

Pegmont Mines Limited

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5 November 2009

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

Dear Sir,

Dividend of 0.5 cent per share

The Board is very pleased with share trading results to date, which have exceeded our expectations outlined in the 2008 Annual Report. Therefore we have decided to announce a fully franked dividend of 0.5 cents per share from retained profits at 31 December 2008.

The resumption of dividend payments after a terrible 2008 year, does indicate our cautious optimism about the future, despite market volatility and the possibility of a fairly sharp near term correction in the offering.

Having said that, we are also mindful of maintaining adequate liquidity, preferably more than \$6 million in cash and current market value of investments, to ensure continued ability to pay for all expenses and exploration commitments which could exceed \$1,500,000 during 2010.

Next year we expect to mature several prospects to drilling, including Frank's Find (copper-gold) and MMA (molybdenum) in addition to our ongoing commitment to Pegmont (lead-zinc) and New Hope (gold-cobalt). Indeed, our systematic rock-chip program of assessing all of our tenements is highlighting the extent of unsuspected but sporadic mineralisation. Consequently, the Board is highly encouraged to maintain a steady advancement of our tenements and to reward shareholders for their patience.

The closing date for determining the dividend entitlement is the 18 November 2009 for payment to be made on 14 December 2009.

Yours faithfully,

J.M. Armstrong
Chairman

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