PRECIOUS METALS AUSTRALIA LIMITED
REPORT TO AUSTRALIAN STOCK EXCHANGE
23 FEBRUARY 2004

1. Organisation Chart

See attached

Introduction

PMA is continuing it's business which has always been the exploration and exploitation of mining opportunities from inception through to production. The board as individuals and the company in it's own right has managed and completed a variety of projects from green fields drilling programs through to plant construction resulting in the final production and sale of commodities. These particular skills continue to be applied to the company's stated exploration policy.

PMA has not remained inactive over the last financial year. The company has resolved legal problems and implemented successful capital reconstruction that sees the company in funds to support a meaningful exploration program. While this resolution of past problems has been occurring PMA has furthered the investigation and prosecution of exploration opportunities.

Exploration Policy

PMA has no policy against the speculative acquisition of unproven undrilled exploration targets however the emphasis will be on farming in to situations where a minimum of prospectivity is already established. Effectively this strategy is already in play with the hereunder listed projects.

There is opportunity between the small short life mines and the mega projects that only the major international mining houses are able to undertake. *In these medium sized projects while JORC code Resource/Reserve estimation remains crucial quite possible the evaluation of data and it's injection into financial models is even more important in producing a marketable pre-feasibility study.* The company intends to use the valuable skills acquired during the exploration, development and construction if Windimurra and will focus on projects where confirmation and re-evaluation of existing data along with refinements of capex lead to a viable project.

Development of Existing Business

The company enjoys a 15% Net Profit Interest (EBITDA) with a guaranteed minimum in come of $500,000 per annum in the Windimurra Vanadium Project. Whilst it remains on care and maintenance the asset represents an investment in excess of $160 million and remains the world's most modern production facility. It is important that the company does not neglect proper care of this asset. While Xstrata has the right to determine resumption of production there are considerable opportunities to enhance the likelihood of resumed production. This opportunity is reinforced by strengthening Vanadium Pentoxide (V_2O_5) and Ferro-Vanadium prices. In the last 14 months the Vanadium price has risen approximately 350% in US dollar terms and approximately 230% in local currency. It's current price of $US4.75/lb is well above the long term average of $3.50/lb.

This renewed optimism about the future of Windimurra is not simply based upon price but also upon a reduction in global supply. Xstrata suspended vanadium production from their Vantech vanadium plant, effective January 1, 2004. This decision has been taken as the ore body being mined has reached the end of its life. The suspension of production will reduce annual production capacity of V_2O_5 by 13.5 million pounds per year. Recent reports out of China, indicating that a law stipulating the addition of vanadium in steel rebars has been passed, are also bullish for the global demand side.

Projects

Kyarra Gold – Garden Gully – Meekatharra

PMA has commissioned and received an assessment and status report on the Kyarra Gold Mine near Meekatharra. The concept being studied is the conversion of a small underground operation into an open pit mine that would be rapidly exploited for toll treatment at St Barbara's Bluebird gold plant. Negotiations with Grokus (present holder of the ML) and Holly Mining Pty Ltd their consultants envisage a LIFO / Farm in to be structured after fixing the scope of the drilling program.

Preliminary analysis shows inconsistencies and variability in historic data. Much of this inconsistency can be put down to older technology that could result for example in down-hole smearing and uncertainty of precise hole positioning.

Work in progress consists of the design of measures to remove inconsistency and variability. PMA's consultants propose 3,000 to 4,000 meters of RC drilling in two equal stages. Additional work is contemplated with a view to identifying new veins and mineralisation under the surface capping at Kyarra however this additional work has not been budgeted for.

Mt Finnerty

PMA has been in discussions with Reed Resources NL with a view to entering into a farm in arrangement on their Mt Finnerty project. The Mt Finnerty project comprises about 250km^2 of exploration tenements located about 120km west of Kalgoorlie. It includes about 48km of strike length of the Watts Hill greenstone belt which is considered to be highly prospective for high-grade lode gold deposits and lateritic nickel-cobalt and nickel-sulphide mineralisation. Airborne geophysical surveys and field reconnaissance work has recently been conducted and it is likely that further testing will include RAB drilling.

PMA has engaged an independent consultant to review the project data.

Highway

PMA has been supplied with data on the large low grade Nickel Sulphide deposit located 120km east of Port Headland in Western Australia. Historically substantial drilling has been undertaken by CRA (Rio Tinto) and more recently by Westralian Nickel in 1997. Unusually the entire core samples are still available and by application of more up to date and sophisticated assay techniques, particularly to those sections of massive sulphides, the historical low grade assessment by CRA of 37M/5 at 0.31 could be upgraded to a viable project. Assay work will not suffice but should allow for specific drilling targets to be selected at an early stage.

Western Queen

We have been invited by WRF Securities and their associated company AXG Mining Ltd to review their data and the geological evaluation performed by Geoinformatics on the Western Queen area in the Murchison. A high grade zone of 253,000 tonnes grading 5.17t/5 Au has been identified and may lend itself to an economic underground operation. It is proposed that PMA fund part or all of $720,000 drilling program that would entitle it to an interest of up to 80% depending on the level of its contribution.

Other Projects

PMA reviews a constant stream of opportunities and continues to monitor opportunities and technologies that might lower the cost threshold for reopening the Windimurra Vanadium Project.

2004 Exploration Budget

Project	Mar-04 Qtr	Jun-04 Qtr	Sep-04 Qtr	Dec-04 Qtr	12 mths to Dec-04
Kyarra Gold – Garden Gully	20,000	60,000	80,000	100,000	260,000
Highway	2,500	7,500	10,000	12,500	32,500
Mt Finnerty	2,500	7,500	10,000	12,500	32,500
Other	34,500	46,500	46,500	47,500	175,000
Total Exploration	59,500	121,500	146,500	172,500	500,000

Note 1 – The above budget should be read in conjunction with the company's cash flow statement.

Note 2 – If analytical and exploration work gives cause to intensify work on a particular project then the possibility exists that funds allocated to a specific project will be re-targeted to the most prospective opportunity.

Working Capital

The latest twelve month cash flow budget attached demonstrates PMA's capacity to continue with the proposed work from resources on hand with no need for any additional capital raising. Discussions with various parties have been made with respect to a placement. The rational for this is to ensure that if current exploration activity warrants an acceleration or intensification of present work, then the capacity to do so is available.

Conclusion

In view of the considerable work load created by exploration activities and the evaluation of geological data the board is considering engaging a contract geologist on a semi permanent basis. Over the next twelve months the volume of work contemplated will be more economically undertaken "in house" rather than continuing our present course of engaging external consultants.

PRECIOUS METALS AUSTRALIA LIMITED

ORGANISATION CHART

JANUARY 2004