

Pegmont Mines NL

ACN 003 331 682

Corporate Office

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

Dear Sir,

Preliminary Announcement Final Report to 31 December 2004

Pegmont Mines NL is pleased to announce a net profit of \$2,362,291 and to submit its Preliminary Announcement Final Report for the year ended 31 December 2004 as attached:

	<u>\$</u>	<u>Up/Down</u>
The Operating Profit before abnormal items and tax:	2,977,928	up 6225%
Less, Income tax expense relating to ordinary activities:	<u>615,637</u>	previously nil
Profit from ordinary activities after related income tax expense:	<u>2,362,291</u>	<u>up 4958%</u>
	<u>2004</u> <u>\$</u>	<u>2003</u> <u>\$</u>

The Operating Profit tax was made up as follows:

• Profit on sale of shares in Reefway Pty Ltd after expenses	2,855,637	-
• Profit on share investment fund	510,197	-
• Administration expenses, net of interest	(333,321)	(26,669)
• Exploration	(54,585)	(21,951)
Operating Profit before tax expense	<u>\$2,977,928</u>	<u>(48,620)</u>

The Company's profit results were due mainly to a profit arising from the sale of shares in Reefway Pty Ltd, which held mineral tenements in the Mount Isa region. On 28 September 2004, the Company executed a Share Sale Deed in regard to the sale of all its shares in Reefway Pty Ltd for a cash and share consideration of \$4,138,305 less costs made up of :

		\$
Cash on execution		2,347,938
Deferred payment	(payable 30 June 2005)	767,300
Shares in CopperCo Ltd	(51,153,333 Shares valued at 2c each)	<u>1,023,067</u>
		<u>4,138,305</u>

50 million shares in CopperCo Ltd were sold to create a share investment fund in resource related companies. This activity resulted in a realised pretax profit of \$510,197 to 31 December 2004 plus additional unrealised gains. The cost of the unrealised portfolio stood at \$1,237,204 plus uninvested funds of \$351,310.

In addition to the cash and share consideration, the Share Sale Deed provided for a deferred royalty payment on payable metal production from the Reefway tenements upon production exceeding minimum quantities (eg 100,000 tonnes of copper) which in aggregate would approximately recoupe the cash and share consideration when valued at 1% of the value of net smelter return. Pegmont would have 76.73% of such royalties when payable.

The Directors have continued to invest funds arising from the sale of shares in CopperCo Ltd into other resource related companies. Although results from sharetrading will be market driven and therefore volatile, it is expected that half yearly results to 30 June 2005 will exceed \$500,000. This figure should be sufficient to cover administration and exploration costs.

The Company's financial position has improved significantly as a consequence of completing the Reefway Share Sale. There was a net increase in cash held from \$64,525 to \$2,315,275 at 31 December 2004 plus the cost of the unrealised share portfolio of \$1,237,204 and a deferred payment of \$767,300, due from the purchaser of Reefway Pty Ltd. No dividend will be declared.

The principal activities of the Company will continue to be the acquisition and disposal of mineral tenements; mineral exploration and investment. These activities will be considerably enhanced by the improved liquidity that the Company presently enjoys.

Yours faithfully,

M A Mayger
Managing Director

