

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
Facsimile: (02) 8437 3599

FAX TO: NATIONAL STOCK EXCHANGE OF AUSTRALIA

ATTENTION: MR SCOTT EVANS

FAX NO: (02) 49291556

FROM: CHRIS LESLIE

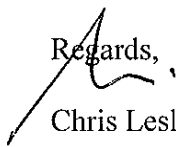
SUBJECT: PRELIMINARY FINAL REPORT

DATE: 10 MARCH 2009

Dear Scott,

Please find attached Pegmont Mines Limited Preliminary Final Report to 31 December 2008.

Regards,


Chris Leslie

Pegmont Mines Limited

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10 March 2009

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

Dear Sir,

Preliminary Final Report To 31 December 2008

Pegmont Mines Limited announces a net after tax loss of \$6,944,915 and submits its Preliminary Final Report for the year ended 31 December 2008 as attached.

	\$	UP/Down
Operating Loss before abnormal items and tax:	2,609,604	down 143.3%
Abnormal Item- Provision for loss on investments	4,529,241	
Operating loss before tax	7,138,845	
Less: Income tax expense (recovery) relating to Ordinary activities:	<u>(193,930)</u>	
Loss from ordinary activities after related income tax :	<u>6,944,915</u>	down 8.0%

2007	2007
\$	\$

The operating profit/ (loss) before tax was made up as follows:

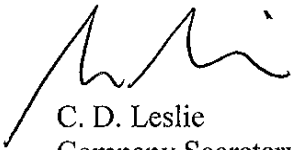
Profit/ (loss) on the sale of shares	(6,416,302)	7,250,131
Dividends received	44,321	5,400
Administration expenses net of interest, administration & rental recoveries	(427,378)	(576,350)
Exploration net of recoveries	<u>(339,486)</u>	<u>(662,180)</u>
Operating Profit/ (loss) before tax expense	<u>(7,138,845)</u>	<u>6,017,001</u>

There were no dividends paid during the year.

The Company's financial position worsened with decreased working capital by \$6,881,917 to \$4,031,317 or 7.9 cents per share at 31 December 2008.

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.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'C. D. Leslie', written over a horizontal line.

C. D. Leslie
Company Secretary

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 2008

For announcement to the market

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

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

					\$A,000
Sales (or equivalent) operating revenue (item 1.1)	up /down	%79.9	to		7,297
Operating profit (loss) before abnormal items and tax (item 1.4)	up /down	%143.3	to		(2,610)
Abnormal items before tax (item 1.5)		gain (loss) of	to		(4,529)
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up /down	%277.3	to		(6,945)
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	%277.3	to		(6,945)
Exploration and evaluation expenditure incurred (item 5.2)	up /down	%48.7	to		339
Exploration and evaluation expenditure written off (item 5.3)	up /down	%48.7	to		339
Dividends Franking rate applicable			100%		
Current period		NIL¢		¢	
Previous corresponding period		1.2¢		¢	¢
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:					
NIL					

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

	Current period \$A Year to 31/12/2008	Previous corresponding period \$A 31/12/2007
1.1 Sales (or equivalent operating) revenue	7,297,209	36,313,749
1.2 Other revenue	278,408	324,835
1.3 Total revenue	7,575,617	36,638,584
1.4 Operating profit (loss) before abnormal items and tax	(2,609,604)	6,017,001
1.5 Abnormal items before tax (detail in item 2.1)	(4,529,241)	-
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	(7,138,845)	6,017,001
1.7 Less tax (tax refund)	(193,930)	2,101,080
1.8 Operating profit (loss) after tax but before outside equity interests	(6,944,915)	3,915,921
1.9 Less outside equity interests	-	-
1.10 Operating profit (loss) after tax attributable to members	(6,944,915)	3,915,921
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)	(6,944,915)	3,915,921
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 1.12)	(6,944,915)	3,915,921
1.16 Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13)	(6,944,915)	3,915,921
1.17 Retained profits (accumulated losses) at beginning of financial period	7,315,455	3,955,344
1.18 Aggregate of amounts transferred from reserves	-	-
1.19 Total available for appropriation (carried forward)	7,315,455	7,871,265
1.20 Total available for appropriation (brought forward)	370,540	3,955,344

Consolidated profit and loss account continued

1.21	Dividends provided for or paid	-	610,641
1.22	Aggregate or amounts transferred to reserves	-	-
1.23	Retained profits (accumulated losses) at end of financial period	370,540	7,260,624

Abnormal and extraordinary items

Consolidated - current period			
	Before tax \$A'000	Related tax \$A'000	After tax \$A'000
• Abnormal items			
Provision for loss on Investments	(4,529,241)	-	(4,529,241)
2.2 Total abnormal items	(4,529,241)	-	(4,529,241)
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)	(2,722,644)	3,453,314
3.2 Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	(4,222,271)	462,607

Consolidated (See note 5)		balance		sheet
Current assets		At end of current period \$A 31/12/2008	As shown in last annual report \$A 31/12/2007	As in last half yearly statement \$A 30/06/08
4.1	Cash	609,537	4,043,012	1,617,803
4.2	Receivable	435,904	96,580	219,971
4.3	Investments	3,003,360	7,637,772	6,426,050
4.4	Inventories	-	-	-
4.5	Other (provide details if material)	-	-	3,580
4.6	Total current assets	4,048,801	11,777,364	8,267,404
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	3,450,000
4.11	Development properties (mining entities)			
4.12	Other property, plant and equipment (net)	244,336	306,769	291,307
4.13	Intangibles (net)			
4.14	Other (provide details if material)			
4.15	Total non-current assets	3,694,336	3,756,769	3,741,307
4.16	Total assets	7,743,137	15,534,133	12,008,711
Current liabilities				
4.17	Accounts payable	17,484	62,387	61,372
4.18	Borrowings	-	-	-
4.19	Provisions	-	801,743	-
4.20	Other (provide details if material)	-	-	-
4.21	Total current liabilities	17,484	864,130	61,372
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	17,484	864,130	61,372
4.28	Net assets	7,725,653	14,670,003	11,947,339

Consolidated balance sheet continued

Equity				
4.29	Capital	2,853,187	2,853,187	2,853,187
4.30	Reserves	4,556,193	4,556,193	4,556,193
4.31	Retained profits (accumulated losses)	370,540	7,260,623	4,537,959
4.32	Equity attributable to members of the parent entity	7,779,920	14,670,003	11,947,339
4.33	Outside equity interests in controlled entities	54,267	-	-
4.34	Total equity	7,725,653	14,670,003	11,947,339
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 2008	Previous corresponding period \$A 31/12/2007
5.1 Opening balance	3,450,000	3,350,000
5.2 Expenditure incurred during current period	339,486	662,180
5.3 Expenditure written off during current period	339,486	662,180
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	3,450,000

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 31/12/2008	Previous corresponding period \$A31/12/2007
Cash flows related to operating activities			
7.1	Net receipts from sharetrading	(1,887,061)	8,230,131
7.2	Payments in the course of operations	(584,868)	(875,786)
7.3	Dividends received	44,321	5,400
7.4	Interest and other items of similar nature received	125,129	237,898
7.5	Interest and other costs of finance paid	-	-
7.6	Income taxes paid	(145,556)	(2,080,000)
7.7	Other	108,958	81,537
7.8	Net operating cash flows	(2,339,077)	5,599,180
Cash flows related to investing activities			
7.9	Payments for purchases of property, plant and equipment	(14,164)	(326,769)
7.10	Proceeds from sale of property, plant and equipment	-	-
7.11	Payment for purchases of equity investments	(406,853)	(3,345,082)
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 Expenditure	(339,486)	(662,180)
7.16	Net investing cash flows	(760,503)	(4,334,031)
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	5,429	(173,023)
7.19	Repayment of borrowings-increase in debtors	(339,324)	(49,535)
7.20	Dividends paid	-	(610,641)
7.21	Other (provide details if material)	-	-
7.22	Net financing cash flows	(333,895)	(813,199)
Net increase (decrease) in cash held		(3,433,475)	451,950
7.23	Cash at beginning of period (see Reconciliations of cash)	4,043,012	3,591,062
7.24	Exchange rate adjustments to item 7.23		
7.25	Cash at end of period (see Reconciliation of cash)	609,537	4,043,012

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 31/12/2008	Previous corresponding period \$A 31/12/2007
8.1 Cash on hand and at bank	56,422	178,146
8.2 Deposits at call	553,115	3,864,866
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.25)	609,537	4,043,012

Ratios

	Current period \$A at 31/12/2008	Previous corresponding period \$A 31/12/07
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)	35.7%	16.6%
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)	89.8%	26.7%

Earnings per security (EPS)

10.1	Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a)	Basic	EPS	
(b)	Diluted EPS (if materially different from (a))		
		(13.6c)	7.7c

NTA backing (see note 7)		Current period 31/12/2008	Previous corresponding period 31/12/2007
11.1	Net tangible asset backing per ordinary security	15.1c	28.9c

Details of specific receipts/outlays, revenues/expenses

		Current period A\$ at 31/12/2008	Previous corresponding period \$A31/12/2007
12.1	Interest revenue included in determining items 1.4	125,129	237,898
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)	76,597	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	7,341,530	-	234,087	7,575,617
Sales to customers outside the economic entity	-	-	-	-
Inter-segment sales	-	-	-	-
Unallocated revenue	-	-	-	-
Total revenue (consolidated total equal to item 1.3)	7,341,530	-	234,087	7,575,617
Segment result (including abnormal items where relevant)	6,137,894	(339,486)	(661,465)	7,138,845
Unallocated expenses/Tax				(193,930)
Consolidated operating profit after tax (before equity accounting) (equal to item 1.8)				(6,944,915)
Segment assets)				
Unallocated assets)				
Total assets (equal to item 4.16)	3,612,897	3,694,336	435,904	7,743,137

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		30%			
	(Preliminary final statement only)				
15.4	Final dividend: Current year	N/A¢	N/A	¢	N/A
15.5	Previous year	1.2¢	N/A	¢	¢
	(Half yearly and preliminary final statements)				
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)

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

15.8 Ordinary securities
15.9 Preference securities

Total dividend (distribution)

Current period \$A 31/12/2008	Previous corresponding period - \$A 31/12/2007
NIL	\$610,641
NIL	NIL
NIL	\$610,641

15.10 Ordinary securities
15.11 Preference securities
15.12 Total

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

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 made substantial share trading losses due to a major decline in the market and emergence of a super bear market. In addition a provision for loss of \$4,529,241 was raised against investments. Exploration expenditure was reduced as a result of \$324,125 being recovered from Cloncurry Metals Ltd in accordance with the option agreement on the Pegmont tenements between the parties. Administration expense declined mainly due to no legal fees being incurred during the year compared to \$128,340 in 2007 in relation to the Cloncurry Metals Ltd option agreement.

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 share market has continued to experience extreme volatility and the company has sold down portfolio stocks realising losses in order to increase cash balances. Cloncurry Metals Ltd did not exercise the option over the Pegmont tenements which would have provided the company with 12 million dollars in cash and Cloncurry Metals Ltd shares had the option being exercised.

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

Due to the payment of tax in prior years the company has franking credits available to fully cover the payment of any upcoming dividends which 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

Date

Time

Approximate date the annual report will be available

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

29 April 2009

12 noon

27 March 2009

Compliance statement

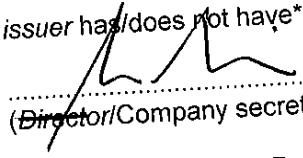
1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

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:


(Director/Company secretary)

Date:

9/3/2009.

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



Level 18, 6 O'Connell Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001
Phone 8815 5400 Facsimile 8815 5401 E-mail swan2000@bigpond.com

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PEGMONT MINES LIMITED

Scope

The financial report comprises the income statement, statement of changes in equity, balance sheet, statement of cashflows, accompanying notes, and the Directors' declaration of the group comprising Pegmont Mines Limited, the Company, and the entities it controlled at 31 December 2008 or from time to time during the financial year.

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. The Directors are also responsible for the remuneration disclosures contained in the directors' 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 and the remuneration disclosures in the directors' report comply with AASB 124 *Related Party Disclosures*. 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 and the consolidated entity's financial position, and of their performance and whether the remuneration disclosures are in accordance with AASB 124 *Related Party Disclosures*.

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

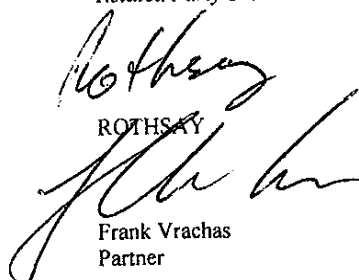
- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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.

Audit opinion

In our opinion the financial report of Pegmont Mines Limited is in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position of Pegmont Mines Limited and the consolidated entity as at 31 December 2008 and of their performance for the year ended on that date and complying with Australian Accounting Standards and the Corporations Regulations 2001.

The remuneration disclosures that are contained in the remuneration report in the directors' report comply with AASB 124 *Related Party Disclosures*.


ROTHSAY
Frank Vrachas
Partner

Dated 9 March 2009



Chartered Accountants

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