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6 August 2004

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

Dear Sir,

Mount Kelly – Drill Results

We have received from Avon Resources Limited the attached results on the latest drilling program at the Mt Clarke Copper oxide project within the Mount Kelly tenements located about 20km east of the Lady Annie copper deposit and 100km north of Mount Isa.

The Mt Clarke project is 100% owned by Reefway Pty Ltd (a 76% owned subsidiary of Pegmont Mines NL) Pegmont has agreed to sell its interest in Reefway (subject to shareholder approval) to Avon Resources Limited as announced on 17 June 2004.

Yours Faithfully

M A. Mayger
Managing Director



Avon Resources Limited

ABN 95 004 434 904



6 August 2004

Manager Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Electronic Delivery
5 Pages

Dear Sir

Mt Clarke Oxide Copper Project Drilling Results Update

Avon Resources Limited (Avon) are pleased to announce the results of a drilling programme on the Mt Clarke oxide copper project held by Reefway Pty Ltd (Reefway), located 100 kilometres north of Mt Isa in north west Queensland (Figure 1). The Mt Clarke deposit is part of an extensive zone of highly prospective ground in the Western Succession of the Mt Isa block.

Highlights

- High – grade oxide copper intersections reported at Mt Clarke include:
36 metres at 1.30% Cu from 2 metres,
32 metres at 1.36% Cu from 10 metres, and
18 metres at 1.44% Cu from 14 metres
- These intersections confirm the thickness of the oxide copper “blanket”.
- Assay results from the eastern zone at Mt Clarke indicate further potential to increase the resource base.

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In June, 2004, Avon entered into a number of agreements subject to shareholder approval to acquire:

- 100% of the Lady Annie Project from Buka Minerals Limited.
- 100% of Reefway Pty Ltd (Reefway).
- 100% of Savannah Resources Pty Ltd (Savannah).

Details of these Agreements were reported on 17 June 2004 and in Avon's June Quarterly Report of 6 August, 2004. The Mt Clarke prospect forms part of Reefway's 100% owned Mt Kelly project. Savannah have an option to earn a 50% interest in this project. The following information has been provided by Savannah.

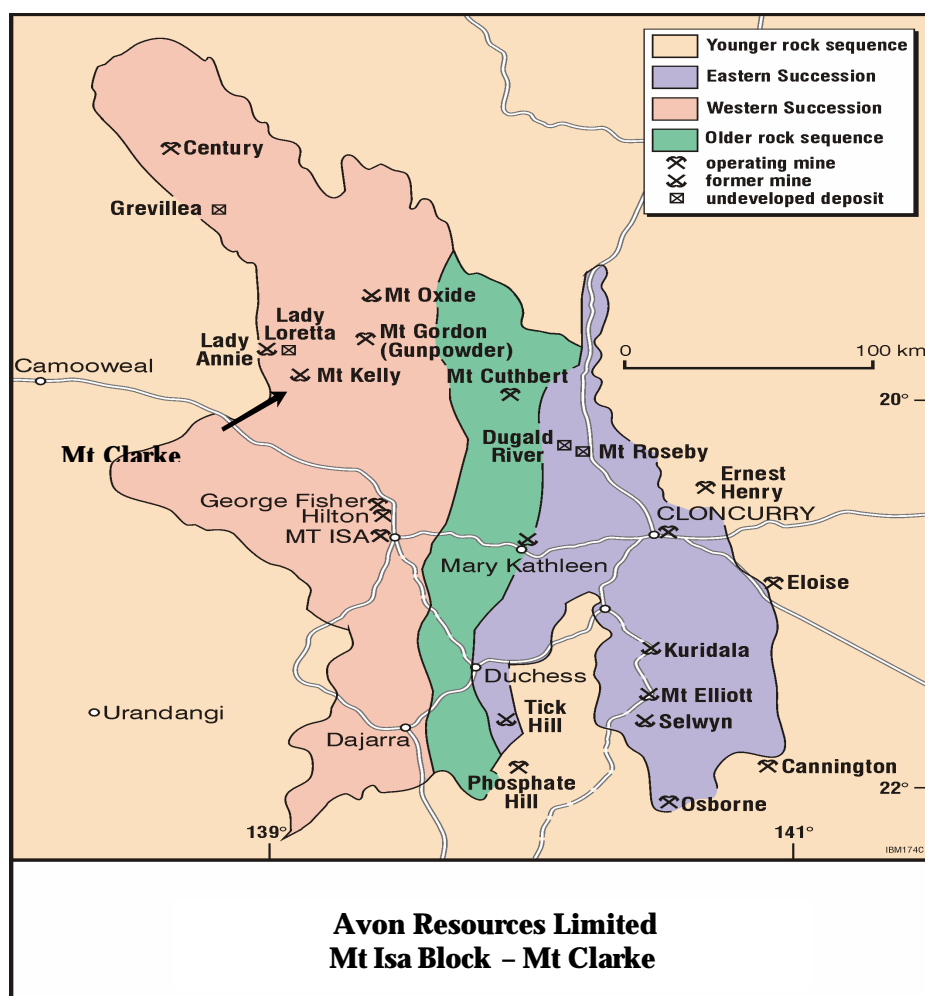


Figure 1: Mt Clarke Location Plan

The drill results are very encouraging, consistent with previous copper intersections within the Mt Clarke deposit. Table 1, at the end of this release, summarises all intersections at a 0.5% cut-off grade.

These intersections have confirmed the thickness and grade of copper within the 0.5% Cu envelope. In addition, these results highlight the prospectivity of further extensions to the eastern zone and confirm the potential for the Mt Clarke deposit to increase its resource inventory.

This latest drilling programme consisted of 20 holes comprising 1,471 metres of reverse circulation drilling designed to infill drill the Mt Clarke deposit and to close off the north western and southern strike extents. The deposit remains open to the north east, east and at depth. Results confirm the thick development of oxide copper, at shallow depth, extending for 400m along the NNW-trending Mount Clarke Fault. There has been insufficient drilling to define the northwestern extent of the deposit. The oxide copper “blanket” decreases in grade to the east away from the fault and cuts off sharply on the western side of the fault.

In the northeast of the prospect area, two holes intersected good grades and thicknesses. The grade x thickness plot supports field observations suggesting a second northwest-trending mineralised fault (Figure 2). The deposit remains open to the north along this presumed fault. Additional drilling is required to define the edges of the deposit more clearly, particularly in the southeast.

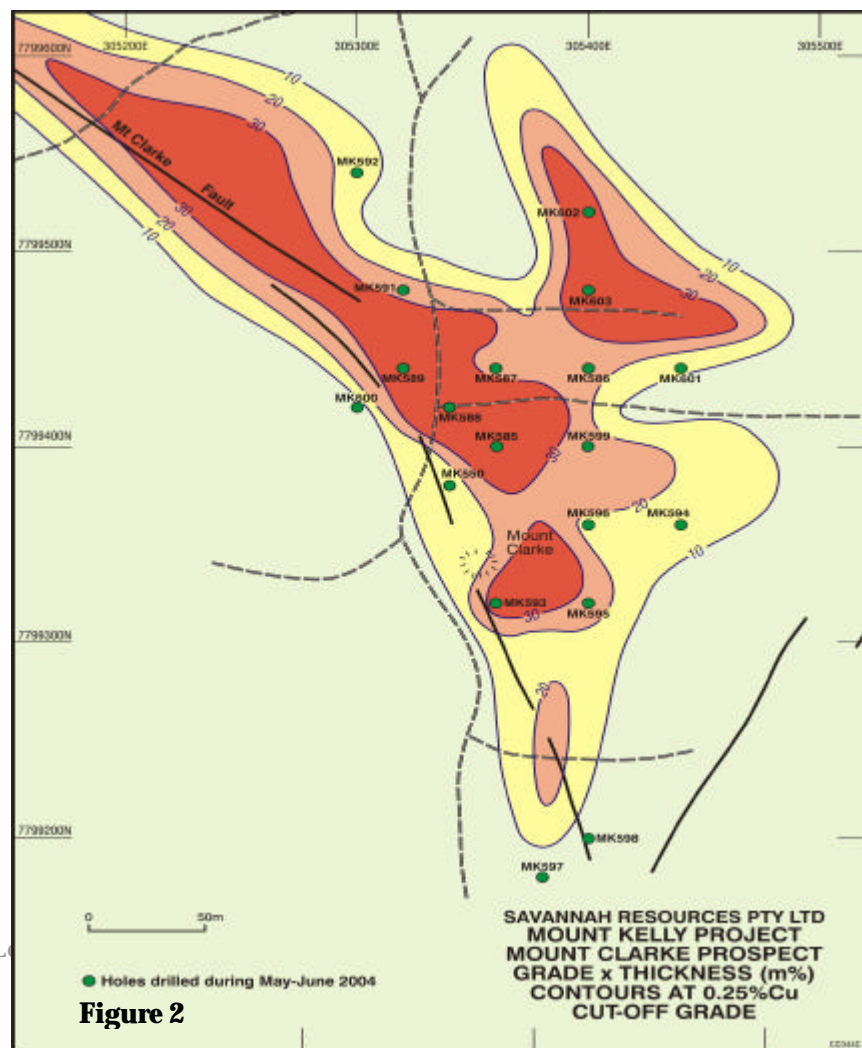


Table 1- Mt Clarke Oxide Copper Intersections

Hole Number	Easting (mE)	Northing (mN)	Azimuth (Degrees)	Incl (Degrees)	Depth (m)		From (m)	To (m)	Intercept (m)	Grade (% Cu)
MK585	305360	7799400		-90	79		2	38	36	1.30
						and	44	48	4	0.73
MK586	305400	7799440		-90	73		24	34	10	0.74
						and	50	58	8	0.67
MK587	305360	7799440		-90	73		14	32	18	1.44
MK588	305340	7799420		-90	79		10	42	32	1.36
						and	50	62	12	0.63
MK589	305320	7799440		-90	73		18	36	18	0.99
						and	48	64	16	0.70
MK590	305340	7799380	225	-60	72		2	10	8	0.91
MK591	305320	7799480		-90	73		8	32	24	0.82
MK592	305300	7799540		-90	73		34	38	4	0.56
						and	46	54	8	0.53
MK593	305360	7799320		-90	73		6	10	4	0.83
						and	18	44	26	0.83
MK594	305440	7799360		-90	73		0	12	12	0.64
						and	32	38	6	0.73
MK595	305400	7799320		-90	73		6	18	12	0.83
						and	42	50	8	0.90
MK596	305400	7799360		-90	73		14	34	20	0.59
MK597	305380	7799180		-90	73		No Significant Mineralisation			
MK598	305400	7799200		-90	73		No Significant Mineralisation			
MK599	305400	7799400		-90	73		26	50	24	0.71
						and	58	62	4	0.64
MK600	305300	7799420		-90	73		No Significant Mineralisation			
MK601	305440	7799440		-90	73		No Significant Mineralisation			
MK602	305400	7799520		-90	73		8	20	12	2.78
MK603	305400	7799480		-90	73		6	32	26	1.38
						and	44	56	12	0.56
MK604	305240	7799560		-90	73		26	52	26	1.27

Notes

1 Bottom cut of 0.50% Cu

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- 2 4 metres of internal dilution
- 3 Collar positions require survey pickup
- 4 Downhole surveys not conducted
- 5 Results are based on 2m composites
- 6 Assay method used 3 acid digest, AAS finish

Yours faithfully

Keith Liddell
Chief Executive Officer

Mr SJ Pooley, a geologist employed by Avon Resources Limited, compiled the technical aspects of this report. Information on the Mt Clarke project was supplied by Savannah Resources Limited and Reefway Pty Ltd. Mr Pooley is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 1999 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Pooley consents to the inclusion in the report of the matters in the form and context in which it appears.