



JOINT NEWS RELEASE

SALE OF WINDIMURRA TENEMENTS FINALISED

Perth, 9 August 2005

Further to the joint press release dated 22 April 2005, Xstrata Alloys ("Xstrata") and Precious Metals Australia Limited ("PMA") confirm that the sale by Xstrata of the tenements, remaining assets and Windimurra project information to PMA has been finalised. All relevant Western Australian government departments and authorities have approved the transfer of the tenements, assets & liabilities associated with the Windimurra vanadium project to PMA. As a consequence, Xstrata is now released from all obligations associated with the Windimurra project, all of which have been assumed by PMA.

As part of its obligations, PMA will bear all costs incurred in finalising and implementing the approved Decommissioning and Closure Plan. As indicated previously, to facilitate this Xstrata has paid PMA AUD 10.3 million, representing the estimated total rehabilitation cost required to final closure, less costs incurred on rehabilitation since the 22 April announcement. Xstrata has been released from all performance bonds provided by it in respect of the Windimurra project and replacement bonds have been furnished by PMA.

Commenting on the finalisation of the agreement, Peet Nienaber, Xstrata Alloys Chief Executive, said: "Throughout the closure process, our overriding concern has been the full rehabilitation of the Windimurra site. With the endorsement of the various governmental departments, Xstrata has now been released from its obligations and this responsibility has been transferred to PMA. By providing the entire funding that we had set aside for rehabilitation, Xstrata has helped to ensure a responsible hand-over of the Project to PMA."

Roderick Smith, Chief Executive of Precious Metals Australia, said: "The finalisation of the agreement with Xstrata marks the end of a long struggle and the beginning of an exciting period for PMA. The Windimurra project began with PMA and today's announcement means the project is once again 100% owned by PMA. In addition to assuming full responsibility for the obligations of the Windimurra project, including its eventual closure and rehabilitation, PMA shareholders now hold 100% of the potential and upside that I believe is inherent in this asset. PMA will now take time to assess more fully the various options available in respect of this important vanadium resource and we will keep shareholders informed of developments."

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