

Pegmont Mines NL

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8 October 2003

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The Manager
Company Announcements
Stock Exchange of Newcastle Limited
384 Hunter Street
Newcastle NSW 2300

Dear Sir,

Termination of BHP Billiton Subscription Agreements

We were advised on 2 October 2003, that BHP Billiton Minerals Pty Ltd gave notice of their intention not to proceed with their involvement in the May Downs Project (EMP13331) and in the Gun Creek Project (EMPA11669)

Termination of May Downs Subscription Agreement

Pursuant to Clause 8 of the Subscription Agreement (May Downs Project) dated 20 September 2000, BHP Billiton gave notice of its intention not to undertake a second placement.

BHP Billiton has reviewed the results of recent drilling at May Downs, and has concluded that the project is no longer of interest of BHP Billiton for Pb-Zn or for Cu mineralisation.

Termination of Gun Creek Project Subscription Agreement

BHP Billiton has re-assessed the Gun Creek Project in light of the change in corporate exploration strategy following the merger of BHP and Billiton, and has concluded that the project is no longer of interest to BHP Billiton for Cu mineralisation. Pegmont and Reefway have agreed to release BHP Billiton from its commitment for a Subscription under Clause 3 of the Subscription Agreement (Gun Creek Project).

Yours sincerely

Malcolm A Mayger