

27 April 2004

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
PO Box H224 Australia Square  
SYDNEY NSW 2000

Dear Sir

**JAGUAR METALLURGY CONFIRMS SCOPING STUDY**

The Directors of Pilbara Mines Limited are pleased to advise shareholders and the market that the metallurgical testing of the Jaguar resource, as part of the Project's feasibility study, has confirmed that the specification of the concentrates produced will be in the range assumed in the scoping study.

The metallurgical testing by Ammtec has demonstrated that the best balance is achieved with a copper recovery to concentrate of 88% with a concentrate grade of 26% copper. The scoping study assumed a copper price of US\$1.14/lb or US\$2,510.00/tonne. The copper concentrate will also contain 650 g/t of silver. The scoping study assumed that the Company will receive silver credits for 557 g/t of concentrate at US\$6.23/oz.

The test work also demonstrated that the best metallurgical balance in the zinc circuit will be achieved at a recovery of 80% of metal to concentrate at a concentrate grade of 50% Zn. The scoping study assumed a zinc price of US\$0.47/lb or US\$1,035/tonne.

Ammtec has also confirmed that the best recovery and concentrate grade combinations are achieved at a grind of  $P_{80}=15$  um which again is the level of grind and operating cost assumed in the scoping study. At this grind size the only penalty element appears to be iron in the zinc concentrate at a level of 11% Fe. The scoping study assumed a US\$7.00/t of concentrate penalty for iron which is consistent with this result.

Now that the metallurgical characteristics of the ore have been confirmed, the marketing of the concentrate will be negotiated. The scoping study assumed treatment charges of US\$130.00/dmt for zinc concentrate and US\$85.00/dmt for copper concentrate which is a reasonable long term average and is significantly above current rates.

Pilbara's marketing will endeavour to take advantage of the fact that copper and zinc concentrates are keenly sought on the current market, thus reducing treatment charges and increasing spot metal prices. Consequently, the Company believes that both the charges and the metal prices assumed in the scoping study are conservative.

Yours faithfully  
**Pilbara Mines Limited**



**Gary Comb**  
**Managing Director**

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