

Pegmont Mines Limited

ABN 97 003 331 682

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FAX TO: NATIONAL STOCK EXCHANGE OF AUSTRALIA

ATTENTION: MR SCOTT EVANS

FAX NO: (02) 49291556

FROM: CHRIS LESLIE

SUBJECT: QUARTERLY ACTIVITY REPORT

DATE: 16 APRIL 2008

Dear Scott,

Please find attached our Quarterly Activity Report to 31 March 2008.

Regards,



Chris Leslie

Pegmont Mines Limited

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16 April 2007

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

Dear Sir,

Quarterly Activity Report to 31 March 2008

We submit the following report for Pegmont Mines Limited for the three months to 31 March 2008.

1. Summary

- Share trading profits before tax were \$64,754 for the quarter compared to \$2,651,112 for March'07. Interest received during the quarter was \$56,100 and other income was \$53,316.
- The cash position was \$2,268,424 at 31 March 2008 after payment of \$802,000 for company income tax, which together with listed shares at cost of \$9,817,269 (market value \$6,521,838) resulted in liquid assets at market of \$8,790,262 or 17.3c/share. The company did not have any borrowings. Total assets approximate \$13.02 million or 25.6c/share.
- Non conventional metallurgical test work by Eco Technology on both Pegmont and New Hope mineralisation has provided relatively high recovery results. High grade cobalt values were also received from New Hope drill samples.

2. Exploration Activity**2.1 Pegmont Drilling Program**

Following our 5000m drilling program at Pegmont in 2007, this year the drilling will be managed by Cloncurry Metals, which is due to commence at the end of April. The initial drilling targeting potentially new mineralisation is designed

to test the southern extension deep magnetic anomaly. This will be followed by infill drilling at the northern end of the deposit, both to better quantify the lead-zinc resource and also to seek incremental tonnage. It is anticipated by Cloncurry Metals that in excess of 10,000m of drilling will be undertaken at Pegmont in 2008.

2.2 Pegmont Metallurgy

As recorded in the previous quarterly report, mineralised intervals were composited from new locations at the Pegmont Prospect to provide oxide, transition and sulphide ore types. Both flotation of the sulphide composite and proprietary EcoZinc testing of the latter and of the three ore types above produced results in line with earlier work. Zinc dissolutions from all composites, regardless of the degree of oxidation, are in the high 95+% range. Upscaled test work will be undertaken.

Mixed oxide/sulphide mineralisation from hole PMD056 was subjected to EcoZinc dissolution in order to produce sufficient sample of the fluid bed reactor material to investigate the form and subsequent behaviour of lead. Some 96% of the lead had remained in the reactor residue. The dominant phase of lead in the residue is anglesite (PbSO_4). Importantly, an alkaline caustic leach (NaOH) of the residue then dissolved 92% of the lead thus demonstrating that the EcoTech approach provides very acceptable separate dissolutions of zinc and lead, including that from otherwise intractable material, at least at the bench top level.

2.3 New Hope Drilling

The option on ML 2487 (New Hope) has been extended for a further year following encouraging drill results in 2007. Table 1 provides the full set of gold, cobalt, arsenic, copper and tungsten results for the gold mineralised intervals drilled to date. This table shows that cobalt is present at significant levels in a number of the gold-bearing intervals. An initial 2008 program of six RC/ddh tail holes is due to be completed by the end of April. This will further define the lateral and down dip extent of the mineralisation.

2.4 New Hope Metallurgy

Four 5 to 6 metre drill intercepts from three holes (NHP002, 006 and 007) were selectively combined to produce three composites based on their arsenic content ("general" 29.3 g/t Au, 1960 ppm As, 1470 ppm Co; "high As" 28.2 g/t Au, 2970 ppm As, 970 ppm Co; "low As" 17.2 g/t Au, 210 ppm As, 228 ppm Co).

When the general composite was subjected to a conventional cyanide leach, 80% gold dissolution was obtained. Using the proprietary EcoGold approach around 93% extraction of gold was achieved on each of the three composites.

A sulphuric acid leach was conducted on each of the three composites to try to dissolve cobalt but this failed to dissolve more than 1% of the contained cobalt. Cobalt extraction using the proprietary EcoTech chlorination process ranged between 40 and 65%. Following this encouraging start, tests changing the chlorination operating conditions will be undertaken to optimise the cobalt extraction.

Table 1 New Hope Prospect

Selected analytical results (intervals based on contiguous gold values)

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	As (ppm)	Co (ppm)	Cu (ppm)	W (ppm)
NHP001	34	38	4	5.14	950	79	1450	1540
	52	53	1	4.90	33	80	1285	3250
NHP002	57	69	12	23.1	181	205	3698	83
including	63	67	4	51.3	186	280	4350	100
NHP003	52	57	5	1.63	2570	1690	89	700
NHP006	77	87	10	9.20	1012	689	578	710
including	80	82	2	32.9	2222	1448	922	825
NHP007	62	69	7	20.8	2574	1809	478	969
including	63	66	3	45.1	3753	2588	635	1930
NHP008	63	65	2	1.66	354	454	585	40
NHP009	58	59	1	7.01	1.76%	1.17%	49	50
NHP010	53	54	1	1.50	1.21%	8030	7	280
	58	66	8	11.8	8733	5321	128	4428
including	59	63	4	22.7	1.64%	1.04%	109	7618
NHP011	60	65	5	1.08	899	654	233	804

3. Investment Activities

Pre-tax realised share trading profits were \$ 64,754 for the quarter, plus interest received of \$56,100.

Investment Activity Summary

Shares Traded	March Quarter 2008 \$000	March Quarter 2007 \$000	Budget Year 2008 \$000
Proceeds	786	8,159	20,000
Cost	722	5,508	18,500
Profits	65	2,922	2,000
Losses	(1)	(271)	-
Net realised Profit	64	2,651	1,500
Profit Margin %	8.1	32.5	7.5

Since stock market prices remain volatile a cautious approach of buying shares at depressed prices continued with emphasis upon operating companies.

4. Corporate Liquidity

The company's cash position at 31 March 2008 was \$2,268,424 (4.5c/sh) after payment of company income tax \$802,000 in respect to the 2007 year. This position represents 25.3% of total cash and listed share assets at market value.

5. Income and Expenditure (cash basis)

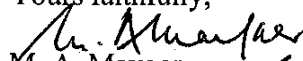
Income Received	March Quarter	Year 2008	Budget 2008
	\$	\$	\$
Interest	56,100	56,100	170,000
Net Profit on sale of shares	64,754	64,754	1,500,000
Other Income	<u>53,316</u>	<u>53,316</u>	<u>80,000</u>
	<u>174,170</u>	<u>174,170</u>	<u>1,750,000</u>
Exploration Expenditure			
Pegmont deposit – geology & general	59,593	59,593	90,000
– metallurgy	22,094	22,094	90,000
Pegmont regional	1,743	1,743	120,000
New Hope exploration & metallurgy	37,987	37,987	400,000
Other	<u>948</u>	<u>948</u>	<u>100,000</u>
	<u>125,365</u>	<u>125,365</u>	<u>800,000</u>
CLU recovery	<u>225,138</u>	<u>225,138</u>	<u>250,000</u>
Net exploration expenditure/ (credit)	(102,773)	(102,773)	550,000
Corporate Expenditure			
Administration	68,862	68,862	320,000
Directors Fees	70,250	70,250	380,000
Share Investments	936,246	936,246	-
Company Income Tax	<u>802,000</u>	<u>802,000</u>	<u>858,250</u>
	<u>1,877,358</u>	<u>1,877,358</u>	<u>1,558,250</u>
Net Cash Surplus/ (Deficit)	(1,774,585)	(1,774,585)	(358,250)
Add opening cash balances.	<u>4,043,009</u>	<u>4,043,009</u>	<u>4,043,009</u>
Closing Cash Balances.	<u>2,268,424</u>	<u>2,268,424</u>	<u>3,684,759</u>

In summary share trading the stock market for profit is extremely difficult because of market volatility caused by the subprime mortgage and banking crisis in the US. Commodity prices have, generally, been unaffected to date which means that the mining sector continues to generate substantial profits, albeit at discounted earnings multiples. We do anticipate a short term market rally shortly which may enable us to make some trading profit and to trim the portfolio. Our corporate aim is to make sufficient profit to pay expenses and to fund our exploration during the year.

Exploration at New Hope and surrounding areas near Selwyn will continue for high grade gold-copper-cobalt mineralisation. Cloncurry Metals Ltd has outlined an active drill program around Pegmont to support their upcoming option exercise decision.

We look forward to a challenging period ahead.

Yours faithfully,


M. A. Mayger
Managing Director