

Pegmont Mines Limited

ABN 97 003 331 682

Corporate Office

65 Hume Street
Crows Nest NSW 2065

Postal Address

PO Box 849
Crows Nest NSW 1585
Telephone: (02) 8437 3591
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FAX TO: NATIONAL STOCK EXCHANGE OF AUSTRALIA

ATTENTION: MR SCOTT EVANS

FAX NO: (02) 49291556

FROM: CHRIS LESLIE

SUBJECT: CORPORATE UPDATE- PEGMONT PROJECT

DATE: 23 DECEMBER 2008

Dear Scott,

Please find attached an announcement in relation to the Pegmont Project.

Regards,


Chris Leslie

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23 December 2008

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

Dear Sir,

CORPORATE UPDATE – PEGMONT PROJECT

We have been advised by Cloncurry Metals Limited (CLU) that BHP Billiton has terminated negotiations with CLU citing uncertainty, diminishing commodity prices, and self imposed spending restrictions.

CLU has advised Pegmont Mines Limited of this development and that, given all current circumstances they are highly unlikely to exercise the Pegmont Option Agreement, which requires a decision by CLU to exercise by 31 December 2008.

Yours faithfully,



Malcolm A. Mayger
Managing Director