



Shareholder/Investor Update

December 10, 2019

Dear Shareholder / Investor

As 2019 winds down, I would like to provide an update on Vendetta's progress over the past year—a period marked by significant advances at our Pegmont Project lead/zinc deposit in Queensland, Australia. Most importantly, we demonstrated Pegmont's economics through release of a comprehensive Preliminary Economic Assessment (PEA). We also concluded acquisition of the project for 100% ownership.

The markets, however, were not so positive. While the fundamentals for lead and zinc have not changed, sentiment has shifted. As a result, lead/zinc-focused developers faced headwinds.

Despite this shift, **Pegmont remains viable at current metal prices**. We have always believed that lead and zinc would not sustain the highs seen in early 2018, consequently, we **used Long Term Institutional Consensus Pricing in the PEA. This decision marks a significant difference between Vendetta and other lead/zinc-focused developers, and it has proven to be the right approach** (*see slide 8 of the Dec. Presentation available on the Company web page*).

The Australian dollar is coupled to metal demand, more so than any other major currency. Operating costs at Pegmont are denominated in Australian dollars, with the metal purchased in US dollars. As a result, **margins on all-in sustaining cash costs (ASIC) estimated in the PEA stand at 100%. Based on current Exchange Rates, the PEA sensitivities show the post-tax NPV₈ at approximately \$198 million.**

The PEA is an important learning step, and it provides a sound understanding of the value levers for Pegmont. We believe the next iteration of the mining study will add significant value through:

- Tax Cut – Australian Federal Government Corporate Tax Reduction from 30 to 25%;
- Ore Sorting Test Work – Preliminary tests indicate Pegmont feed is well suited;
- Potential Resource Under Estimation – Grade boundary definition and diamond drilling returns grade 18% higher on average compared to reverse circulation; and
- Rescheduling the mine plan and in-pit tails to obtain earlier access to the high-grade underground Burke Hinge Zone.

Given the results from our 2019 PEA, we expected significantly higher share prices than current levels. However, we do not intend to wait for higher metal prices nor for the corresponding lead/zinc market to rebound before “jump starting” Vendetta.

Our challenge is to demonstrate to the market that, not only is Vendetta undervalued, it is one of the most viable mine development opportunities.

Corporately, we continue to pursue multiple opportunities, including an ASX Listing. We are evaluating several options to make this happen.

As our shareholder base transitions from one focused on a lead/zinc play to more intrinsic value, we are working to engage retail and institutional investors that wish to participate in Pegmont's success. We



appreciate the support of our shareholders, and Peter and I are always available to answer any questions or provide further information.

Regards

A handwritten signature in black ink, appearing to read 'mwilliams', is written over a light gray horizontal line.

Michael Williams
President and CEO
Vendetta Mining Corp.