



JOINT NEWS RELEASE

XSTRATA ALLOYS AND PRECIOUS METALS AUSTRALIA CONCLUDE AGREEMENT ON WINDIMURRA TENEMENTS

Perth, 22 April 2005

Xstrata Alloys has reached agreement with Precious Metals Australia Limited ("PMA") in respect of the Windimurra vanadium project at Mount Magnet, Western Australia.

The agreement comprises two parts:

• Part A

Xstrata will pay PMA AUD10 million within 14 days, comprising AUD5 million, due to PMA as royalty payments until the final rehabilitation of the Windimurra site (under a previous agreement between Xstrata and PMA), and AUD5 million in full and final settlement of all outstanding claims by PMA relating to the Windimurra project.

As a consequence of the above payments, all litigation and claims associated with the closure of the Windimurra plant and the previous agreement that existed between the parties will be withdrawn, irrespective of the successful transfer of the Windimurra assets and tenements set out in Part B.

• Part B

In a separate transaction, Xstrata will sell to PMA the tenements, remaining Windimurra project assets and all project information on Windimurra, and PMA will assume all obligations associated with the tenements, including environmental rehabilitation. To facilitate this, Xstrata will transfer the current environmental bonds held over the property and pay PMA a net amount of up to AUD7.5 million, comprising the estimated total cost of the final rehabilitation of the site. This transaction is conditional on the transfers being approved and the necessary releases being obtained from the Western Australian government within the next six months.

Over the next six months Xstrata will continue to rehabilitate the Windimurra site. Following transfer of ownership to PMA, expenditure associated with this process will be deducted from the AUD7.5 million.

Commenting on the agreement, Peet Nienaber, chief executive of Xstrata Alloys, said: "Following closure of the Windimurra project, our over-riding concern has been to ensure that the site is fully rehabilitated. In addition, Xstrata has made it clear that it would release the tenements to any other party acceptable to the government that would assume full responsibility for the environmental obligations associated with the site. This agreement represents Xstrata's final exit from the Windimurra project and transfers all liabilities and any potential opportunity to exploit the resource to PMA."

Roderick Smith, chief executive of PMA, said, "I am pleased that PMA has reached agreement with Xstrata to take over the Windimurra project. We are keen to work with Xstrata and the Government of Western Australia to expedite a rapid transfer of the tenements and to assess the viability of a new vanadium plant at Windimurra."

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