

25 January 2004

The Manager
Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir,

Further proceedings commenced against Xstrata (Schweiz) AG in the New South Wales Supreme Court in relation to the Royalty Agreement

As previously advised, the Company has issued the proceedings against Xstrata Windimurra Pty Limited (**Xstrata**) and Xstrata (Schweiz) AG (**Xstrata (Schweiz)**) in the Supreme Court of New South Wales in Action No. 50113 of 2004 (**Main Proceedings**) seeking, amongst other things, a declaration that the Royalty Agreement has been breached by Xstrata by reason of its purported permanent closure of the Windimurra Project and that the Royalty Agreement remains on foot with the parties being bound to comply with all its terms and conditions.

By a further summons dated 14 January 2005 the Company has issued legal proceedings against Xstrata (Schweiz) in the Supreme Court of New South Wales in Action No. 50003 of 2005 (**Guarantee Proceedings**) seeking, amongst other things, a declaration that, pursuant to the guarantee and indemnity in clause 7 of the Royalty Agreement, Xstrata (Schweiz) is obliged to pay or reimburse the Company for all reasonable costs and expenses incurred by the Company in connection with the Company's claim in the Main Proceedings, including, but not limited to, legal costs and expenses on a full indemnity basis. These legal costs and expenses include those incurred by the Company to date in the Main Proceedings.

The Company has made an application for summary judgment against Xstrata (Schweiz) in the Guarantee Proceedings. It is anticipated that the first return date for this application will be early in February 2005.

Yours faithfully

Roderick Smith
Managing Director

Level 2,
47 Colin Street
WEST PERTH WA 6005

Correspondence:
PO Box 467
Claremont
Western Australia 6910

Telephone: (08) 9385 0601
Facsimile: (08) 9385 0603

Home Page:
<http://www.pmal.com.au>