

Pegmont Mines Limited

ABN 97 003 331 682

Corporate Office

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Crows Nest NSW 2065

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FAX TO: NATIONAL STOCK EXCHANGE OF AUSTRALIA

ATTENTION: MR SCOTT EVANS

FAX NO: (02) 49291556

FROM: CHRIS LESLIE

SUBJECT: HALF YEARLY REPORT

DATE: 19 AUGUST 2008

Dear Scott,

Please find attached Pegmont Mines Limited half yearly report to 30 June 2008.

Regards,



Chris Leslie

Name of issuer

Pegmont Mines Limited

ACN or ARBN

Half yearly
(tick)

Preliminary
final (tick)

Half year/financial year ended
('Current period')

003 331 682

✓

30 June 2008

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

\$A

Sales (or equivalent) operating revenue (item 1.1)	up/down	%68.8	to	5,599,109
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Operating profit (loss) before abnormal items and tax (item 1.4)	Up/down	%111.0	to	(545,098)
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Abnormal items before tax (item 1.5)	gain (loss) of	to	(2,347,234)
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Operating profit (loss) after tax but before outside equity interests (item 1.8)	up/down	%178.8	to	(2,722,664)
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Extraordinary items after tax attributable to members (item 1.13)	gain (loss) of	to	-
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Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	up/down	%178.8	to	(2,722,664)
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Exploration and evaluation expenditure incurred (item 5.2)	up/down	%49.9	to	70,672
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Exploration and evaluation expenditure written off (item 5.3)	up/down	%49.9	to	70,672
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Dividends	Franking rate applicable	NIL			
Current period	NIL¢	N/A	NIL¢	N/A	
Previous corresponding period	NIL¢	NIL¢	NIL¢	NIL¢	

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

N/A

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

N/A

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

	Current period \$A To 30 June 2008	Previous corresponding period \$A
1.1 Sales (or equivalent operating) revenue	5,599,109	17,969,079
1.2 Other revenue	166,463	100,480
1.3 Total revenue	5,765,572	18,069,559
1.4 Operating profit (loss) before abnormal items and tax	(545,098)	4,933,472
1.5 Abnormal items before tax (detail in item 2.1)	(2,347,234)	-
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	(2,892,332)	4,933,472
1.7 Less tax	(169,668)	1,480,158
1.8 Operating profit (loss) after tax but before outside equity interests	(2,722,664)	3,453,314
1.9 Less outside equity interests	-	-
1.10 Operating profit (loss) after tax attributable to members	(2,722,664)	3,453,314
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)	(2,722,664)	3,453,314
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 .112)	-	-
1.16 Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 +1.13)	(2,722,664)	3,453,314
1.17 Retained profits (accumulated losses) at beginning of financial period	7,260,623	3,955,343
1.18 Aggregate of amounts transferred from reserves	-	-
1.19 Total available for appropriation (carried forward)	4,537,959	7,408,657
1.20 Total available for appropriation (brought forward)	7,260,623	3,955,343
Consolidated profit and loss account continued		
1.21 Dividends provided for or paid	NIL	NIL
1.22 Aggregate or amounts transferred to reserves	NIL	NIL

1.23	Retained profits (accumulated losses) at end of financial period	4,537,959	7,408,657
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Abnormal and extraordinary items

		Consolidated - current period		
		Before \$A	Related \$A	After \$A
2.1	Abnormal items (being provision for diminution in market value of share portfolio)	2,347,234	NIL	2,347,234
2.2	Total abnormal items	2,347,234	NIL	2,347,234
2.3	Extraordinary items			
2.4	Total extraordinary items	NIL	NIL	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)	(2,722,664)	3,453,314
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	-	-

(See note 5)

Consolidated Balance Sheet		At end of	As shown in last	As in last half
Current assets		current period	annual report	yearly statement
		\$A 30/6/08	\$A 31/12/07	\$A 30/6/06
4.1	Cash	1,617,803	4,043,012	4,713,079
4.2	Receivable	219,971	73,696	651,471
4.3	Investments	6,426,050	7,637,772	7,529,417
4.4	Inventories		-	-
4.5	Other (provide details if material)	3,580	22,884	81,832
4.6	Total current assets	8,267,404	11,777,364	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	3,450,000	3,350,000
4.11	Development properties (mining entities)			
4.12	Other property, plant and equipment (net)	291,307	306,769	-
4.13	Intangibles (net)			
4.14	Other (provide details if material)			
4.15	Total non-current assets	3,741,307	3,756,769	3,350,000
4.16	Total assets	12,008,711	15,534,133	16,325,799
Current liabilities				
4.17	Accounts payable	61,372	62,387	168,941
4.18	Borrowings	-	-	-
4.19	Provisions	-	801,743	1,230,821
4.20	Other (provide details if material)	-	-	228,000
4.21	Total current liabilities	61,372	864,130	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	61,372	864,130	1,627,762
4.28	Net assets	11,947,339	14,670,003	14,698,037

Consolidated balance sheet continued**Pegmont Mines Limited**

		AT 30/6/08	AT 32/12/07	AT 30/6/07
	Equity	\$A	\$A	\$A
4.29	Capital	2,853,187	2,853,187	2,833,187
4.30	Reserves	4,556,193	4,556,193	4,456,193
4.31	Retained profits (accumulated losses)	4,537,959	7,260,623	7,408,657
4.32	Equity attributable to members of the parent entity	11,947,339	14,670,003	14,698,037
4.33	Outside equity interests in controlled entities	-	-	-
4.34	Total equity	11,947,339	14,670,003	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 To 30/6/08	Previous corresponding period \$A 30/6/07
5.1	Opening balance	3,350,000	3,350,000
5.2	Expenditure incurred during current period	70,672	141,954
5.3	Expenditure written off during current period	(70,672)	(141,954)
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	Previous corresponding period \$A
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 30/6/2008	Previous corresponding period \$A 30/6/07
Cash flows related to operating activities		
7.1 Receipts from sale of shares	5,599,109	17,969,079
7.2 Payments for purchase of shares	(7,026,724)	(15,557,812)
Payments to suppliers and contractors	(121,359)	(134,917)
7.3 Dividends received		-
7.4 Interest and other items of similar nature received	166,463	100,480
7.5 Interest and other costs of finance paid		-
7.6 Income taxes paid	(737,200)	(979,861)
7.7 Other (Directors Fees)	(220,288)	(133,000)
7.8 Net operating cash flows	(2,339,999)	1,263,969
Cash flows related to investing activities		
7.9 Payments for purchases of property, plant and equipment	(14,535)	-
7.10 Proceeds from sale of property, plant and equipment	-	-
7.11 Payment for purchases of equity investments	-	-
7.12 Proceeds from sale of equity investments	-	-
7.13 Loans to other entities	-	-
7.14 Loans repaid by other entities	-	-
7.15 Other (Exploration)	(70,672)	(141,954)
7.16 Net investing cash flows	(85,207)	(141,954)
Cash flows related to financing activities		
7.17 Proceeds from issues of securities (shares, options, etc.)	-	-
7.18 Proceeds from borrowings	-	-
7.19 Repayment of borrowings	-	-
7.20 Dividends paid	-	-
7.21 Other (provide details if material)	-	-
7.22 Net financing cash flows	-	-
Net increase (decrease) in cash held	(2,425,206)	1,122,015
7.23 Cash at beginning of period (see Reconciliations of cash)	4,043,009	3,591,064
7.24 Exchange rate adjustments to item 7.23		-
7.25 Cash at end of period (see Reconciliation of cash)	1,617,803	4,713,079

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.

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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 30/06/2008	Previous corresponding period \$A30/06/07
8.1 Cash on hand and at bank	77,803	181,896
8.2 Deposits at call	1,540,000	4,531,183
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.25)	1,617,803	4,713,079

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)	(9.7%)	27.5%
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)	(22.79%)	23.95%

Earnings per security (EPS)

10.1 Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	(5.4)c	6.8c
(b) Diluted EPS (if materially different from (a))		

NTA backing
(see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ordinary security	23.4c	29.0c

Details of specific receipts/outlays, revenues/expenses

	Current period A\$ at 30 /06/2008	Previous corresponding period \$A
12.1 Interest revenue included in determining items 1.4	87,947	100,480
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)	-	-
12.5 Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6 Depreciation (excluding amortisation of intangibles)	30,000	-
12.7 Amortisation of intangibles	-	-

Control gained over entities having material effect
(See note 8)

13.1 Name of <i>issuer</i> (or <i>group</i>)	NIL
13.2 Consolidated operating profit (loss) and extraordinary items after tax of the <i>issuer</i> (or <i>group</i>) 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 <i>issuer</i> (or <i>group</i>) 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

Operating Revenue from sale of shares		5,599,109
Interest received (other)		87,947
Other income		78,516
Unallocated revenue		-
Total revenue (consolidated total equal to item 1.3)		5,765,572
Segment result (including abnormal items where relevant)- sharetrading (loss)		(2,633,115)
	- Interest + other	166,463
	- Exploration	(70,672)
Unallocated expenses		(355,008)
Income tax credit		169,668
Consolidated operating (loss) after tax (before equity accounting) (equal to item 1.8)		(2,723,664)
Segment	30/6/08	30/6/07
Investments	6,426,450	7,529,417
Exploration	3,450,000	3,350,000
Unallocated	2,132,261	5,446,328
		16,325,799
Total assets (equal to item 4.15)	12,008,711	

Dividends

15.1 Date the dividend is payable

N/A

15.2 Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)

N/A

18.3 Amount per security

N/A

	Franking rate applicable		39%	36%	33%
	<i>(Preliminary final statement only)</i>			¢	
15.4	Final dividend:	Current year	NIL¢	N/A	N/A
15.5		Previous year	NIL¢	¢	¢
	<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
NIL¢	NIL¢
NIL¢	NIL¢

Total dividend (distribution)

15.10 Ordinary securities

15.11 Preference securities

15.12 **Total**

Current \$A	period	Previous corresponding period - \$A
\$NIL		\$NIL
\$NIL		\$NIL
\$NIL		\$NIL

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.

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			
18.4	Issued during current period	NIL	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)	NIL	NIL	Exercise price	Expiry date
				-	-
18.8	Issued during current period	NIL	NIL		
18.9	Exercised during current period	NIL	NIL		
18.10	Expired during current period	NIL	NIL		
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 current period

Share trading for profit during the six months to 30/6/08 was extremely difficult because of market volatility caused by the banking and mortgage crises in the US and rising inflation and interest and interest rates in Australia. An abnormal provision for diminution in market value of share portfolio of \$2,347,234 was raised at 30/6/08.

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)

Since 30 June 2008, share trading has continued to be difficult with the negative market sentiment likely to continue until there is a resolution to the US mortgage and banking crisis. Accordingly we feel unable to predict the final year result.

The drilling program by Cloncurry Metals Ltd on the Pegmont Leases continues for lead-zinc, drilling at New Hope has continued to intersect high grade gold-cobalt mineralisation. Subsequent to 30 June 2008 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.

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 totalling \$6,537,959 available for payment of a dividend as and 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

N/A

Date

-

Time

-

Approximate date the annual report will be available

-

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: 19/8/2008
 (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 AS/C 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 AS/C under the *Corporations Act* must also be given to the Exchange. For example, a *directors'* report and statement, if lodged with the AS/C, 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).

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

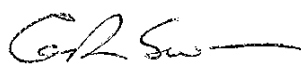
In conducting our review we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

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)