

Pegmont Mines Limited

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4 March 2010

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

Dear Sir,

Intended Capital Raising Program

Further to the Company's announcement on 24 February 2011 regarding:

"Pegmont Lead/Zinc Project Qld
Summary of Resource Estimate Report"
Compiled by James McIlwraith BSc (Geol)
Member AusIMM on 17 February 2011-03-03

The Board intends to embark upon a two stage capital raising program between now and 31 December 2011.

1. A Shareholder's Entitlement Issue which will be offered to all shareholders at 10 cents per share. The Board would reserve the right to place any shortfall shares to current shareholders as a top up and the balance to professional investors.
2. Subsequently, but no later than 31 December 2011, to seek a listing of Pegmont shares on the ASX through a Public Offer at 20 cents.

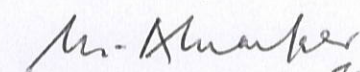
The purpose of this Capital Raising Program is to:

- Maintain an ongoing exploration/ development program at the Pegmont lead-zinc deposit by further drilling, commencement of an extended metallurgical program and to commence conceptual studies including open pit analysis.
- Advance the New Hope gold-cobalt deposit by a drill out program to resource status.
- Consider the acquisition of interests in other Mt Isa regional tenements, and
- General working capital to support sharetrading activities; and to pay for pre-listing expenses.

Further details on the progress of this Capital Raising Program will be discussed at the upcoming Annual General Meeting.

This letter should not be considered as an offer document.

Yours faithfully,



Malcolm A. Mayger
Managing Director