

Pegmont Mines Limited

ABN 97 003 331 682

Corporate Office

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FAX TO: NATIONAL STOCK EXCHANGE OF AUSTRALIA

ATTENTION: MR SCOTT EVANS

FAX NO: (02) 49291556

FROM: CHRIS LESLIE

SUBJECT: FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2008

DATE: 16 JULY 2008

Dear Scott,

We attach our Financial Report for the Half-Year ended 30 June 2008.

Regards,


Chris Leslie

Pegmont Mines Limited

ACN 003 331 682

Financial Report

for the

Half-Year ended 30 June 2008

Pegmont Mines Limited

ACN 003 331 682

Directors' Report

The Directors of Pegmont Mines Limited submit herewith the financial report for the half-year ended 30 June 2008. In order to comply with the provisions of the Corporations Act, the Directors report as follows: -

The names and particulars of Directors of the company in office on the day this report is made out are:

ARMSTRONG, John M. (Non-Executive Chairman) *BSc, MBA, Fijn, FAICD*

Mr Armstrong, aged 72, is a professional company director with over 35 years experience in investment banking and resource finance and investment management at senior management and director levels.

MAYGER, Malcolm A. (Executive Managing Director) *BCom, CA*

Mr Mayger, aged 67, has 40 years experience in exploration, mining and investment. Malcolm Mayger founded the company in 1987 and has guided its subsequent development from an exploration concept to mining investment and exploration activities.

SLOAN, Ian N.S (Non-Executive Director) *B.Tech. (Mech.) MAID.*

Mr Sloan, aged 64, is an engineer with extensive mining and industrial experience. He is a director of Hill End Gold Ltd.

On the 6 June 2008 Dr M D Leggo resigned as a Director and on the 10 June 2008 Mr I N S Sloan was appointed a Director of the company.

Review of Operations

The company's operations during the half year to 30 June 2008 resulted in a net loss of \$2,722,664 as follows:

	Segment Revenue 2008	Segment Profit/(loss) 2008	Segment Profit 2007
	\$	\$	\$
Share Trading	5,570,709	(314,281)	5,517,193
Dividends Received	<u>28,400</u>	<u>28,400</u>	<u>2,400</u>
Gross Revenue from share trading	5,599,109	(285,881)	5,519,593
Other	<u>166,463</u>	<u>166,463</u>	<u>100,480</u>
	<u>5,765,572</u>	(119,418)	5,620,073
Exploration expenditure-net of recoveries		(70,672)	(141,954)
Unallocated expenses		<u>(355,008)</u>	<u>(544,647)</u>
Profit/(loss) from ordinary activities before tax		(545,098)	4,933,472
Income Tax expense/(credit)		(169,668)	1,480,158
Provision for share trading loss		<u>2,347,234</u>	-
Profit/(loss) for half-year after income tax and provision		<u>(2,722,664)</u>	<u>3,453,314</u>
Earnings per share		(5.4c)	6.8c

The profit has been subjected to an independent review by the company's auditor.

The above share trading results are very disappointing and stand in marked contrast to previous years. The bear market has swept away inflated asset values and has exposed many fallacious assumptions. Although we are trying to benefit from the general write down of asset values by investing in emerging value situations, nevertheless we are also a victim of the current market malaise. The negative market sentiment is likely to continue until there is a resolution to the US mortgage and banking crisis.

Activities

The Company has continued its share trading activities and exploration of the Pegmont lead-zinc deposit as per our Quarterly Activity Reports for March and June'08.

Changes In State Of Affairs

1. During the half year there was no significant change in the Company's state of affairs other than that referred to in the half year accounts or notes thereto.
2. Share trading for profit continues to be extremely difficult because of market volatility caused by the banking and mortgage crises in the US and rising inflation and interest rates in Australia. The emerged bear market makes it difficult to earn profits.
3. Drilling at New Hope has continued to intersect high grade gold-cobalt mineralisation. Also regional reconnaissance sampling has indicated other areas of anomalous cobalt values.
4. Non conventional metallurgical test work by Eco Technology on New Hope mineralisation provides encouragement for improved cobalt recoveries.

In summary, the Board will cautiously continue to share trade, looking for low to moderate risk situations which may emerge from selling pressure in the current market corrective phase. The quarterly activities report is delayed because of outstanding drill assay results due before the end of July.

AUDITORS' INDEPENDENCE -SECTION 307C

The following is a copy of a letter received from the Company's auditors:

"Dear Sirs,
In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the half-year ended 30 June 2008 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)
Rothsay Chartered Accountants"

This report is made in accordance with a resolution of the directors

Dated this 16 day of July 2008.

On behalf of the Directors



MA Mayger
Director

Pegmont Mines Limited

Independent Review Report To The Members of Pegmont Mines Limited

SCOPE

We have reviewed the financial report of Pegmont Mines Limited for the half-year ended 30 June 2008. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" issued in Australia and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

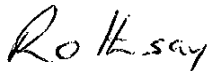
INDEPENDENCE

In conducting our review we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

STATEMENT

Based on our review which is not an audit, we have not become aware of any matter that makes us believe that the half-year report of Pegmont Mines Limited is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2008 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



ROTHSAY



GRAHAM R. SWAN
Partner

Dated this 16 day of July 2008.

Liability is limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Pegmont Mines Limited

Directors' Declaration For The Half-Year Ended 30 June 2008

The directors declare that:

- (a) The attached financial statements and notes thereto comply with Accounting Standards;
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) In the directors' opinion there are reasonable grounds to believe that Pegmont Mines Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



MA Mayger
Director

Dated this 16 day of July 2008.

Pegmont Mines Limited

Income Statement

For The Half-Year Ended 30 June 2008

	Note	Half-year ended 30 June 2008 \$	Half-year ended 30 June 2007 \$
Gross revenue from share trading		5,599,109	17,969,079
Cost of sales		5,884,990	(12,449,486)
Profit/ (loss) on sale of shares		(285,881)	5,519,593
Investment income		166,463	100,480
Expenses from ordinary activities		(425,680)	(686,601)
Income tax credit/(expense)		169,668	(1,480,158)
Provision for share trading loss		(2,347,234)	-
Net Profit/ (loss) from ordinary activities for half-year after income tax		(2,722,664)	3,453,314
Minority interests		-	-
Profit/ (loss) for half year attributable to members of Pegmont Mines NL and recognised directly in equity		(2,722,664)	3,453,314
Retained Profits brought forward		7,260,623	3,955,343
Retained Profits at end of half-year		4,537,959	7,408,657
Earnings per share(cents per share) - basic	5	(5.4)	6.8

Balance Sheet

As at 30 June 2008

	Half-year 30 June 2008 \$	Annual Report 31 Dec 2007 \$	Half-year 30 June 2007 \$
Current Assets			
Cash	1,617,803	4,043,012	4,713,079
Receivables	223,551	96,580	733,303
Investments	6,426,050	7,637,772	7,529,417
Total Current Assets	8,267,404	11,777,364	12,975,799
Non-Current Assets			
Other - exploration and development tenements	3,450,000	3,450,000	3,350,000
Plant and Equipment	291,307	306,769	-
Total Non-Current Assets	3,741,307	3,756,769	3,350,000
Total Assets	12,008,711	15,534,133	16,325,799
Current Liabilities			
Accounts payable	61,372	62,387	396,941
Provisions	-	801,743	1,230,821
Total Current Liabilities	61,372	864,130	1,627,762
Total Liabilities	61,372	864,130	1,627,762
Net Assets	11,947,339	14,670,003	14,698,037
Shareholders' Equity			
Share capital	2,853,187	2,853,187	2,833,187
Reserves	4,556,193	4,456,193	4,456,193
Retained Profits (Accumulated losses)	4,537,959	7,260,623	7,408,657
Total Shareholders' Equity	11,947,339	14,670,003	14,698,037
Net Tangible Assets per share cents	23.4	28.9	29.0

Pegmont Mines Limited

Statement of Cash Flows

For The Half-Year Ended 30 June 2007

	Note	Current Half Year Consolidated \$	Previous Corresponding Half Year Consolidated \$
Cash Flows Related To Operating Activities			
Receipts from sale of shares		5,599,109	17,969,079
Payments for purchase of shares		(7,026,724)	(15,557,812)
Directors' fees		(220,288)	(133,000)
Payments to suppliers and contractors (inclusive of goods and services tax)		(121,359)	(134,917)
Interest and other items of a similar nature received		166,463	100,480
Income taxes paid		(737,200)	(979,861)
Net Operating Cash Flows		(2,339,999)	1,263,969
Cash Flows Related To Investing Activities			
Outflow for purchases of property, plant & equipment		(14,535)	-
Outflow for exploration expenditure		(70,672)	(141,954)
Outflow for equity investments		-	-
Proceeds from sale of equity investments		-	-
Net Investing Cash Flows		(85,207)	(141,954)
Cash Flows Related To Financing Activities			
Other		-	-
Net Financing Cash Flows		-	-
Net Increase (Decrease) In Cash Held		(2,425,206)	1,122,015
Cash at beginning of half year		4,043,009	3,591,064
Cash At End Of Half Year	3	1,617,803	4,713,079

Notes to the Financial Statements

For the Half-Year ended 30 June 2007

1. Basis of Preparation of Half-Year Financial Statements

These general purpose accounts for the half-year ended 30 June 2008 have been prepared in accordance with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2007 and any public announcements made by Pegmont Mines Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year report has been prepared on an historical cost basis and the half-year has been treated as a discrete reporting period

Pegmont Mines Limited

Notes to the Financial Statements

For the Half-Year ended 30 June 2008

2. Revenue and Expense

Operating profit before income tax is arrived at after:

	Current Half-Year Consolidated \$	Previous Corresponding Half Year Consolidated \$
a) crediting interest as revenue	87,947	100,480
b) exploration expensed	(70,672)	(141,954)

3. Reconciliation of cash

Cash at the end of the half-year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:

Cash on hand and at bank	77,801	181,896
Deposits at call	1,540,000	4,531,183
	<u>1,617,801</u>	<u>4,713,079</u>

4. Issued and quoted securities at end of current half-year

Category of Securities	Number Issued	Number Quoted	Par Value Cents	Paid-Up Value Cents
Ordinary Shares:	50,886,796	50,886,796		
Issued during current half year	Nil	Nil		
Options:			Exercise Price	Expiry Date
Listed	Nil	Nil		
Unlisted	Nil	Nil		
Issued during current half year	Nil	Nil		
Exercised during half-year	Nil	Nil		
Expired during half-year - Listed	Nil	Nil		
Expired during half-year - Unlisted	Nil	Nil		

Pegmont Mines Limited

Notes to the Financial Statements

For the Half-Year ended 30 June 2008

5. Earnings per share

	Current Half-Year Consolidated	Previous Corresponding Half Year Consolidated
Basic earnings per share	(5.4)	6.8c
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	50,886,796	50,686,796
The diluted earnings per share is not materially different from the basic earnings per share.		

6. Commitments for expenditure

Mineral tenement leases

In order to maintain current rights of tenure to mining tenements, the Company will be required to outlay in 2007/08 amounts of approximately \$245,000 (2006/2007 \$100,000) in respect of tenement lease rentals, exploration expenditures and mining lease work commitments to meet the minimum expenditure requirements of the Queensland Department of Mines and Energy. These obligations will be fulfilled in the normal course of operations and are subject to the option to purchase agreement with Cloncurry Metals Limited.

Subsequent to the 30 June, the Board has resolved to exercise the Company's option to purchase the New Hope Mining Lease (ML 2487) for a net consideration of \$140,000.

7. Segmental Information

The economic entity operates predominantly in one geographic location. The operations of the economic entity consist of investment and exploration minerals within Australia.

8. Subsequent Events

No matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the half-year ended 30 June 2008.