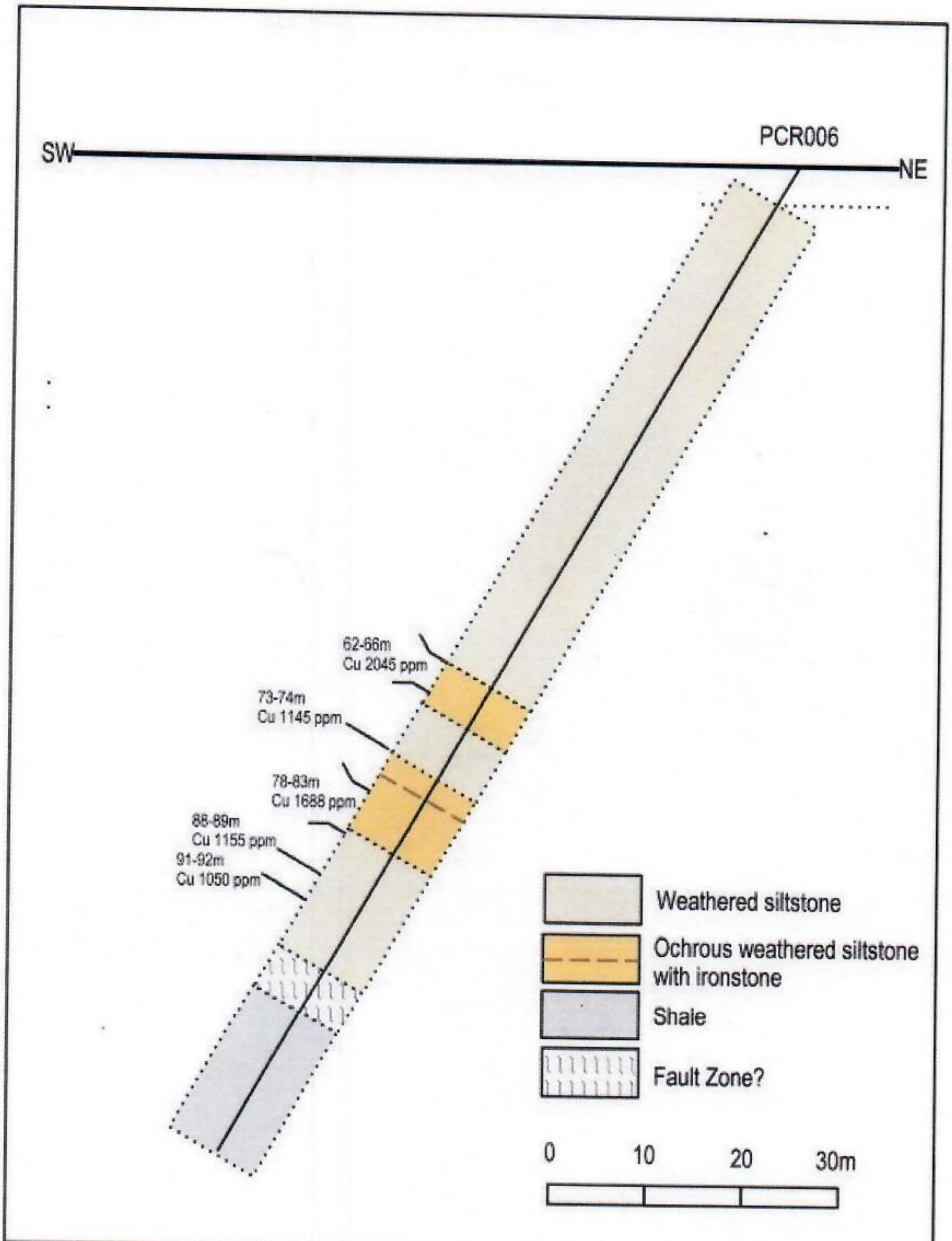

Figure 7. Geological cross section hole PCR0006 with main copper zones.

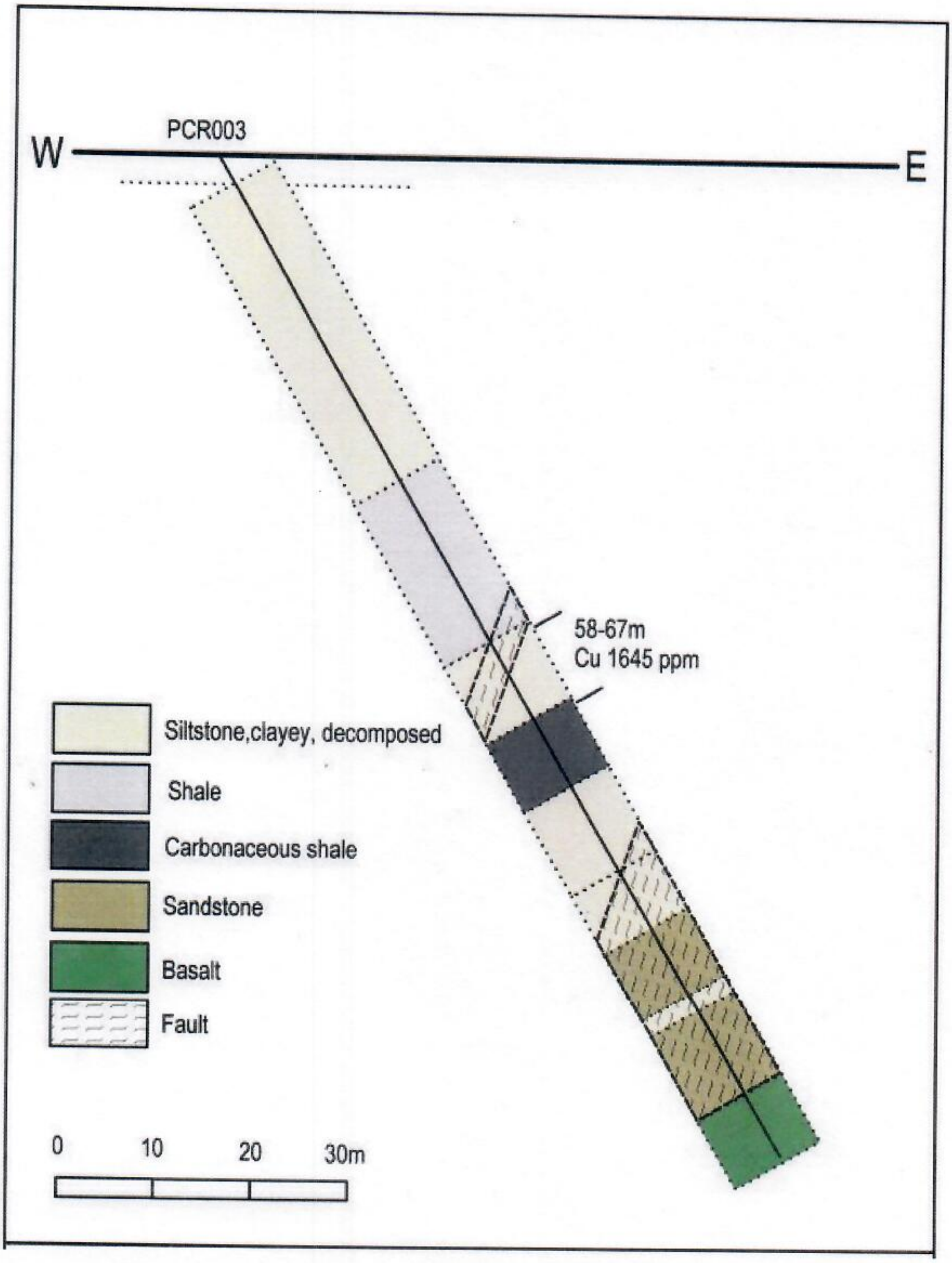

Figure 8. Geological cross section hole PCR0003 with main copper zones.

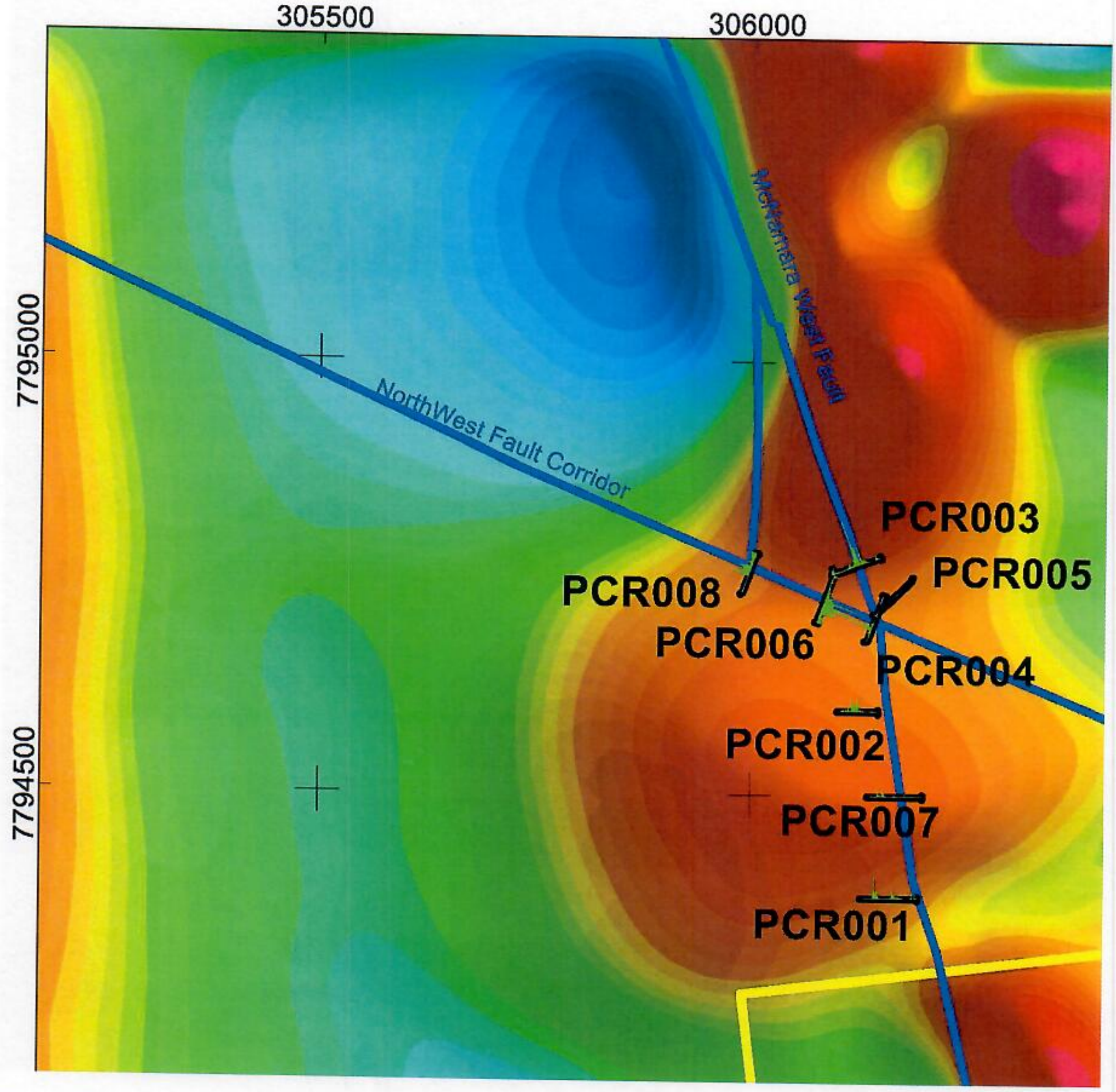

Figure 9. Magnetic susceptibility depth slice 50m with Cu histograms on drill hole projections.

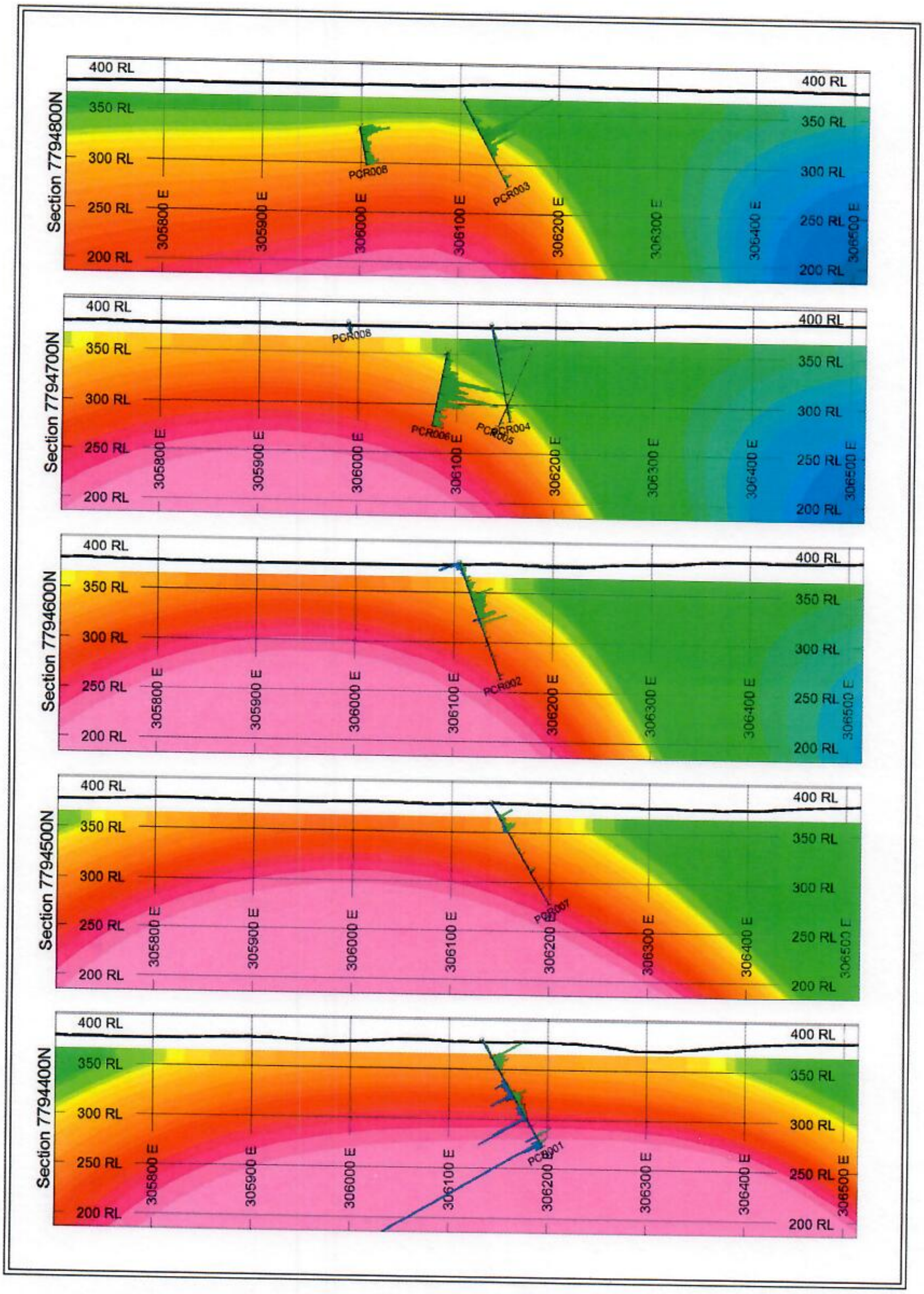

Figure 10. Magnetic susceptibility cross sections for the drill holes showing Cu histograms (green) and Pb histograms (blue).

Conclusions and Recommendations

There is a relationship between Fe and Cu values that suggests Cu is usually highest in ferruginous zones. As and Co also show this relationship, but where near surface copper was intersected in holes PCR003 (trace malachite) and adjacent PCR006, anomalous As in particular is associated, suggesting that As is a good indicator for copper mineralization in this environment. Limited rock chip geochemistry near the structure confirms this (**Figure 13**) and also shows As anomalism associated with uranium highs. The ferruginous zones to some extent suggest scavenging of Cu from structural zones such as the McNamara West Fault and the northwest fault corridor where there was some primary sulphide mineralisation to produce local enhancements in various lithologies, but usually in siltstones. All holes have intersected these structures in the oxidized zone, but the fact that only trace secondary copper minerals were observed, suggests that the primary source was small, or at greater depth such that its impact in the oxidized zone through ground water action was small, at least for the small area drilled.

The Pb value spikes to 8390ppm in hole PCR001 are not recorded in other holes and could reflect a distal lower temperature hydrothermal mineralisation related to the copper system that produced the mineralisation at McLeods to the south.

Holes PCR006 and hole PCR008 were perhaps of most interest as they confirmed the northwest corridor fault in the oxidised zone and with zones of moderate copper values in PCR006. Significantly, the shales of the interpreted upper Gunpowder Creek Formation in these two holes have anomalous Cu, As and Co and at least the evidence of hydrothermal alteration locally, such that this anomalism may relate to other structures and zones at depth or to the side. In that sense, the holes should have drilled further. But surface mobile metal ion geochemistry may better allow definition of geochemical anomalism here that can then be better targeted by further drilling.

What seems to be lacking so far in the drilling is evidence of strong silicification and brecciation with creation of open space that would allow for mineralising fluid ingress. The general model for copper mineralisation at Mt Kelly mining leases to the north involves brittle deformation along northwest structures at the closing stages of the Isan Orogeny (~1530Ma) and the release of metamorphic fluid from reservoirs in the basaltic rocks where leaching had enriched the fluid in copper and potentially zinc. Presence of magnetic basalts is also suggested from magnetic imagery in the Lady Annie mining area to the northwest, again emphasizing the importance of this source for copper regionally (**Figure 5**).

In the area drilled, is clear that the basalts are mostly severely depleted in Cu and also Zn, though PCR003 and PCR005 have several hundred ppm Zn compared to low Zn values in other holes that suggests the former have not been as leached of Zn. Reduced magnetic susceptibilities within the northwest fault corridor reflect magnetite destruction, but the magnetic block west and south of the area drilled has lesser magnetic susceptibilities than is evident further north and south, probably also reflecting magnetite destruction within basalt by hydrothermal fluid leaching and transport of fluids into and along fault and brittle structures.

Favourable structures may exist along the southern margin of this magnetic block across a northwest confining structure and even its western margin where a north-south fault probably confines the basalts (near hole PCR008). This structural setting is similar to that for Mt Clarke in the Mt Kelly MLs to the north. Three or more northwest oriented RC lines are needed to test this important finding as there are some anomalous rock chips west of the hole PCR007 collar (Figure 13 and Figure 6).

The major northwest fault tested by holes PCR006 and PCR008 would appear from studies of satellite imagery to be a corridor of sub-parallel structures with the collars of PCR006 and PCR003 (copper anomalous) on a smaller structure. The area north of these collars has not been tested and there is scope for further mineralisation here and across the McNamara West Fault. Lines of northeast directed RC holes are needed to cover tis corridor and should extend across the northwest continuation of the corridor

A brief study of airborne radiometric uranium imagery and data from open file company surveys of this region suggests that uranium can be associated with mineralisation in the Mt Kelly-Mt Clarke area and even in the Lady Annie area where more subtle responses are apparent (**Figure 11**). While there may be strong background responses from the Gunpowder Creek Formation, there are discrete responses related to structural zones that are anomalous and suggest these could be an indication of hydrothermal activity that could include copper mineralisation.

When applied to the current area, there are some discrete highs within the McLeods ML and also to the north of the drill area towards Canyon Prospect east of and bordering the McNamara West Fault (**Figures 12-13**). Regionally, uranium responses largely extend in a corridor between the McNamara West and McNamara East Faults into the Mount Kelly MLs in the north. This could be a fertile area for further work, as there are three historical CRA Exploration RAB shallow holes north of the area drilled that have weak copper anomalism (**Figure 12**). Rock chip sampling over some of these responses shows As anomalism (**Figure 13**), as well as Mo and Cu anomalism. Soil ionic leach sampling across these fault corridors and other structural zones with uranium and base metal anomalism is recommended as a first pass test for copper and other elements to better define drill targets and elucidate metal geochemistry.

Another aspect that may be important in targeting, is the realisation that <u>subtle</u> magnetic responses may be proximal to broad high amplitude responses (metabasalts of the Fiery Creek Formation) and mineralisation. This was initially gleaned from line magnetic data over an historical drill hole, MK414, in the McLeods ML (**Figure 14).** Significantly, subtle magnetic features are also apparent from a review of line magnetic data over the Mt Kelly deposit to the north of EPM 27345 and over the Lady Annie deposit to the northwest. A similar process applied to line magnetic data over the general area of the recent drilling also showed similar subtle magnetic responses that may be associated with mineralisation **(Figure 15).** Several of these relate to holes with anomalous copper, while others are more distant. A cluster of subtle magnetic responses north of the area drilled along the McNamara West Fault and to the east and southeast of this structure over an approximate 700m x 400m zone, is part coincident with the large uranium anomaly evident there. This is a prime drill target area and is recommended for drill testing.

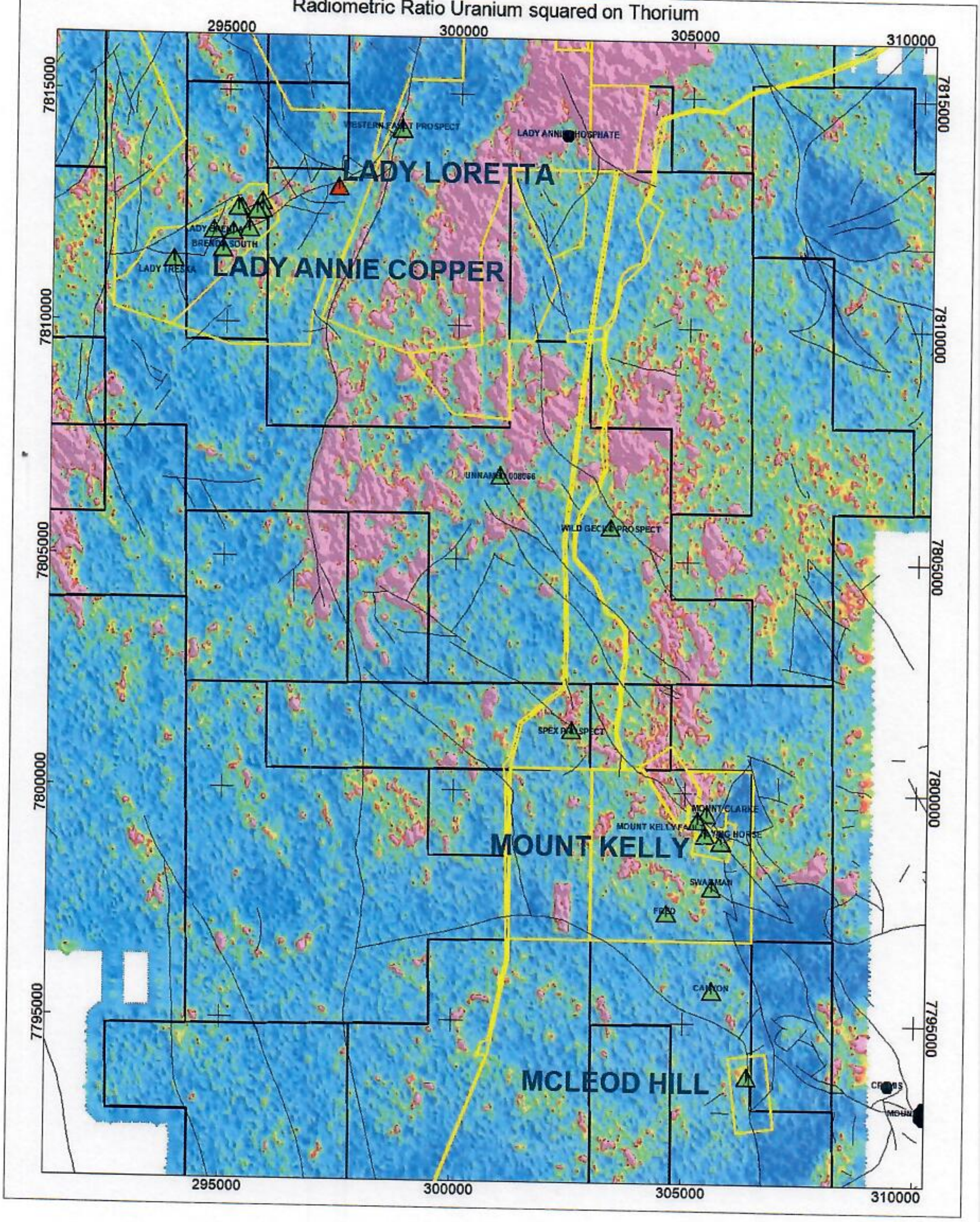

Figure 11. Uranium squared over thorium image showing subtle responses for known mineralised areas at Mt Kelly, Lady Annie and McLeods Hill compared with strong background responses in some units.

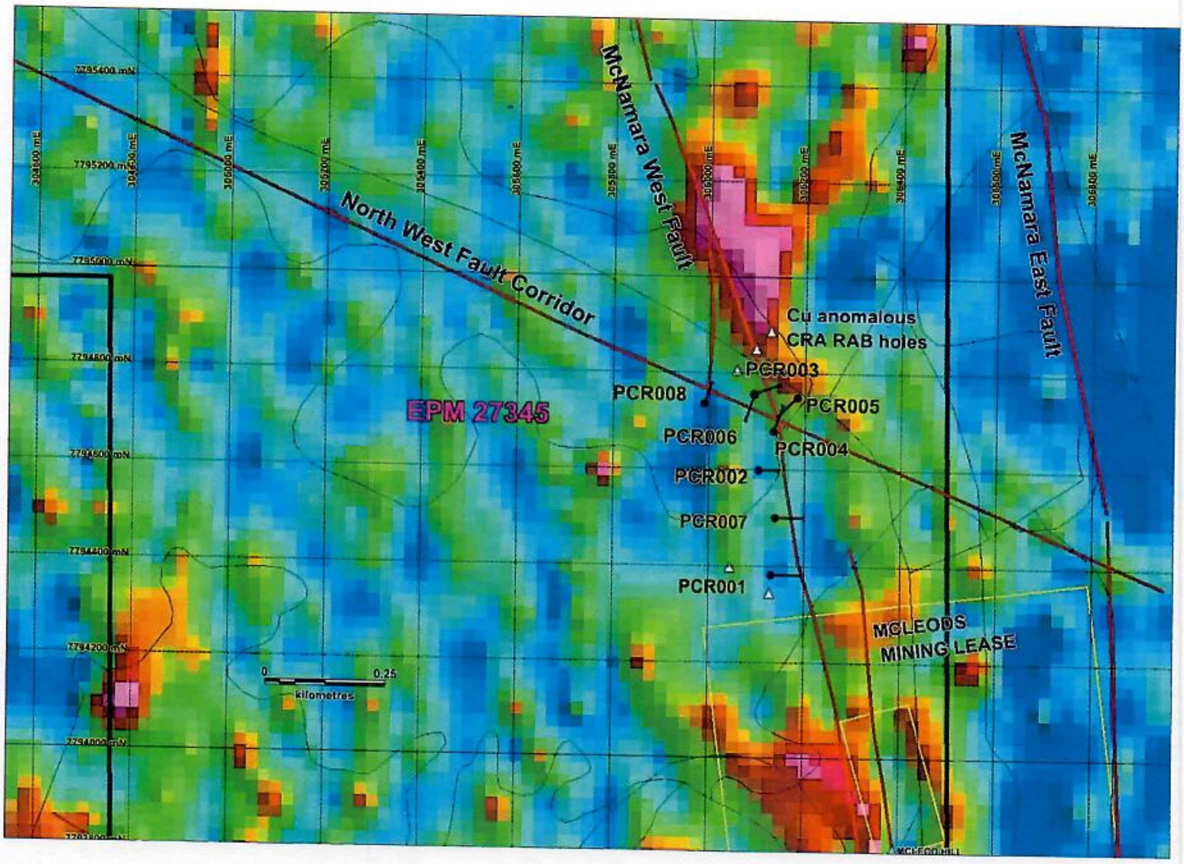

Figure 12. Detail of Uranium squared over Thorium image showing the area of interest north of the drill area, weakly anomalous CRA RAB holes (white triangles) and responses in the McLeods NL.

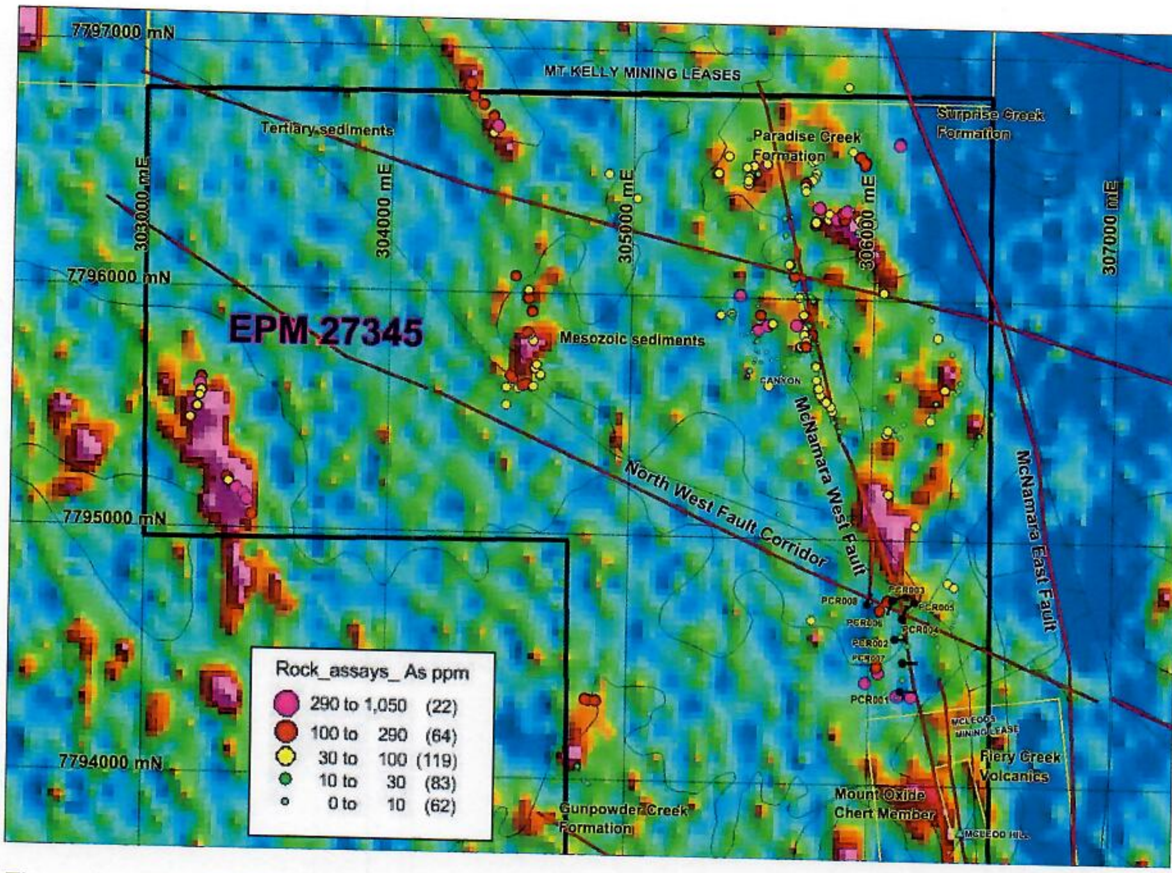

Figure 13. Rock chip thematic As geochemistry on Uranium squared over Thorium image for part of EPM 27345 showing drill area and major northwest structures. Anomalous uranium responses are largely focused in a corridor between the McNamara West and McNamara East Faults.

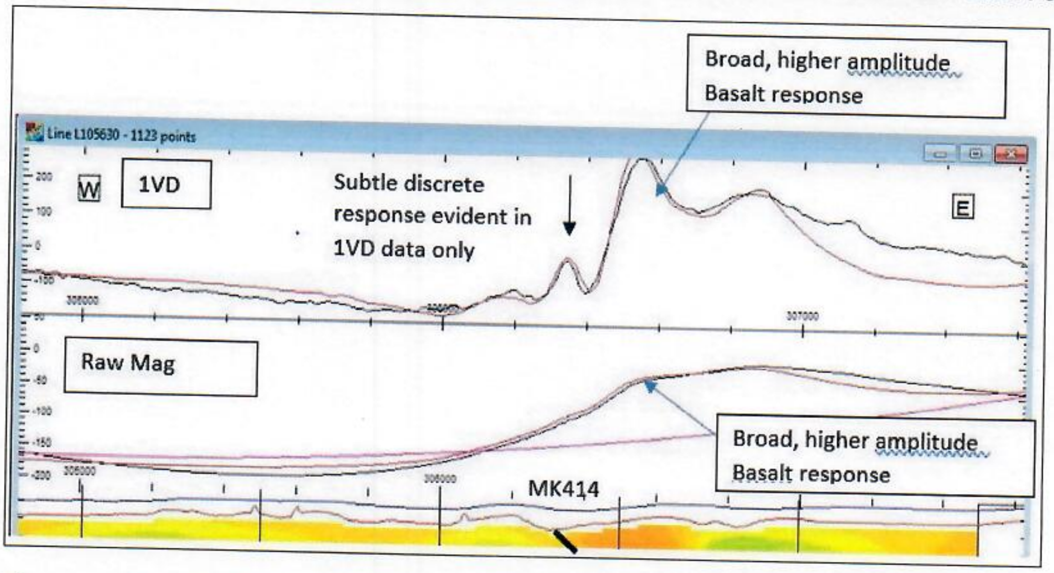

Figure 14. Profile Model using flight line 105630 (7793800N GDA94 MGA54) near hole MK414.

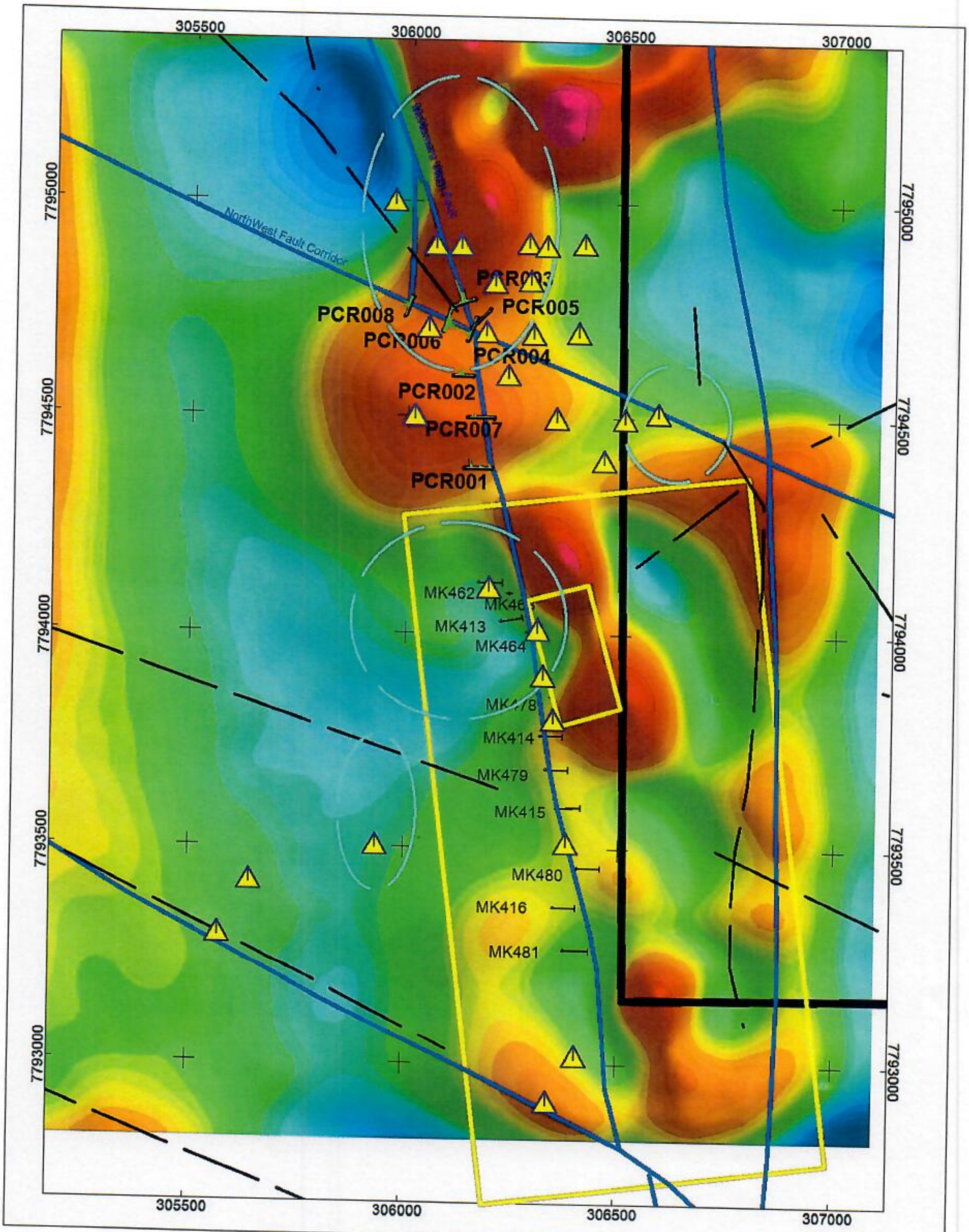

Figure 15. Summary Magnetic Depth Slice 50m below the surface with subtle magnetic features (yellow triangles) and main uranium anomalies (blue polygons).

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

- This table is to accompany an NSX release by Pegmont Mines Ltd to update the market on the drilling results in EPM 27345 Canyon, 90km northwest of Mt Isa, to test The McNamara West fault and its intersection with a major northwest fault for oxide and primary copper mineralisation.

(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.*	• Limited rock chip sampling geochemistry in the area of drilling was reviewed as a background to the drilling of RC holes only. These rock chips were random grab samples of ferruginous materail 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. All samples were sent to the laboratory for assay. • The cyclone was cleaned out every rod to limit contamination. • Water was usually controlled with no flows onto surface recorded.
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. As the drill holes were relatively short (maximum of 124m), there were no issues with groundwater and sample volume was consistent.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and 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.*	• This is a greenfields exploration drilling program and logging is of chips and sufficient to ascertain the rock types, any mineralisation 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. • 927 m of chips were logged in eight holes where very minor sulphide mineralisation only 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 • 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 rocks.
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) This methodology is appropriate for this stage of the reconnaissance exploration. • Magnetic susceptibility measurements were measured on the 20kg samples. • 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 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.*	• 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

Criteria	JORC Code explanation	Commentary
	• *Discuss any adjustment to assay data.*	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. All 1m samples from Holes PCR001-PCR008 were analysed.
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. • Holes angled at 60° and 70° were drilled at approximately right angles to the interpreted structures.
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*	• EPM 27345 Canyon of Pegmont Mines Ltd (100% owned) comprising 5 sub-blocks and located 90km northwest of Mt Isa. Also EPM 27255 Battle Creek of Pegmont Mines Ltd (100% owned) comprising 7 sub-blocks occurs further north. • No known impediment to operating in the area as have already been working on the ground.

Criteria	JORC Code explanation	Commentary
	known impediments to obtaining a licence to operate in the area.	
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Historical exploration by other parties including CRA, Union Miniere and Austral Resources has been reviewed.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• A structurally controlled breccia copper deposit with primary mineralisation and more extensive secondary blankets of oxide and supergene mineralisation within the Lawn Hill Platform sediments of the Western Succession, Mt Isa.
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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *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 and azimuth recorded. Once significant assay data are obtained, then down-hole length and intersection thickness will be recorded
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*	• Not required for this greenfields drilling pending results, but a plan

Criteria	JORC Code explanation	Commentary
	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.	and several sections with histogram plots of Cu, Pb are included.
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.*	• As no significant geochemical results, summary ranges of values for selected elements are commented on.
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.*	• Report shows magnetic and geological imagery relating to the target area and figures several magnetic images including magnetic depth slice.
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 rock chip sampling of areas of radiometric interest and soil ionic leach sampling across structural corridors and areas where evidence of uranium anomalism that may relate to structures and copper. This will help generate geochemical targets and foci for drill testing. Ground geophysics IP lines may also be used. Petrology of drill samples may help clarify mineralisation.

GeoDiscovery Group
Minerals exploration, discovery and management
Phone: +61 7 3870 2700
www.geodiscovery.com.au

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

Drilling of a section of the McNamara West Fault and its intersection with a major northwest fault corridor shows patchy moderately anomalous copper geochemistry

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

Pegmont Mines Limited

(Insert name of company releasing the Report)

EPM 27345

(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.

09.12.2021

(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 EPM 27345

(Insert deposit name)

on which the Report is based, for the period ended

08.12.2021

(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

Signature of Competent Person:

08.12.2021

Date:

AUSIMM

Professional Membership:
(insert organisation name)

102835

Membership Number:

Marie T. Gregory

Signature of Witness:

Marie Gregory, Mt Gravatt East Qld 4122

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