

Pegmont Mines NL

ACN 003 331 682

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Telephone: (02) 9349 6836
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Sydney NSW 1444**

28 May 2003

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

Dear Sir

Annual General Meeting – 27 May 2003

We confirm that all resolutions put to the members' Annual General Meeting of the company in accordance with the Notice of Meeting dated 17 aril 2003, were passed.

Furthermore, we attach a copy of the Chairman's Address and note that the drilling of May Downs MD 14 had since progressed to 306m as at 27 May.

Yours faithfully

Malcolm Mayger
Managing Director

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27 May 2003

Dear Shareholder

Chairman's Address

Welcome to the company's 7th Annual General Meeting this Tuesday 27th May 2003. It is an opportunity to update you on the activities of the company since our Annual Report for the year to December 2002.

Pegmont Lead-Zinc deposit

We do not have anything to say other than we have not been able to attract any joint venture interest in the property.

Mount Kelly Copper-Gold deposit

We are working towards finalising a detailed option joint venture agreement with MIM Exploration Pty Ltd on the Mount Kelly tenements. They may earn 75% interest in the tenements for an expenditure of \$10million during the next ten years. Our deal with International Base Metals Ltd. (IBML) whereby they may earn 50% interest in Mount Kelly, by completing bankable feasibility study and making a Decision to Mine, is subject to the MIM agreement and therefore their interest could drop to 12.5% interest in the Mount Kelly project upon MIM making a decision to mine. IBML will confine their exploration activities at Mount Kelly to the top 100 metres while MIM have an interest. IBML's intention is to confirm sufficient economic mineralisation to support the development of a regional Solvent Extraction – Electrowinning (SX-EW) processing plant to produce high grade cathode copper from oxide and supergene material from Mount Kelly and other areas. Commencement of IBML's exploration activities is dependent upon their raising sufficient funds.

May Downs Zinc-Lead Prospect

Drilling has commenced on this very large magnetic feature extending some 7km in length from south to north. The Schramm drill rig is sited on hole #14 and at last report received it was drilling ahead at 258 metres in siltstone and shale with minor pyrite (+/- 1%). The estimated target depth of 300m corresponds with the surface expression of the magnetic ridge.

Needless to say, we have been waiting some five (5) years for this program to commence and trust that our patience will be regarded. The total program calls for five (5) holes of about 400 metres each and it will take 5-6 weeks to complete.

The Stockmarket

In summary, we are very pleased to report the commencement of drill activity at May Downs as investors remain very selective and only direct their interest to active situations. Consequently there has been some upturn in the volume of shares in Pegmont being traded on the Newcastle Stock Exchange. Shareholders are reminded that current bid and seller quotations may be obtained by viewing their website, ie www.newsx.com.au.

John Armstrong
Chairman