

Pegmont Mines Limited

ABN 97 003 331 682

Corporate Office

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Crows Nest NSW 2065

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4 March 2008

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

Dear Sir,

Preliminary Final Report To 31 December 2007

Pegmont Mines Limited is pleased to announce net after tax profit of \$3,915,921 and to submit its Preliminary Final Report for the year ended 31 December 2007 as attached.

	\$	UP/Down
Operating Profit before abnormal items and tax:	6,017,001	down 3.7%
Less: Income tax expense relating to ordinary activities:	<u>2,101,080</u>	up 5.6%
Profit from ordinary activities after related income tax expense:	<u>3,915,921</u>	down 8.0%

2007	2006
\$	\$

The operating profit before tax was made up as follows:

Profit on the sale of shares	7,250,131	6,983,719
Dividends received	5,400	4,000
Administration expenses net of interest, administration & rental recoveries	(576,350)	(306,617)
Exploration net of recoveries	<u>(662,180)</u>	<u>(432,157)</u>
Operating Profit before tax expense	<u>6,017,001</u>	<u>6,248,945</u>

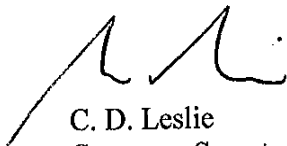
The company paid a second dividend of 1.2cents (fully franked) amounting to \$610,641 during the year.

The Company's financial position improved with increased working capital by \$3,018,511 to \$10,913,234 or 21.4 cents per share at 31 December 2007.

The principal activities of the company will continue to be the acquisition and disposal of mineral tenements, to undertake mineral exploration and to acquire mining related investments. These activities are expected to provide continued opportunities for the company. Current share market volatility is of concern because it limits our ability to earn future share trading profits.

The total shareholding of the Managing Director and related entities noted in the Annual Report as 31,019,045 shares at 31/12/2007 being 61% of the issued capital of the company is not subject to margin lending or any other specific charge.

Yours faithfully,



C. D. Leslie
Company Secretary

PRELIMINARY FINAL REPORT

The following information must be given to NSX.

1. Details of the reporting period and the previous corresponding period.
2. Key information in relation to the following. This information must be identified as ***"Results for announcement to the market"***.
 - 2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.
 - 2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.
 - 2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.
 - 2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.
 - 2.5 The record date for determining entitlements to the dividends (if any).
 - 2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Note: The information required by item 2 must be placed at the beginning of the report. The other information may be presented in whatever way is most convenient, eg combined with the body of the report, combined with notes to the accounts, or set out separately.

3. A statement of financial performance together with notes to the statement, prepared in compliance with AASB 1018 or the equivalent foreign accounting standard.
4. A statement of financial position together with notes to the statement. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.
5. A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 1026 Statement of Cash Flows, or for foreign entities, the equivalent foreign accounting standard.
6. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.
7. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or

distribution reinvestment plan.

8. A statement of retained earnings showing movements.
9. Net tangible assets per security with the comparative figure for the previous corresponding period.
10. Details of entities over which control has been gained or lost during the period, including the following.
 - 10.1 Name of the entity.
 - 10.2 The date of the gain or loss of control.
 - 10.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
11. Details of associates and joint venture entities including the following.
 - 11.1 Name of the associate or joint venture entity.
 - 11.2 Details of the reporting entity's percentage holding in each of these entities.
 - 11.3 Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.
13. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).
14. A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.
 - 14.1 The earnings per security and the nature of any dilution aspects.
 - 14.2 Returns to shareholders including distributions and buy backs.
 - 14.3 Significant features of operating performance.
 - 14.4 The results of segments that are significant to an understanding of the business as a whole.

- 14.5 A discussion of trends in performance.
- 14.6 Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.
- 15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed

Note: If the accounts have been audited or subject to review, the audit report or review should be provided with the report.
- 16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.
- 17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.

Please refer to the relevant Practice Note for the preferred format of this information, to be published by the *Exchange* from time to time.

FORM: Half yearly/preliminary final report

Name of issuer

Pegmont Mines Limited

ACN or ARBN

97 003 331 682

Half yearly
(tick)Preliminary
final (tick)Half year/financial year ended
(Current period)

31 December 2007

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A,000
Sales (or equivalent) operating revenue (item 1.1)	up/down	%75.2	to	36,314
Operating profit (loss) before abnormal items and tax (item 1.4)	up/down	%3.7	to	6,017
Abnormal items before tax (item 1.5)		gain (loss) of	to	NIL
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up/down	%8.0	to	3,916
Extraordinary items after tax attributable to members (item 1.13)		gain (loss) of	to	NIL
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	up/down	%8.0	to	3,916
Exploration and evaluation expenditure incurred (item 5.2)	up/down	%53.2	to	662
Exploration and evaluation expenditure written off (item 5.3)	up/down	%53.2	to	662

Dividends Franking rate applicable

100%

Current

Previous corresponding period

period

1.2¢
1¢

¢

¢

¢

¢

Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)

15 November 2007

Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:

NIL

Consolidated profit and loss account*(The figures are not equity accounted)*

	Current period \$A Year to 31/12/2007	Previous corresponding period \$A 31/12/2006
1.1 Sales (or equivalent operating) revenue	36,313,749	20,729,435
1.2 Other revenue	324,835	145,539
1.3 Total revenue	36,638,584	20,874,974
1.4 Operating profit (loss) before abnormal items and tax	6,017,001	6,248,945
1.5 Abnormal items before tax (detail in item 2.1)	-	-
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	6,017,001	6,248,945
1.7 Less tax	2,101,080	1,990,484
1.8 Operating profit (loss) after tax but before outside equity interests	3,915,921	4,258,461
1.9 Less outside equity interests	-	-
1.10 Operating profit (loss) after tax attributable to members	3,915,921	4,258,461
1.11 Extraordinary items after tax (detail in item 2.3)	-	-
1.12 Less outside equity interests	-	-
1.13 Extraordinary items after tax attributable to members	-	-
1.14 Total operating profit (loss) and extraordinary items after tax (items 1.8 1.11)	3,915,921	4,258,461
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 .112)	3,915,921	4,258,461
1.16 Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 +1.13)	3,915,921	4,258,461
1.17 Retained profits (accumulated losses) at beginning of financial period	3,955,344	203,750
1.18 Aggregate of amounts transferred from reserves	-	-
1.19 Total available for appropriation (carried forward)	7,871,265	4,462,211
1.20 Total available for appropriation (brought forward)	3,955,344	203,750

Consolidated profit and loss account continued

1.21	Dividends provided for or paid	610,641	506,868
1.22	Aggregate or amounts transferred to reserves	-	-
1.23	Retained profits (accumulated losses) at end of financial period	7,260,624	3,955,343

Abnormal and extraordinary items

Consolidated - current period			
	Before tax \$A'000	Related tax \$A'000	After tax \$A'000
• Abnormal items	NIL	-	-
2.2 Total abnormal items	NIL	-	-
2.3 Extraordinary items	NIL	-	-
2.4 Total extraordinary items	NIL	-	-

Comparison of half year profits*(Preliminary final statement only)*

	Current year-\$A	Previous year-\$A
3.1 Consolidated operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly statement)	3,453,314	3,044,097
3.2 Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	426,607	1,213,514

Consolidated
(See note 5)**balance****sheet**

Current assets		At end of current period \$A 31/12/2007	As shown in last annual report \$A 31/12/2006	As in last half yearly statement \$A 30/06/07
4.1	Cash	4,043,012	3,591,064	4,713,079
4.2	Receivable	96,580	49,045	651,471
4.3	Investments	7,637,772	5,270,687	7,529,417
4.4	Inventories	-	-	-
4.5	Other (provide details if material)	-	-	81,832
4.6	Total current assets	11,777,364	8,910,796	12,975,799
Non-current assets				
4.7	Receivables			
4.8	Investments			
4.9	Inventories			
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	3,450,000	3,350,000	3,350,000
4.11	Development properties (mining entities)			
4.12	Other property, plant and equipment (net)	306,769	-	-
4.13	Intangibles (net)			
4.14	Other (provide details if material)			
4.15	Total non-current assets	3,756,769	3,350,000	3,350,000
4.16	Total assets	15,534,133	12,260,796	16,325,799
Current liabilities				
4.17	Accounts payable	62,387	235,410	168,941
4.18	Borrowings	-	-	-
4.19	Provisions	801,743	780,663	1,230,821
4.20	Other (provide details if material)	-	-	228,000
4.21	Total current liabilities	864,130	1,016,073	1,627,762
Non-current liabilities				
4.22	Accounts payable			
4.23	Borrowings			
4.24	Provisions			
4.25	Other (provide details if material)			
4.26	Total non-current liabilities)	-	-	-
4.27	Total liabilities	864,130	1,016,073	1,627,762
4.28	Net assets	14,670,003	11,244,723	14,698,037

Consolidated balance sheet continued

Equity				
4.29	Capital	2,853,187	2,833,187	2,833,187
4.30	Reserves	4,556,193	4,456,193	4,456,193
4.31	Retained profits (accumulated losses)	7,260,623	3,955,343	7,408,657
4.32	Equity attributable to members of the parent entity	14,670,003	11,244,723	14,698,037
4.33	Outside equity interests in controlled entities	-	-	-
4.34	Total equity	14,670,003	11,244,723	14,698,037
4.35	Preference capital and related premium included as part of 4.31	NIL	NIL	NIL

Exploration and evaluation expenditure capitalised

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

	Current period \$A 31 December 2007	Previous corresponding period \$A 31/12/2006
5.1 Opening balance	3,350,000	3,350,000
5.2 Expenditure incurred during current period	662,180	432,157
5.3 Expenditure written off during current period	662,180	432,157
5.4 Acquisitions, disposals, revaluation increments, etc.	100,000	-
5.5 Expenditure transferred to Development Properties	-	-
5.6 Closing balance as shown in the consolidated balance sheet (item 4.9)	3,450,000	3,350,000

Development**properties**

(To be completed only by issuers with mining interests if amounts are material)

	Current period \$A 31/12/2007	Previous corresponding period \$A 31/12/2006
6.1 Opening balance	NIL	NIL
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisitions, disposals, revaluation increments, etc.		
6.6 Expenditure transferred to mine properties		
6.7 Closing balance as shown in the consolidated balance sheet (item 4.10)	NIL	NIL

Consolidated statement of cash flows
(See note 6)

	Current period \$A at 31/12/2007	Previous corresponding period \$A31/12/2006
Cash flows related to operating activities		
7.1 Net receipts from sharetrading	8,230,131	7,373,719
7.2 Payments in the course of operations	(875,786)	(448,156)
7.3 Dividends received	5,400	4,000
7.4 Interest and other items of similar nature received	237,898	141,539
7.5 Interest and other costs of finance paid	-	-
7.6 Income taxes paid	(2,080,000)	(1,635,614)
7.7 Other	81,537	-
7.8 Net operating cash flows	5,599,180	5,435,488
Cash flows related to investing activities		
7.9 Payments for purchases of property, plant and equipment	(326,769)	-
7.10 Proceeds from sale of property, plant and equipment	-	-
7.11 Payment for purchases of equity investments	(3,345,082)	(2,231,787)
7.12 Proceeds from sale of equity investments	-	-
7.13 Loans to other entities	-	-
7.14 Loans repaid by other entities	-	-
7.15 Other	(662,180)	(432,157)
7.16 Net investing cash flows	(4,334,031)	(2,663,944)
Cash flows related to financing activities		
7.17 Proceeds from issues of securities (shares, options, etc.)	20,000	-
7.18 Proceeds from borrowings-increase in creditors	(173,023)	80,472
7.19 Repayment of borrowings-increase in debtors	(49,535)	(26,054)
7.20 Dividends paid	(610,641)	(506,868)
7.21 Other (provide details if material)	-	-
7.22 Net financing cash flows	(813,199)	(452,450)
Net increase (decrease) in cash held	451,950	2,319,094
7.23 Cash at beginning of period (see Reconciliations of cash)	3,591,062	1,271,970
7.24 Exchange rate adjustments to item 7.23	-	-
7.25 Cash at end of period (see Reconciliation of cash)	4,043,012	3,591,064

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

NIL

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A at 31/12/2007	Previous corresponding period \$A 31/12/2006
8.1 Cash on hand and at bank	178,146	86,045
8.2 Deposits at call	3,864,866	3,505,019
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.25)	4,043,012	3,591,064

Ratios

	Current period	Previous corresponding period
Profit before abnormals and tax/sales		
9.1 Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	16.6%	30.1%
Profit after tax/equity interests		
9.2 Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34)	26.7%	37.9%

Earnings per security (EPS)

10.1 Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	7.7c	8.4c
(b) Diluted EPS (if materially different from (a))		

NTA backing (see note 7)		Current period 31/12/2007	Previous corresponding period 31/12/2006
11.1	Net tangible asset backing per ordinary security	28.9c	22.2c

Details of specific receipts/outlays, revenues/expenses

		Current period A\$ at 31/12/2007	Previous corresponding period \$A31/12/2006
12.1	Interest revenue included in determining items 1.4	237,898	141,539
12.2	Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3	Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	-	-
12.4	Interest costs excluded from item 12.3 and capitalised in asset values (if material)	12,051	-
12.5	Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6	Depreciation (excluding amortisation of intangibles)	20,000	-
12.7	Amortisation of intangibles	-	-

Control gained over entities having material effect

(See note 8)

13.1	Name of issuer (or group)	NIL
13.2	Consolidated operating profit (loss) and extraordinary items after tax of the issuer (or group) since the date in the current period on which control was acquired	\$ NIL
13.3	Date from which such profit has been calculated	-
13.4	Operating profit (loss) and extraordinary items after tax of the issuer (or group) for the whole of the previous corresponding period	\$ NIL

Loss of control of entities having material effect

(See note 8)

14.1	Name of entity (or group)	NIL
14.2	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or group) for the current period to the date of loss of control	\$ NIL
14.3	Date from which the profit (loss) in item 14.2 has been calculated	-
14.4	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or group) while controlled during the whole of the previous corresponding period	\$ NIL
14.5	Contribution to consolidated operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$ NIL

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 1005 and indicates which amount should agree with items included elsewhere in this statement.

Segments	Investments	Exploration	Admin	Total
Operating Revenue from sale of shares	36,319,149	-	319,435	36,638,584
Sales to customers outside the economic entity	-	-	-	-
Inter-segment sales	-	-	-	-
Unallocated revenue	-	-	-	-
Total revenue (consolidated total equal to item 1.3)	36,319,149	-	319,435	36,638,584
Segment result (including abnormal items where relevant)	7,574,966	(662,180)	(895,785)	6,017,001
Unallocated expenses/Tax				2,101,080
Consolidated operating profit after tax (before equity accounting) (equal to item 1.8)				3,915,921
Segment assets)				
Unallocated assets)				
Total assets (equal to item 4.16)	11,680,784	3,756,769	96,580	15,534,133

Dividends

15.1	Date the dividend is payable	4/12/2007
15.2	Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)	15/11/2007
18.3	Amount per security	1.2cent

		Franking rate applicable	30%		
	<i>(Preliminary final statement only)</i>			¢	
15.4	Final dividend: Current year	1.2¢	N/A		N/A
15.5	Previous year	1¢	N/A	¢	¢
	<i>(Half yearly and preliminary final statements)</i>				
15.6	Interim dividend: Current year	NIL¢	N/A	¢	N/A
				¢	¢
15.7	Previous year	NIL¢	¢		

Total annual dividend (distribution) per security*(Preliminary final statement only)*

15.8 Ordinary securities

15.9 Preference securities

Current year	Previous year
1.2¢	1¢
NIL¢	NIL¢

Total dividend (distribution)

15.10 Ordinary securities

15.11 Preference securities

15.12 **Total**

Current period \$A 31/12/2007	Previous corresponding period - \$A31/12/2006
\$610,641	\$506,868
\$NIL	\$NIL
\$610,641	\$506,868

The dividend or distribution plans shown below are in operation.

NIL

The last date(s) for receipt of election notices to the dividend or distribution plans N/A

Any other disclosures in relation to dividends (distributions)

N/A

Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Investments in associated entities		Current period A\$	Previous corresponding period A\$
16.1	Statutory carrying value of investments in associated entities (SCV)	NIL	NIL
16.2	Share of associated entities' retained profits and reserves not included in SCV:	NIL	NIL
	Retained profits		
	Reserves		
16.3	Equity carrying value of investments	NIL	NIL

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period		Contributing to operating profits (loss) and extraordinary items after tax	
17.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period	Previous corresponding period
		NIL	NIL	<i>Equity accounted</i>	
17.2	Other material interests	NIL	NIL	<i>Not equity accounted (ie part of item 1.14)</i>	

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and rates.

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and rates.

Category of securities		Number issued	Number listed	Par value (cents)	Paid-up value (cents)
18.1	Preference securities (description)	NIL	NIL		
18.2	Issued during current period	NIL	NIL		
18.3	Ordinary securities	50,886,796	50,686,796		
18.4	Issued during current period	200,000	NIL		
18.5	Convertible debt securities (description and conversion factor)	NIL	NIL		
18.6	issued during current period	NIL	NIL		
18.7	Options (description and conversion factor)			Exercise price	Expiry date
		-	-	-	-
18.8	Issued during current period	NIL	NIL		
18.9	Exercised during current period	100,000	100,000		
18.10	Expired during current period	1,449,200	-	10c	31-12-2007
18.11	Debentures (totals only)	NIL	NIL		
18.12	Unsecured Notes (totals only)	NIL	NIL		

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. [Delete if in applicable.]

Material factors affecting the revenues and expenses of the issuer for the period

The Company continued to make substantial share trading profits as a result of a buoyant market for resource company stocks in the first 7 months of the current period. Volatility in the share market from August made it difficult to continue to share trade profitably. Administration expenditure increased as a result of \$12,051 interest paid on a long outstanding debt, \$128,340 legal charges were incurred in relation to the Cloncurry Metals Ltd option and other agreements, and executive fees increased as a result of Messrs M Leggo and C Leslie providing a full 12 months of services. Exploration expenditure was reduced as a result of \$442,573 being recovered from Cloncurry Metals Ltd in accordance with the option agreement on the Pegmont tenements between the parties.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

The sharemarket has experienced extreme volatility since the end of the current period with significant decline in many share prices making it difficult to make profits. The company has earned minor profits since 31/12/2007 which could easily turn into losses depending upon realisation. However, since the Company has cash balances, there is no reason to sell investments at distorted prices.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Due to the payment of tax the company has franking credits available to fully cover the payment of a dividend of 1.2cents per share paid on 4 December 2007 and further fully franked dividends will be paid when the Board of Directors decide.

**Changes in accounting policies since the last annual report are disclosed as follows.
(Disclose changes in the half yearly statement in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final statement in accordance with AASB 101: Accounting Policies-Disclosure.)**

NIL

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

BKR WALKER WAYLAND Level 8
55 Hunter Street, Sydney, NSW 2000

Date

30 April 2008

Time

12 noon

Approximate date the annual report will be available

30 March 2008

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

NIL

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

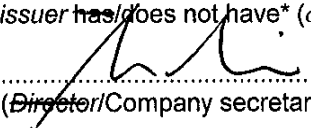
4. This statement is based on financial statements to which one of the following applies:

☒ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).

☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The issuer ~~has~~/does not have* (*delete one*) a formally constituted audit committee.

Sign here:  Date: 4/3/2008
(Director/Company secretary)

Print name:CHRIS D LESLIE.....

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for

example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.

3. **Consolidated profit and loss account**

- Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in AASB 1004: *Disclosure of Operating Revenue*.
- Item 1.2 "other revenue" includes abnormal items, but excludes extraordinary revenue items.
- Item 1.4 "operating profit (loss) before abnormal items and tax" is calculated before dealing with outside equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
- Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg. fringe benefits tax).

4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

5. **Consolidated balance sheet**

Format The format of the consolidate balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of AASB 1029. Banking institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 19-21 of AASB 1010: *Accounting for the Revaluation of Non-Current Assets*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of AASB 1029 and paragraph 11 of AASB 1030.

6. **Statement of cash flows** For definitions of "cash" and other terms used in this statement see AASB 1026: *Statement of Cash Flows*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of AASB 1026. Mining exploration *issuers* may use the form of cashflow statement in Appendix 5B.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.

8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.

9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.

10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under an ASIC Class Order dated 17 August 1994, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are normally the unadjusted figures from the previous corresponding period. However, if the previously reported figures are adjusted to achieve greater comparability, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the list rules for an *issuer* to complete this statement does not prevent the *issuer* issuing reports more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the Exchange. For example, a *directors'* report and statement, if lodged with the ASIC, must be given to the Exchange.
13. **Accounting Standards** the Exchange will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Borrowing corporations** As at 1/7/96, this statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards. However, borrowing corporations must comply with Schedule 5 of the Corporations Regulations. See regulation 3.6.02(4).

ROTHSAY

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Phone 8815 5400 Facsimile 8815 5401 E-mail swan2000@bigpond.com

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PEGMONT MINES LTD ACN 003 331 682

Scope

The financial report comprises the statement of financial performance, statement of financial position, statement of cashflows, accompanying notes and the directors' declaration for Pegmont Mines Ltd the company, for the year ended 31 December 2007.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory professional reporting requirements in Australia a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



Chartered Accountants

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical requirements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Pegmont Mines Ltd is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements.

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Frank Vrachas
Partner

Dated **28** February 2008