

Pegmont Mines NL

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Address by Chairman to Annual General Meeting on 28 April 2006

2005 was a year of consolidation and new direction, the year 2006 begun with a very good first quarter. In the quarter we earned two thirds of our budget for the full year, and realised share trading profits so far in April have put us well over our annual budget. However, results like this cannot be expected to continue, but it is good to get off to such a great start. I will assume that you have read the Annual Report and the Quarterly Activity Report and will focus on more recent events and on longer term issues in this address.

Share Trading

We have made a realised profit on share trading of \$ 3.0 million in the first four months of the calendar year. We have been concerned about the exuberant state of the share market and decided to take profits and reduce risk while profits were available. We still have substantial unrealised gains in the portfolio and are satisfied with the quality of our current portfolio. We will continue to attempt to identify promising opportunities and make investment decisions when satisfied that an appropriate upside exists; but, we will retain a strong cash position under current market conditions. We currently have \$1.9 million in cash reserves.

Kimberly Ventures

As reported in our Annual report and our Quarterly Report, the company has established a new company called Kimberly Ventures Limited in which we currently have a 60% interest. The remaining 40% interest is held by two prospectors who have identified areas for Exploration License Applications in the Kimberly region of Western Australia. We believe that our financial standing should be important in securing the granting of these applications. The ELA's cover a variety of minerals including bauxite in the Mitchell Plateau, copper prospects and extensive heavy mineral prospects. Our next step will be to develop an Information Memorandum to attract seed capital for follow up exploration work.

Pegmont Region

We will concentrate on resolving metallurgical issues relating to oxide mineralisation at the Pegmont deposit before proceeding to the next stage of development. An option has been secured over a small copper – gold prospect to the north-west of Pegmont which warrants drill testing. We have budgeted to spend \$450,000 on this region during the current year.

Benefits to Shareholders

We are concerned that the recent performance of the company is not reflected in the share price and of the lack of liquidity in the market for our shares. Although there have been some recent improvements in the price of Pegmont shares, they are still trading below the net liquid asset backing, which is approximately 16 cents per share as of the date of this meeting (after provision for tax on share trading profits.) Share market turnover is still sporadic which is not surprising considering our small shareholder spread, but it has improved and we believe that our performance is now starting to be recognised by the market.

Following the expected approval of our new Constitution at today's meeting, the directors will be in a position to implement a share buyback programme should that appear to be appropriate, but we do wish to conserve our cash resources for future growth options and possible dividend payments.

An ASX listing with a larger shareholder spread is a longer terms means of improving liquidity, but this would come at some significant cost and the directors would prefer to see this occur in connection with a substantial transaction requiring the raising of additional cash when that opportunity presents itself.

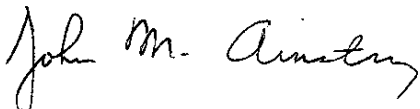
The Future

Since Pegmont's incorporation in 1996 we have been an opportunistic company in the sense that we have been prepared to grasp new opportunities and move in new directions. The sale of our copper interests in North Queensland gave us some surplus cash for the first time, and that combined with attractive investment opportunities led us to our present position in the share market. We have now effectively evolved into a small resource investment company. We will continue to evaluate new investment opportunities as they arise, either directly in new projects or in the share market.

While the junior end of the share market remains buoyant (and direct investment opportunities remain expensive), we will endeavour to make money by investing in that area. Our Portfolio consists of holdings in base metals, uranium, oil and gas and gold.

We are also attempting to identify longer term income generation investments with recurrent income to introduce more certainty into our income stream. We already have royalty interests in North Queensland which we hope will fall into that category in due course. The Kimberly Ventures is driven more by its upside potential and while we will retain a significant interest in Kimberly as it develops, we will bring in seed capital as appropriate to reduce our risk. A royalty interest will be retained on ELA's made to date.

In summary, the Board is building a company which intends to participate in the ongoing resource boom and views the future with confidence. Thank you for your continuing support.



John M. Armstrong
Chairman