

Pegmont Mines NL

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25th October 2004

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

Dear Sir,

Quarterly Report to 30 September 2004

We submit the following report of Pegmont Mines NL for the three months to 30 September 2004.

Sale of Reefway Pty Ltd

As advised, the Company completed the sale of all its equity in Reefway on 28 September 2004 to Avon Resources Ltd, now called CopperCo Limited (ASX code CU0) upon the following terms.

- The receipt of \$2,347,938 and refund of \$150,781.08 advanced to Reefway
- The allotment of 51,153,333 Avon shares to the Company
- A deferred final installment of \$767,300 plus interest on or before 30 June 2005
- A deferred royalty on payable metal produced from the Reefway tenements upon achievement of certain threshold tonnages.

Thus, the Company is now in receipt of substantial funds, which will provide the means for growth by investment in resource related opportunities.

Formation of Queensland Copper Mines Pty Ltd.

The company has formed a wholly owned subsidiary called Queensland Copper Mines Pty Ltd to undertake exploration for copper-gold deposits. An application for an exploration permit EPMA 14784 over fourteen (14) sub – blocks was made in the *Duchess* region, about 90km southeast of Mt Isa – see attached maps. The Duchess – Tick Hill mineral belt lies immediately west of the Pilgrim Fault, a major north-south structural lineament that marks the western margin of the Eastern Fold Belt.