



**PRECIOUS METALS
AUSTRALIA LIMITED**

A.C.N. 009 131 533

21 December 2005

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

Dear Sir,

Stage 1 of Design Feasibility Study

In our September quarterly report the Company indicated that it expected to have the Stage 1 Design Options Study, which is being carried out by Hatch Engineers, completed by the end of December.

The Design Options Study is a value engineering study that assesses a number of options for further process improvement in a reopened Windimurra process plant. These options build upon the lessons learned from the period when the mine operated previously, with the aim of improving throughput, recovery, and reducing the operating cost, whilst maximising the value of capital invested.

Several innovative options that will improve recoveries and reduce costs, such as gas consumption, have been presented by Hatch and these are being incorporated into the report. This will then allow calculation of capital and operating costs. The Company expects to release the results in January by incorporation into the Quarterly report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Smith', written in a cursive style.

Roderick J H Smith
Managing Director

Level 1, 30 Richardson Street
West Perth Western Australia 6005

PO Box 620
West Perth Western Australia 6872

Telephone: +61 8 9423 1900

Facsimile: +61 8 9423 1999

www.pma1.com.au