

# Pegmont Mines Limited

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5 October 2007

The Manager,  
National Stock Exchange of Australia  
384 Hunter Street  
Newcastle, NSW 2300

Dear Sir,

### Preliminary Share Investment Report To 30 September 2007

We wish to advise that realised pre-tax share profits for the three months to 30 September 2007 total \$2,228,225 and \$7,727,288 for the nine months to date. This result has increased our profit estimate to \$8,000,000 for the year.

### Investment Activity Summary

| Shares Traded              | September<br>Quarter<br>2007<br><u>\$000</u> | Nine Months<br>to September<br>2007<br><u>\$000</u> | Nine Months<br>to September<br>2006<br><u>\$000</u> | Revised<br>Estimate<br>2007<br><u>\$000</u> |
|----------------------------|--|---|---|---|
| Proceeds                   | 13,000                                       | 30,969  | 15,324  | 35,600                                      |
| Cost                       | 10,772                                       | 23,242  | 9,347   | 27,000                                      |
| Profits                    | 2,365  | 8,137   | 6,140   | 8,600                                       |
| Losses                     | <u>(137)</u>                                 | <u>(410)</u>  | <u>(164)</u>  | <u>(600)</u>                                |
| <b>Net Realised Profit</b> | <b><u>2,228</u></b>                          | <b><u>7,727</u></b>                                 | <b><u>5,976</u></b>                                 | <b><u>8,000</u></b>                         |
| <b>Profit Margin %</b>     | <b>17.1</b>                                  | <b>25.0</b>   | <b>39.0</b>   | <b>22.5</b>                                 |

Since stock market interest remains high in speculative resource companies, the profit for the nine months was higher than expected. However, due to increased market volatility it has become difficult to make the same level of share trading profits whilst maintaining profit margins. A more detailed report will be included in the quarterly report due later in the month.

Net unrealised gains at 30 September 2007 were \$803,422 (1.6c/sh) above cost of tradeable shares \$8,945,027 (17.6c/sh).

Yours Faithfully,



M.A. Mayger  
Managing Director