

Pegmont Mines Limited

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19 October 2011

Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE TO RAISE APPROXIMATELY \$1.3M

Pegmont Mines Limited (PMI) announces a non-renounceable rights issue offering eligible shareholders one New Share for every four Ordinary Shares held at the Record Date (being 27 October 2011) at a price of 10 cents per share.

Full details of the Rights Issue are contained in the Offer Document which was lodged with the National Stock Exchange of Australia on 19 October 2011 and is available for viewing on the NSX website www.nsx.com.au. You as a Shareholder will be sent an Offer Document, together with an Entitlement and Acceptance Form, on 2 November 2011.

Eligible shareholders are shareholders who:

- (a) are registered as a holder of Existing Shares at 5.00pm AEDT on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

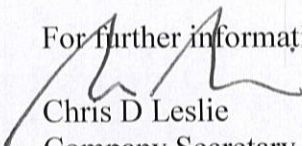
Pursuant to the Rights issue, PMI will issue up to 12,952,949 New Shares to raise up to \$1,295,295.

The proceeds of this Issue amounting to nearly \$1.3 million together with existing financial assets of \$1.8 million will be used to accelerate drilling and metallurgical studies of the New Hope gold-cobalt deposit, pay for general exploration and overhead costs while ensuring an adequate level of working capital to take advantage of investment opportunities

A summary of the Key information and an indicative timetable are contained on the following page.

On behalf of the Board of Directors

For further information contact:


Chris D Leslie
Company Secretary

Summary of Information

Type of Offer	Non-renounceable Pro-Rata Entitlement Offer to PMI Shareholders
Offer Ratio	One New Share for every four (4) shares held at the Record Date
Number of Shares Currently on Issue	51,811,796
Number of New Shares to be Issued Under the Offer	Up to 12,952,949
Offer Price	10 cents per share
Amount to be raised	Up to approximately \$1,295,295

Indicative Timetable

Event	Date
NSX announcement of Offer, lodge Appendix 3B and Entitlement Issue cleansing notice (section 708AA Corporations Act) and sample copy of Offer Document with NSX	19 October 2011
Notice sent to Shareholders	19 October 2011
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Offer)	27 October 2011
Offer Document dispatched to all Eligible Shareholders and lodged with NSX (date of dispatch of Offer Document, Entitlement and Acceptance Form)	2 November 2011
Offer opens	3 November 2011
Closing Date * – 5:00pm (AEST)	21 November 2011
Anticipated date for the issue of the new Shares and dispatch holding statements **	30 November 2011
Trading in the New Shares commences **	6 December 2011

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** These dates are indicative only.