

QUARTERLY ACTIVITY REPORT FOR THE QUARTER ENDING 30 JUNE 2004

HIGHLIGHTS

JAGUAR BANKABLE FEASIBILITY STUDY

The Jaguar BFS progressed very well during the quarter with excellent drill results being reported and positive results being achieved on various technical components of the Study.

CADJEBUT PLANT ACQUISITION

During the quarter, the Cadjebut processing plant was purchased for \$1.4 million from Teck Cominco. In addition, a contract for dismantling, transport and unloading at Jaguar of the Cadjebut Plant was awarded during the quarter.

CORPORATE

▪ PLACEMENT TO RAISE \$5.1 MILLION

During the quarter, the Company announced that it had 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 to be held on 27 August 2004.

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

JAGUAR BANKABLE FEASIBILITY STUDY (100% PILBARA)

METALLURGICAL DRILLING

During the quarter, a diamond drill hole (TBD 0252) and a wedge (TBD 0252W) were drilled to intersect the upper southern portion of the orebody. The intent of the holes was to provide sufficient sulphide material to complete closed circuit metallurgical testing. It was anticipated that the parent hole and associated wedge would intersect approximately 17 metres of massive sulphide and provide approximately 200kg of material. Although the holes were designed oblique to the orebody to provide longer massive sulphide intersections, the holes intersected significantly wider high grade zones of mineralisation than expected. The main hole intersected 25.66m of massive sulphides while the wedge intersected 23.22m. Importantly, the wide intersections as listed below are the best intersections reported to date at Jaguar.

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 11.3m and 10.3m respectively. For comparison, holes TBD 210 and 210W1 approximately 26m to the south of TBD 252 and 252W are shown below (see Long Section):

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 TBD 252 and 252W 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 further 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.

RESOURCE MODELLING

During the quarter, independent consultants were commissioned to undertake resource modelling of Jaguar as a check model against the modelling completed in the December 2003 quarter. The reinterpretation and modelling indicates there could be a positive change to the structural interpretation of the main massive sulphide zone at Jaguar. An intercept of 25.66 metres of massive sulphide in the upper levels of the orebody in an area where only 17 metres was anticipated tends to support such a change.

In addition to the resource reinterpretation, recent metallurgical testwork indicates specific gravities used in previous resource modelling may be conservative. To date all resource modelling has been based on an SG of 4.0t/m³, where testwork indicates the SG is 4.2 t/m³.

Consultants have also been requested to review and undertake 3D modelling of material directly adjacent to the main Jaguar massive sulphide lode to allow for the more accurate estimation of dilution for level development and stoping. Current mining estimates assume that dilutant material contains no Cu, Zn or Ag grades, where indications are that there is potentially low grade mineralisation in such material. It is anticipated the 3D models will be completed in the September 2004 quarter. Following the review of the resource and dilution models, the mining plan and mining reserves will be updated.

RESOURCE INFILL DRILLING

A program of 4-5 diamond drill holes is in progress with the first hole awaiting results. The first hole was designed to provide infill information and to test a predicted thinner area of the model. A thin intersection (1.6 metres) of massive sulphide was returned as was predicted in the new geological/resource model.

The second hole which has commenced is designed to test the position of the main offsetting fault within the reinterpreted orebody. Based upon the new model, it is predicted that the hole will not intersect the orebody and will be on the north-side of the fault. Currently the hole is at a depth of about 100 metres.

The third and fourth holes are also predicted to intersect thinner intersections (1-3 metres) of massive sulphides in areas of limited drilling. These holes if successful, will enable inferred resources to be upgraded to indicated, but are not expected to significantly impact on the size of the overall resource.

GEOTECHNICAL

Preliminary numerical modelling on the mining scenario proposed at Jaguar was completed during the quarter. The numerical modelling supports the early indications that ground conditions are very good and support requirements will not be onerous for the Project. The numerical modelling also supports early indications that a high level of extraction will be achievable during the mining of the orebody.

Following the update of the mining plan and layout based on the new resource model, the numerical analysis will be re-run to ensure that the geotechnical parameters for the project have not changed.

During the quarter, geotechnical drilling, sampling and logging has been undertaken for the proposed decline portal position and the proposed access decline. Initial results indicate a deep weathering profile and confirmation of the good geotechnical characteristics in the deeper fresh material. Following analysis of the data, a review of potential portal positions will be undertaken.

MINING

During the quarter, discussions were undertaken with mining contractors regarding underground contract mining costs for use in the BFS. A review of the mine plan is scheduled for completion in the September 2004 quarter, during which updated budget mining and transportation costs will be received.

The current mining plan will be revised based on the indicative mining costs and the reinterpretation of the Jaguar resource.

METALLURGICAL TESTWORK

Metallurgical testwork continued during the quarter, with the focus on achieving target concentrate grades and recoveries.

Additional metallurgical samples were obtained from a metallurgical drill hole during the quarter. Samples from this hole have and will be used to undertake additional comminution and locked cycle testwork and to obtain samples for filtration and thickening testing.

Metallurgical testwork will continue during the September 2004 quarter.

PROCESS DESIGN

The Cadjebut processing plant was purchased for \$1.4 million from Teck Cominco during the quarter. The purchase includes a flotation plant capable of processing up to 500,000 tonnes of ore per annum producing both copper and zinc concentrates, a 5.6Mw diesel power station, fuel farm, site offices and amenities, a 158 man camp and ancillary equipment.

Drawings and data have been relocated to the Pilbara offices and implementation of the requirements for the processing of Jaguar ore commenced during the quarter. The preliminary process design work is scheduled for completion in the September 2004 quarter with sign off to a bankable level pending receipt of metallurgical testwork results.

A proposed plant location has been selected to the south of the existing Teutonic Pit. This site was selected due to it being on the current Teutonic mining lease in a reasonably flat and clear area, away from areas at Teutonic Bore that have been cleared environmentally by the DoIR. Importantly, such location reduces the haulage distance from Jaguar by approximately 1 kilometre compared to the original Teutonic Bore Mine plant site.

Approvals for clearance of the proposed laydown area for the Cadjebut plant have been submitted to the DoIR and DEP.

MARKETING

A marketing consultant has been commissioned to investigate the transporting and marketing of Jaguar concentrates. Discussions have been instigated with several potential off take parties during the quarter. Negotiations with off-take parties will be further advanced when the locked cycle testwork provides appropriate results and samples for distribution.

During the quarter, contact was also made with several parties regarding the transportation and shipping of concentrates from the port of Esperance.

PROCESS WATER

Discussions with Sons of Gwalia have resulted in an agreement for Pilbara to obtain access to the Wendy's Bore borefield to the south of Jaguar which was one of the original Teutonic Bore borefields. This borefield will provide an alternate and complementary water source to the Teutonic Bore open pit water.

TAILINGS DAM

An independent review of the existing Teutonic Bore tailings dam was undertaken during the quarter. The review indicated that the existing dam could be utilised, following the lifting of the lower dam wall, for the deposition of Jaguar tailings.

POWER

A review of power supply options commenced during the quarter which include:

- refurbishment of the Cadjebut diesel power station;
- installation of a third party power provider power station (KPS); and
- construction and supply from a co-owned and purchased gas powered power station to supply power to Jaguar.

Investigations into these options will continue during the September 2004 quarter.

ENVIRONMENTAL

Independent consultants commenced development of the Notice of Intent for the Project.

Flora surveys were completed for the Project during the quarter with the discovery of a Category 1 species adjacent to the project area. The existence of the plant is not critical to the project and applications to clear the plant will be submitted where required. Further flora surveys will be required prior to commencement of the Project.

Archaeological surveys of the Project area were also completed during the quarter. The survey indicates there are no archaeological issues relating to the Project area. Heritage surveys required under Native Title agreements will be undertaken prior to Project development.

NATIVE TITLE

Negotiations to finalise agreements with Native Title claimants continued during the quarter. Granting of the mining lease is anticipated in the September 2004 quarter following finalisation of such agreements.

BANKABLE FEASIBILITY STUDY STATUS

The current drilling program is expected to be completed by the end of August 2004 which will be followed by resource and mine design refinement. As a result, the Bankable Feasibility Study (BFS) should be completed early in the December 2004 quarter.

CADJEBUT PLANT RELOCATION

PROGRESS STATUS

▪ Engineering:

As part of the BFS process plant design, layout drawings have been completed for the Cadjebut plant to be re-erected at Jaguar. Basic design and layout are complete for fine ore storage, milling, flotation, thickening and reagents sections. Product storage design is in progress. Layout drawings have been completed showing the plant in a notional location at the Jaguar site, utilising where possible all Cadjebut equipment and structural components in an unmodified format. Maximum utilisation of original engineering drawings is being achieved. Basic design continues on regrind, filtration and final flotation.

Geotech test holes and laboratory analysis have been carried out in the area of the heavily loaded foundations to assess load bearing capacity of natural ground.

Drawings, quantities and specifications are ready to enable Invitation to Bid for plant site bulk earthworks, detail earthworks and concrete for the areas described above.

Initial civil quantities have been estimated for infrastructure and buildings.

▪ Procurement

Potential long lead time items such as the plate and frame filters, additional float cells and the regrind mill have been identified. Delivery dates obtained from suppliers will not impact on the likely development timetable.

The completed scope, layout, design specification and cost estimate will be available by the end of August 2004.

▪ Plant Relocation

The contract for dismantling, transport and unloading at Jaguar of the Cadjebut plant was awarded during the quarter. Supervision and initial workforce were mobilised to site on 20 July 2004. Disassembly and packaging has commenced.

The notional plant site and material laydown area have been identified and marked out at Jaguar along with an access road route. Clearing applications have been placed with DoIR.

The expanded camp configuration has been laid out to minimise impact on existing flora and to receive accommodation units from Cadjebut.

EXPLORATION

TEUTONIC BORE – REGIONAL GOLD POTENTIAL

No work was done on the regional gold assessment during the quarter. Gold exploration is planned for the September 2004 quarter.

TEUTONIC BORE JOINT VENTURE (Inmet 65%, Pilbara 35%)

During the quarter, Inmet completed a further two diamond drill holes in the regional exploration program. Rig availability and problems with running sands prevented the third hole of the program being completed.

Geologically, similar stratigraphy to the Jaguar area was intersected. Several zones of graphitic shales with pyrrhotite stringers were encountered. In the Snowy's Well area the downhole TEM suggested the conductor was off-hole and it is planned that further drilling of this target will occur in the next program. The Snowy's South anomaly continued to provide difficult drilling conditions and the anomaly has still not been explained.

NEWMONT JOINT VENTURE

All areas of sub-crop (northern area) on E37/556 have been soil sampled on 400m spaced lines. Of the 132 samples taken during this program, five returned Au values of greater than 10 ppb (10.5–38 ppb).

During this soil sampling program a series of very old RAB holes were located and sampled. Some low level gold values (10–44.5ppb) were noted in a few holes.

Samples from some old diggings found during the soil sampling traverses showed significant anomalous values (58.5–22600ppb Au). A small detailed soil sampling program has been completed in the vicinity of these workings. Results are awaited.

Further work is required on the E37/556 tenement in terms of follow-up of anomalous values and in exploring the remainder of the tenement beneath the alluvial cover.

The two soil samples with weak gold values from an earlier soil sampling program on E37/553 were revisited. The areas of these very weak Au anomalies contained minor quartz in ultramafics. Some quartz samples showed weak gold values (17.5–102 ppb Au). Follow-up programs are planned.

CORPORATE

PLACEMENT TO RAISE \$5.1 MILLION

During the quarter, the Company announced that it had 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 to be held on 27 August 2004.

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

INVESTMENTS

▪ REQUEST BROADBAND PTY LTD

As reported in the March 2004 Quarterly Report, Pilbara sold 3.1 million shares of its investment in PowerTel raising \$2.93 million for working capital and feasibility. During the June 2004 quarter Pilbara sold the balance of its investment in PowerTel for \$489,500.

GENERAL

Visit Pilbara's website at www.pilbaramines.com.au where up to date information on recent announcements and results of activities can be found.

For and on behalf of the Board



.....
Gary Comb
Managing Director

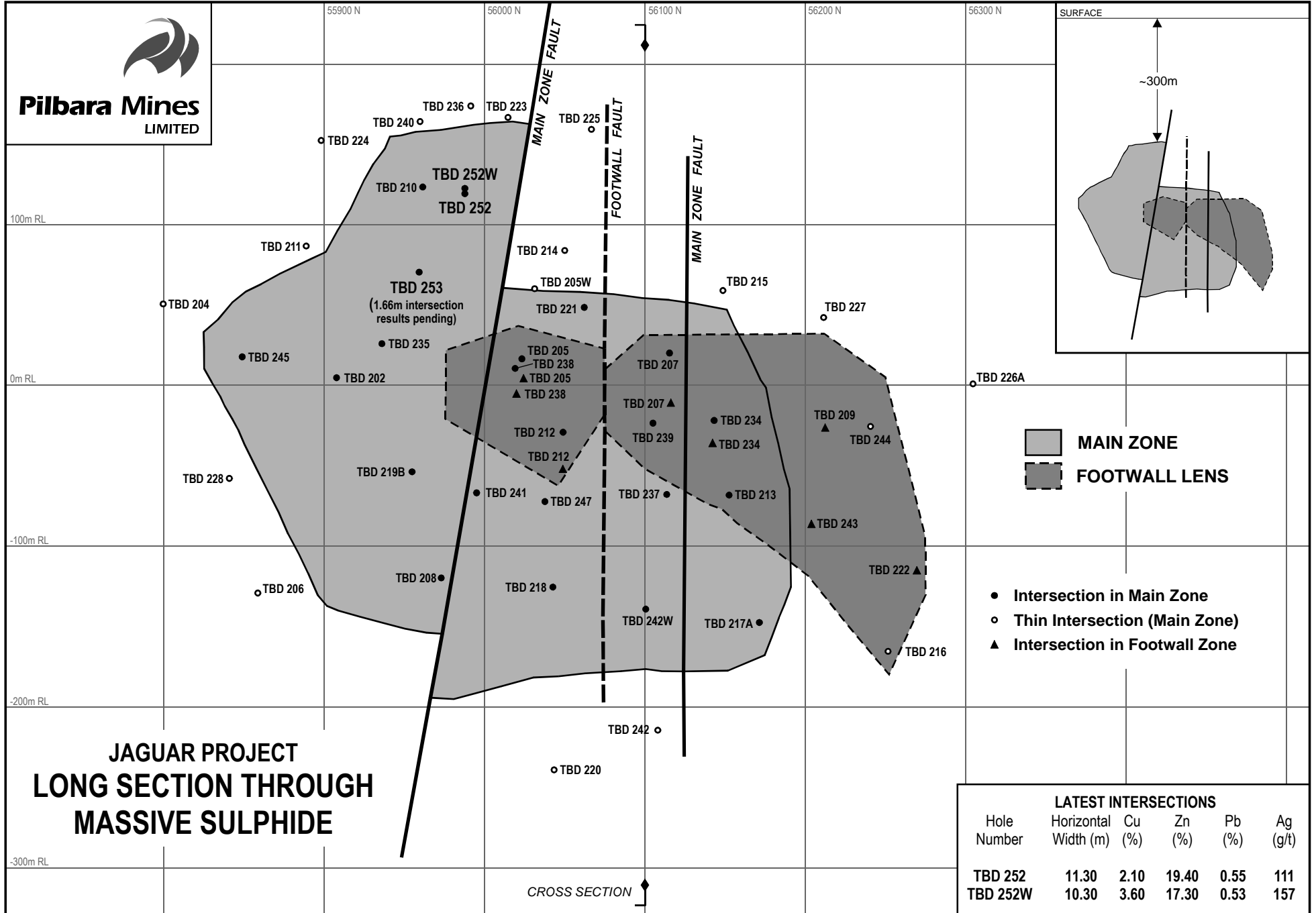
30 July 2004

PIL_Quarterly_June2004

This information, so far as it pertains to Ore Reserves or Identified Mineral Resources is based on and accurately reflects, information compiled by Martin Kavanagh and other 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**

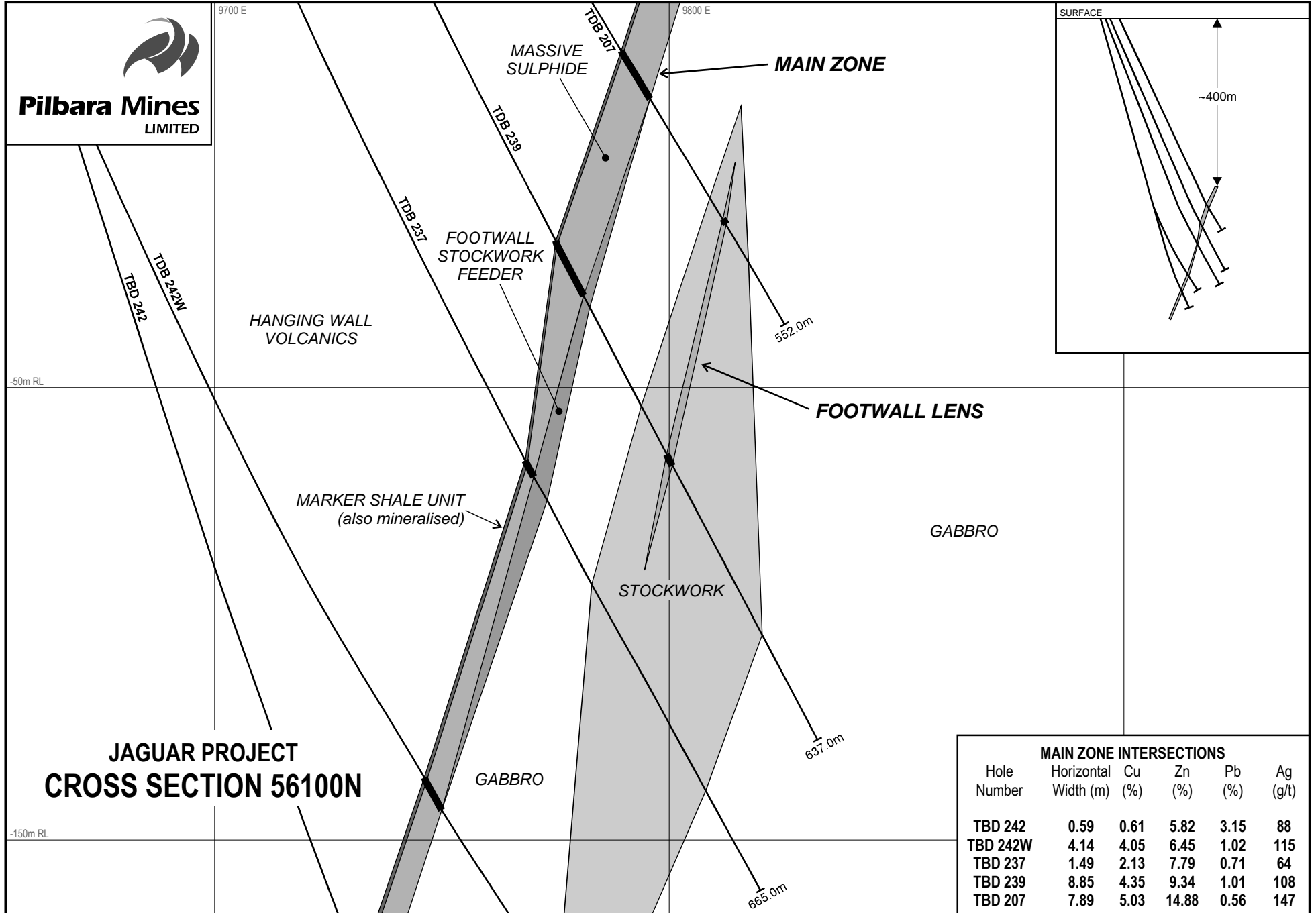
- Intersection in Main Zone
- Thin Intersection (Main Zone)
- ▲ Intersection in Footwall Zone

Hole Number	LATEST INTERSECTIONS				
	Horizontal Width (m)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)
TBD 252	11.30	2.10	19.40	0.55	111
TBD 252W	10.30	3.60	17.30	0.53	157

FIGURE 1



Pilbara Mines
LIMITED



**JAGUAR PROJECT
CROSS SECTION 56100N**

MAIN ZONE INTERSECTIONS					
Hole Number	Horizontal Width (m)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)
TBD 242	0.59	0.61	5.82	3.15	88
TBD 242W	4.14	4.05	6.45	1.02	115
TBD 237	1.49	2.13	7.79	0.71	64
TBD 239	8.85	4.35	9.34	1.01	108
TBD 207	7.89	5.03	14.88	0.56	147

FIGURE 2