

Minmet Plc ('MinMet')

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MINMET SIGNS OPTION AGREEMENT WITH DIAMOND MINER TO DEVELOP THE COROMANDEL DIAMOND PROPERTIES, BRAZIL

Overview:

- MinMet options its Coromandel Diamond Properties to experienced diamond miners RST Recursos Minerais Ltda ('RST').
- MinMet and RST to prepare feasibility and environmental reports for full mining licence
- RST to implement large-scale diamond mining operation (subject to permit approvals)
- RST has right to purchase the project outright for US\$700,000 subject to initial royalties on gross sales payable to MinMet

MinMet plc, the international mining and exploration company, has signed a formal option agreement with a private company, specializing and experienced in alluvial mining, RST Recursos Minerais Ltda ("RST"), to evaluate and mine the alluvial diamonds in the Coromandel Diamond Properties, Minas Gerais, Brazil.

Under the terms of the Agreement, RST has the exclusive right to mine the alluvial diamond deposits, subject to receiving full permit approvals, and to purchase the project outright ("Purchase Option") for US\$700,000 less initial royalties of 2% on gross sales payable to MinMet, which increase to 4% after the first full year. Royalty payments would cease if RST exercised the Purchase Option.

The Santo Inácio river basin in the Coromandel region is famed for the production of large, high value, fancy diamonds from alluvial deposits. MinMet acquired the Coromandel properties in 2000 and controls 5,000 hectares of contiguous concessions along 40 km of the Santo Inácio River. A small-scale bulk testing operation was operated by MinMet from 2002 to 2003 during which 12 carats with an average value of US\$250/carat, were produced. MinMet has continued exploration in the region following the bulk-testing program.

RST is a group whose principals have over 20 years experience of diamond mining. In conjunction with MinMet's Brazilian management, RST will prepare all feasibility and environmental reports required for application for a full mining licence to be submitted to the Brazilian authorities by the third quarter of 2005. RST will carry the costs of the mine permitting process and subject to approvals of all reports, they will implement a large-scale (11,000 m³/month) diamond mining operation on selected target areas using proven proprietary technology.

In addition, under the terms of the Agreement, MinMet retains all rights to the Sungem zinc deposit, which was discovered by MinMet geologists on the Santo Ignacio concessions in 2001. This is now being reassessed in the light of the current high market price for zinc and following new geological work.

Michael Nolan CEO commenting said: "The agreement with RST clearly shows the potential value within the extensive assets of the MinMet Group. We are already in discussions with potential partners to introduce further value-adding initiatives on our other Brazilian and Peruvian assets. I would like to extend our thanks to Dr. Titus Haggan who has worked diligently on the re-structuring of our Brazilian portfolio and who is responsible for instigating and executing the arrangements with RST."

****E N D S****

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