

PEGMONT MINES NL
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17 June 2004

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

Dear Sir,

Pegmont Mines NL -
Directors' Report for the Financial Year
31 December 2003

We have been requested by the ASIC to make the following statement that should have been included in the Directors' Report contained in the Company's Annual Report for the financial year ended 31 December 2003 under Directors' remuneration.

"In the Directors opinion, the options issued during the year according to the special resolution of shareholders at the Annual general meeting of members held 27 May 2003, had a nil value for inclusion of emoluments for Directors and Officers for the year to 31 December 2003."

We regret having made this omission in the Directors' Report.

Your Sincerely

Malcolm A Mayger
Managing Director