

16 December 2004

Australian Stock Exchange Limited  
Exchange Plaza  
Sherwood Court  
PERTH WA 6000

Dear Sir,

**Xstrata Litigation listed for Trial**

We refer to the legal proceedings the Company has issued against Xstrata Windimurra Pty Limited and Xstrata (Schweiz) AG in the Supreme Court of New South Wales.

On 8 December 2004 Xstrata served on the Company a defence denying the Company's claims and a cross-claim in which Xstrata seeks rectification of the Royalty Agreement, alleges the Company is estopped from making the claims the Company has made in the proceedings and also seeks relief against the Company for misleading and deceptive conduct under the Trade Practices Act.

At a hearing in the Supreme Court of New South Wales on 14 December 2004, the Court agreed to vacate the hearing date on 9 and 10 February 2005 for the preliminary question of law (as to whether or not Xstrata has the right to terminate the Royalty Agreement) and instead ordered, amongst other things, that:

- the proceedings be listed for a 4 week trial to commence 4 July 2005;
- the parties proceed to mediation to be concluded by 25 February 2005; and
- the proceedings be listed for further directions on 25 February 2005.

In vacating the hearing date for the preliminary question of law and ordering the listing of the proceedings for trial, the Court has expressly include as an issue to be tried the very issue that was scheduled to be heard on 9 and 10 February 2005. Furthermore, in directing the parties to engage in mediation to be concluded by 25 February 2005, the Court has, in effect, replaced the hearing of the preliminary question of law with a mediation of the entire dispute which, if successful, would result in a final resolution of the matter.

The Company is now preparing its reply to Xstrata's defence and its defence to Xstrata's cross-claim in the proceedings.

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The Company is continuing to confidently and vigorously pursue the conduct of the proceedings.

Yours sincerely

Roderick J H Smith  
Executive Director