

15 July 2004

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

Dear Sir

PLACEMENT TO RAISE \$5.1 MILLION

The Board of Pilbara Mines Limited is pleased to announce that the Company has reached in principle agreement with Hartleys Limited to place 30,000,000 shares at an issue price of \$0.17 per share to raise \$5.1 million (the "Issue") to Hartleys' international and domestic institutional clients, private investors and Tanami Gold NL who will continue to support and maintain its interest in the Company through taking up \$1.0 million of the Issue.

The Issue is being undertaken in two tranches, with the first tranche comprising 14,300,000 shares at \$0.17 per share placed pursuant to the Company's 15% placement authority and the second tranche being 15,700,000 at \$0.17 per share placed subject to shareholder approval at a general meeting of shareholders, in respect of which a notice of meeting will be forwarded to shareholders shortly.

The funds will be principally applied to the relocation and refurbishment of the Cadjebut plant, to complete the Jaguar Project Bankable Feasibility Study including resource drilling, further exploration, and for working capital.

Follow up diamond drilling continues at Jaguar, having commenced on 13 July, to test for extensions to the wide, high grade intersections recently reported.

Yours faithfully
Pilbara Mines Limited



Gary Comb
Managing Director

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