

Pegmont Mines Limited

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16 August 2010

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

Dear Sir,

Pegmont South, Drill Results- Encouraging

Further to our Quarterly Activity Report to 30 June 2010, we attach a summary of assay results from a ten (10) hole RC program completed before 30 June at Pegmont South prospect. The best intersection was **PMR 197** which intersected **16 metres at 8.68%Pb, 0.64% Zn from 1 metre depth.**

These results are most encouraging and indicate a potential for near surface mineralisation to 50 metres depth. A follow up program of 1500 metres to grid drill Pegmont South at 50 metre spacing over an area of 550x300 metres will be conducted when an appropriate drill rig becomes available.

Also, PMR 194 intersected low grade mineralisation (2m @ 0.5% Pb, 2.2% Zn), some 300 metres south of Pegmont South. This result could indicate the making of another sub-basin of mineralisation at depth of greater than 90 metres. Ground geophysical results tend to support this possibility.

Yours faithfully,



M. A. Mayger
Managing Director
Encl.

PEGMONT SOUTH DRILL HOLES

DRILLING JUNE 2010 : MINERALISED INTERSECTIONS

HOLE NO	E-LOCAL	N-LOCAL	DEC	AZIMUTH (Mag)	FROM	TO	INT	Pb%	Zn%
PMR194	4850	3500	-90		60 90	61 92	1 2	1.46 0.54	2.37 2.2
PMR195	4850	3600	-90		-	-	-	-	-
PMR196	4850	3700	-90		6	8	2	1.24	0.89
PMR197	4868	3815	-90		1	17	16	8.68	0.64
PMR198	4848	3903	-90		13	17	4	3.6	1.28
PMR199	4900	3900	-90		12	17	5	6.78	1.34
PMR200	4896	3998	-90		14	19	5	2.54	1.2
PMR201	4850	4000	-90		8	16	8	4.21	1.21
PMR202	4850	4050	-90		11	12	1	0.68	0.72
PMR203	4900	4050	-90		27	33	6	0.5	3.04

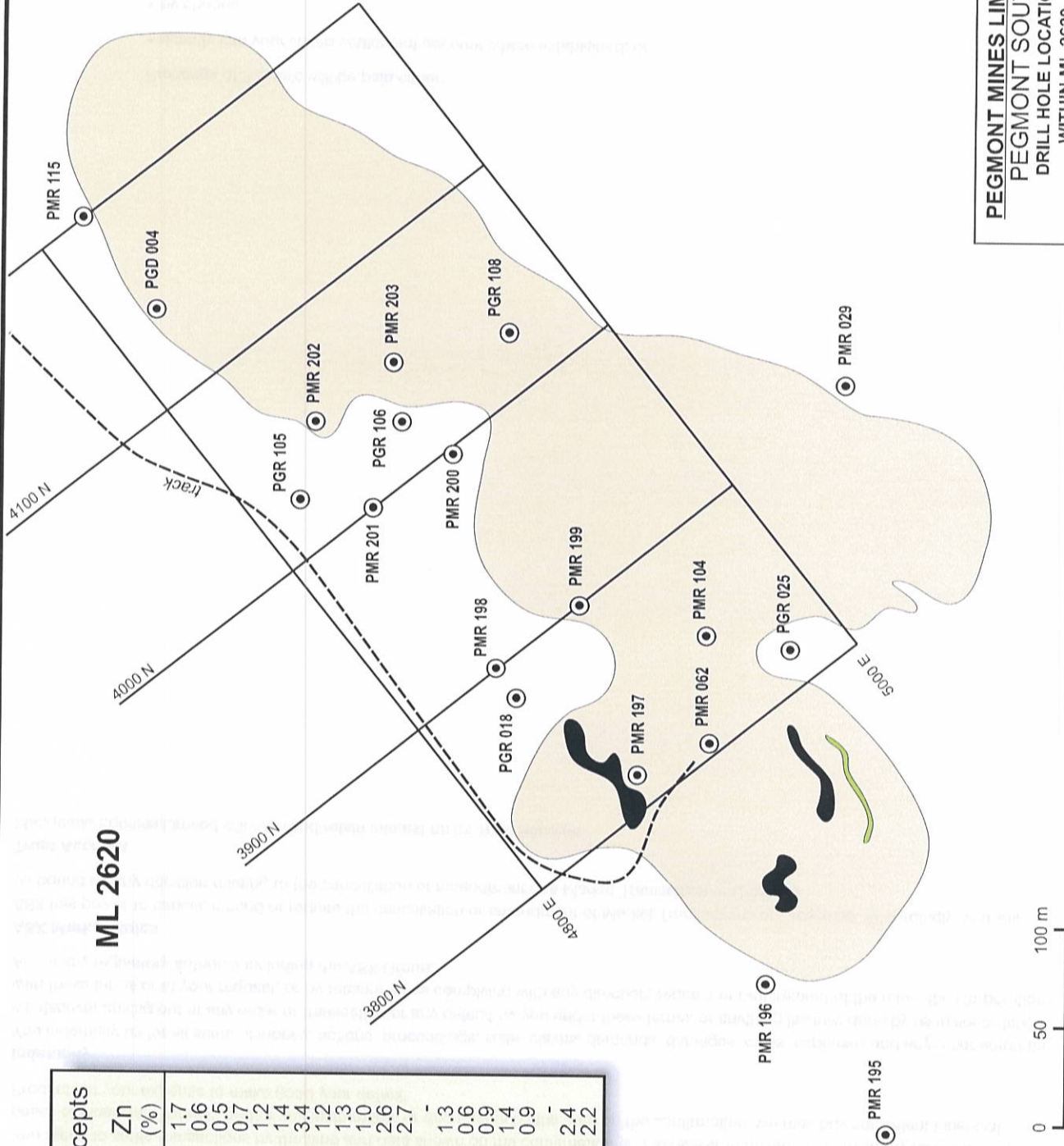
PREVIOUS DRILLING

HOLE NO	E-LOCAL	N-LOCAL	DEC	AZIMUTH (Mag)	FROM	TO	INT	Pb%	Zn%
PGD004	4827	4144	0		32.9	36.6	3.7	8.6	0.6
PGR018	4850	3881	0		9	15	6	4.9	1
PGR025	4977	3821	0		46	49	3	5.2	2.6
PGR105	4825	4026	0		0	12	12	4.1	0.55
PGR106	4887	4025	0		24	30	6	0.87	1.43
PGR108	4954	4027	0		44	50	6	3	2.67
PMR029	5075	3900	0		-	-	-	-	-
PMR062	4907	3804	0		17	23	6	3.91	0.89
PMR104	4940	3845	0		51	54	3	0.61	1.39
PMR115	4828	4201	-60	314	33	38	5	4.13	1.66

Drill Hole Results - Intercepts

Hole No.	Intercept (m)	Pb (%)	Zn (%)
PMR 115	33-38	4.1	1.7
PGD 004	33-36.5	8.6	0.6
PGR 105	0-12	4.1	0.5
PMR 202	11-12	0.7	0.7
PMR 201	8-16	4.2	1.2
PGR 106	24-30	0.9	1.4
PMR 203	27-33	0.5	3.4
PMR 200	14-19	2.5	1.2
PMR 198	13-17	3.6	1.3
PGR 018	9-15	4.9	1.0
PGR 025	46-49	5.2	2.6
PGR 108	44-50	3.0	2.7
PMR 029	NSI	-	-
PMR 199	12-17	6.8	1.3
PMR 197	1-17	8.7	0.6
PMR 062	17-23	3.9	0.9
PMR 104	51-54	0.6	1.4
PMR 196	6-8	1.2	0.9
PMR 195	NSI	-	-
PMR 194	60-61	1.4	2.4
	90-92	0.5	2.2

ML 2620



PEGMONT MINES LIMITED
PEGMONT SOUTH
DRILL HOLE LOCATION
WITHIN ML 2620
August 2010