PMA

PRECIOUS METALS
AUSTRALIA LIMITED

ABN 65 009 131 533

10 August 2005

Company Announcements Office
Australian Stock Exchange Limited
Exchange Plaza
Sherwood Court
PERTH WA 6000

Dear Sir / Madam

PRECIOUS METALS AUSTRALIA LIMITED PLACEMENT OF A$13.3 MILLION

Precious Metals Australia Limited ("PMA") is pleased to announce the successful raising of A$13.3 million through the placement of 19 million new ordinary PMA shares with United Kingdom and international institutional investors at A70 cents each.

The placement, which was arranged in the UK and underwritten by Montagu Stockbrokers - will take PMA's current cash at bank to over A$33 million.

The issue is subject to approval by shareholders of the company in accordance with ASX listing rules and to completion of the previously announced settlement with the previous owners of the Windimurra mine (which occurred yesterday, 9 August 2005).

The company has agreed that it will seek listing on the UK AIM market before year end. The company will be conducting a search for suitably qualified non executive directors to boost the board's technical and operating expertise.

Windimurra Vanadium Project

Funds raised from the London placement will be used to progress the intended re-building and re-opening of PMA's 100% owned Windimurra Vanadium Project in Western Australia.

Funds will be used as follows:

- Re-engineering and assessment of the methodology and feasibility of re- developing the Windimurra vanadium mine (approximately $1-2 million).
- Purchasing plant and equipment required for re development of the Windimurra vanadium mine ($4-5 million).
- Other costs of redeveloping the Windimurra vanadium mine ($4-5 million).
- Working Capital ($2-3 million).

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It is intended that a ferrovanadium conversion facility be added and that capacity be lifted to the equivalent of 20 -22 million pounds per annum of vanadium pentoxide compared to the previous rated capacity of 17.6 mlbs. As a guide, based on the original cost of development of Windimurra, the redevelopment cost is expected to be in the region of A$100m. The Windimurra study is expected to be completed early next year and a decision by the company's Board on the future of the project is expected at that time. Re-development is expected to take a further 6 – 9 months.

Vanadium is used to strengthen steel and the Windimurra vanadium deposit is believed to be the largest in the world.

Yours sincerely
PRECIOUS METALS AUSTRALIA LIMITED

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Managing Director

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