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THE PLAZA
PEGMONT MINES N.L.
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1 December 2000

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

Dear Sir,

**Placement of Shares and Options
to Billiton Exploration Australia Pty Ltd**

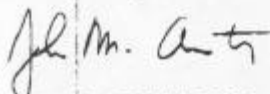
In accordance with a Letter of Intent dated 15 September 2000, Billiton Exploration Australia Pty Ltd have made an application for an initial placement of 2,750,000 Ordinary fully paid shares in Pegmont Mines N.L. at 10 cents each at a cost of \$275,000, together with 2,750,000 free options exercisable at 10 cents each on or before 30 July 2002.

These shares and options have been allotted on 1st December 2000.

The Issued Capital of Pegmont Mines N.L. has increased to 47,706,511 shares with Billiton holding a 5.76% interest in the Company.

The Board welcomes Billiton as a substantial shareholder and looks forward to a long term alliance with substantial benefits accruing to both companies.

Yours faithfully,



JOHN M. ARMSTRONG
Chairman