

5 July 2004

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

Dear Sir

HIGH GRADE DRILL RESULTS - JAGUAR

The Directors of Pilbara Mines Limited (Pilbara) are pleased to announce that the drill results from diamond hole TBD252 and the associated wedge hole are the best intersections reported to date at Jaguar.

The two diamond holes were designed to obtain core for metallurgical testwork and as such were drilled oblique to the orebody to maximise the core length. It was anticipated that the holes would intersect approximately 17 metres of massive sulphide and provide 200kg of material for final metallurgical testing. Significantly, the main hole intersected a much wider zone of mineralisation being 25.66 metres of massive sulphides while the wedge intersected 23.22 metres. The grades for the intersections are as follows:

| Hole No | East* | North* | Dip | Az* | From | To | Width** | Cu % | Zn % | Pb % | Ag g/t |
|----------|-------|--------|-----|-----|--------|--------|---------|------|------|------|--------|
| TBD 252 | 9753 | 56065 | -75 | 150 | 333.21 | 358.87 | 25.66 | 2.1 | 19.4 | 0.55 | 111 |
| TBD 252W | 9753 | 56065 | -75 | 150 | 331.67 | 354.89 | 23.22 | 3.6 | 17.3 | 0.53 | 157 |

Note: * Local Grid
** Core Length

Calculated horizontal widths for the intersections are 11.3 metres and 10.3 metres respectively. For comparison, holes TBD210 and TBD210W1 approximately 26 metres to the south of TBD252 and TBD252W are as follows (see Figure 1):

| Hole No | From | To | Thickness | %Cu | %Zn | %Pb | g/t Ag |
|-----------|--------|--------|-----------|------|-------|------|--------|
| TBD 252 | 333.21 | 358.87 | 11.3 | 2.1 | 19.4 | 0.55 | 111 |
| TBD 252W | 331.67 | 354.89 | 10.3 | 3.6 | 17.3 | 0.53 | 157 |
| TBD 210 | 397.75 | 406.85 | 6.74 | 1.87 | 16.55 | 0.70 | 93 |
| TBD 210W1 | 397.80 | 409.90 | 8.91 | 1.31 | 19.98 | 0.84 | 77 |

The intersections in TBD252 and TBD252W show a considerable thickening of the high-grade massive sulphide in this area and demonstrate potential for further mineralisation of similar grades and thicknesses to extend to the north. In addition, the area beneath and to the south of this group of high-grade holes has had limited drilling and also has potential for more significant intersections.

Also worthy of note is that both massive sulphide intersections were underlain by mafic volcanics with a stockwork of sulphide mineralisation. This mineralised volcanic stockwork contained significant metal with values of:

| Hole No | From | To | Width** | %Cu | %Zn | %Pb | g/t Ag |
|----------|--------|--------|---------|------|------|-------|--------|
| TBD 252 | 358.87 | 361.00 | 2.13 | 1.82 | 2.85 | 0.005 | 51 |
| TBD 252W | 354.89 | 357.00 | 1.57 | 1.52 | 0.16 | 0.004 | 40 |

In addition, a thin sediment unit stratigraphically above the massive sulphide and separated by a thin mafic volcanic unit showed 0.3% Cu, 15.9% Zn, 0.1% Pb and 42.5g/t Ag.

Jaguar Resource

The intersections returned in holes TBD252 and TBD252W should positively affect the bankability of the Jaguar Project in two ways. Firstly, the intersections occur near the top of the resource providing a significant boost to early cash flows and secondly, the intersections will increase both the tonnes and grade of the overall resource thus improving the net present value of the project and hence level of debt the project can support - at current metal prices, **each 10 metre cube** which can be added to the resource at the grades and widths intersected in the two new holes, **adds \$1.73m in contained metal** to the Project.


Bankable Feasibility

After reviewing the potential of TBD252 and TBD252W to significantly improve the bankability of the Jaguar Project, the Board has decided to drill at least two further diamond holes in the vicinity of TBD252 to determine whether further tonnes at high grade can be added to the upper zone of the resource. While the drilling of these holes will delay the completion of the Bankable Feasibility Study (BFS), the Board considers that given the potential positive impact of the additional drill holes, it is important that the additional drilling be completed and the results included in the BFS.

The timing for completion of the additional drill holes, new resource model and hence the BFS will depend upon drill rig availability and possibly the need for further metallurgical testwork on the high grade intersections. An update on the timing of the BFS will be advised in the June 2004 Quarterly Report.

Yours faithfully

Pilbara Mines Limited



Gary Comb
Managing Director

Attachment: Figure 1

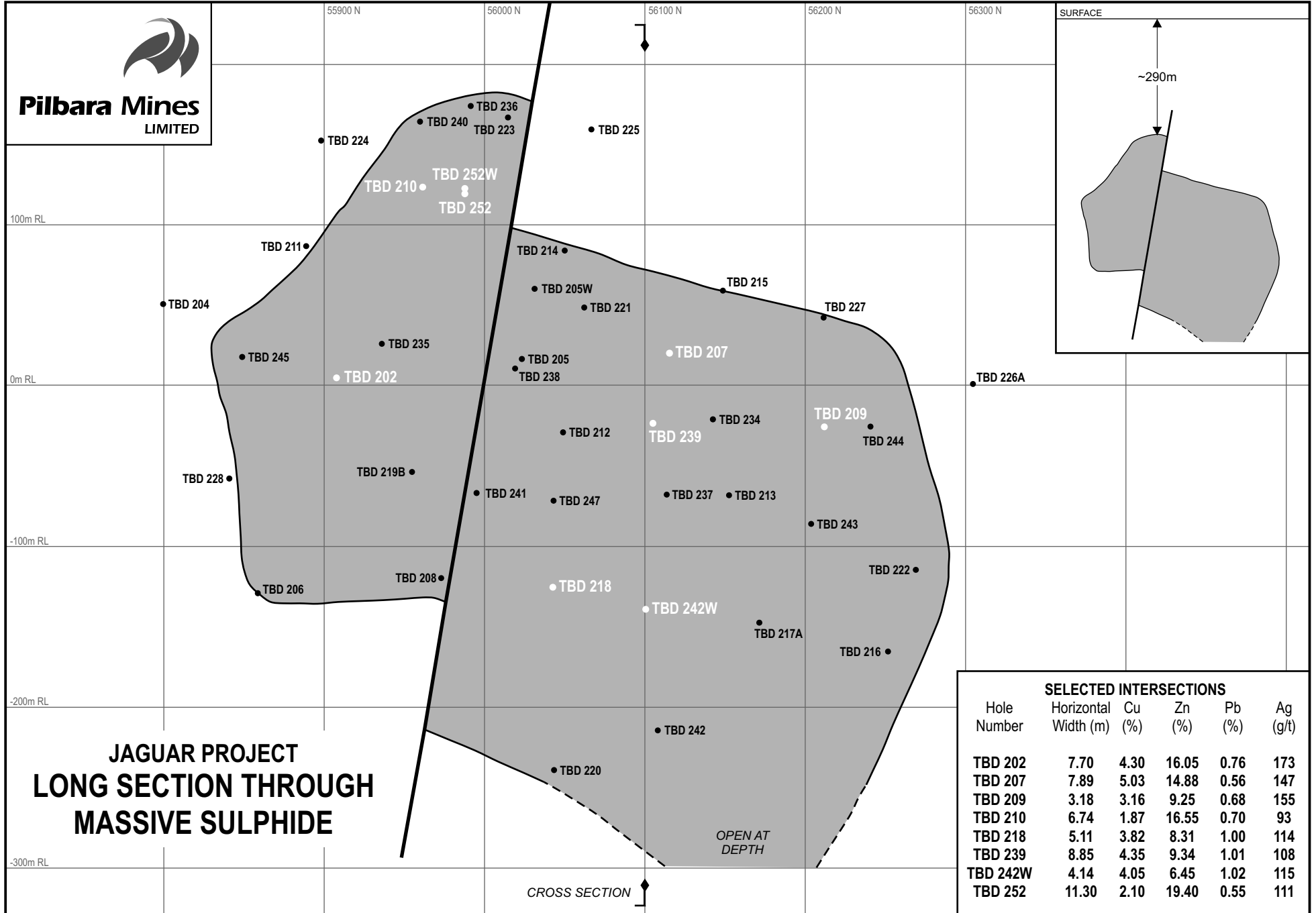
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Note:

This information, so far as it pertains to Ore Reserves or Identified Mineral Resources is based on and accurately reflects, information compiled by members of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, each of whom has had at least five years relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves.



Pilbara Mines
LIMITED



**JAGUAR PROJECT
LONG SECTION THROUGH
MASSIVE SULPHIDE**

| SELECTED INTERSECTIONS | | | | | |
|------------------------|----------------------|--------|--------|--------|----------|
| Hole Number | Horizontal Width (m) | Cu (%) | Zn (%) | Pb (%) | Ag (g/t) |
| TBD 202 | 7.70 | 4.30 | 16.05 | 0.76 | 173 |
| TBD 207 | 7.89 | 5.03 | 14.88 | 0.56 | 147 |
| TBD 209 | 3.18 | 3.16 | 9.25 | 0.68 | 155 |
| TBD 210 | 6.74 | 1.87 | 16.55 | 0.70 | 93 |
| TBD 218 | 5.11 | 3.82 | 8.31 | 1.00 | 114 |
| TBD 239 | 8.85 | 4.35 | 9.34 | 1.01 | 108 |
| TBD 242W | 4.14 | 4.05 | 6.45 | 1.02 | 115 |
| TBD 252 | 11.30 | 2.10 | 19.40 | 0.55 | 111 |

FIGURE 1