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29 August 2003

MEDIA RELEASE

PORTMAN MAINTAINS STEADY DIVIDEND ON $10.2M INTERIM PROFIT

Portman Limited (**ASX: PMM**) will pay a steady 4 cent interim dividend after today announcing a $10.2 million net half-year profit which compares with an $11.1 million net profit last year. Before adjustments relating to the carrying value of certain ore stockpiles, the net profit after tax was $7.0 million.

The Perth-based iron ore producer said that while the result was disappointing in the current record iron ore market, it was achieved in the face of extended delays in commencing the Koolyanobbing Project expansion and also reflected the impact of operating difficulties at the Cockatoo Island Project.

Portman's Managing Director, Mr Barry Eldridge, said the Company was emerging from a difficult period, but warned that its ability to capitalise on the strong market conditions for iron ore continued to be constrained by outstanding Federal environmental approvals for the Koolyanobbing expansion.

The result for the 6 months to 30 June 2003 equated to fully diluted earnings per share (EPS) of 5.86 cents per share (6.4 cents previously). Pre-tax profit was $13.7 million ($16.4 million previously) while the Company posted a strong gross profit of $26.2 million ($26.8 million previously). Sales revenue increased by 9.1% to $72.9 million.

The profit result included the reversal of a provision against the carrying value of long-term high phosphorous iron ore fines stockpiles made in December 2002 following favourable developments in the market for high phosphorous iron ore. This also enabled the recognition in Portman's accounts of certain high phosphorous stockpiles from 1 January 2003. Before these adjustments, the net profit after tax was $7.0 million.

The interim dividend, to be paid on 26 September 2003 will be 50% franked because of a reduction in available franking credits due to lower tax payments as a result of the December 2002 write-offs, increased exploration expenditure and research & development costs.

Mr Eldridge said the Company was pleased to have maintained its level of dividend payout despite the delays and costs associated with the Company's unnecessarily lengthy environmental approvals process for the Koolyanobbing expansion.

Koolyanobbing Iron Ore Project

Portman achieved steady iron ore sales from the 100%-owned Koolyanobbing operations near Southern Cross in Western Australia of 2.32 million tonnes for the 6-month period (2.34 million tonnes previously) at a time of record demand for premium quality Australian iron ore, particularly from the booming Chinese steel industry.

"It is regrettable that our Koolyanobbing development plans have suffered long delays at a time when the iron ore market is experiencing record growth in demand," Mr Eldridge said.

"The approvals process for the Northern Tenements expansion has been a long and exhaustive one for Portman, and highlights the difficulties with land access currently facing many mining and exploration companies in Australia."

During the half, Portman received all necessary State Government approvals to proceed with development of the Northern Tenements at Koolyanobbing, the focal point of its expansion plans. However, full development of the Windarling deposits still awaits a decision by the Federal Minister for the Environment and Heritage on outstanding Aboriginal heritage issues.

Continuing strong demand from Chinese buyers resulted in a 9% benchmark price increase for iron ore in April 2003, with expected growth in Japanese steel output and continued strong Chinese demand expected to underpin further growth in global iron ore demand.

"As a proximate Australian supplier with capesize shipping capability from the port of Esperance, Portman is very well placed to deliver ore to Asian, and particularly Chinese, markets – to the capacity of our resource availability and infrastructure," Mr Eldridge said.

Mr Eldridge said Portman had also benefited during the period from the significant level of cover provided by its foreign exchange hedge book, with an average realised exchange rate for the period of 57.2 cents.

Cockatoo Island Operations

Mining at the 50%-owned Cockatoo Island iron ore operations in Western Australia's Kimberley region was disrupted earlier in the year by unexpectedly large dewatering requirements. As a result, iron ore shipments were well under budget at 314,446 tonnes.

Following extensive hydrological and geotechnical studies, some of which are ongoing, management of water levels in the pit has been significantly improved, enabling production and shipping to resume.

The Joint Venture is now working towards the resumption of planned production rates as additional dewatering systems are installed over the next three months.

Outlook

The key issue for Portman during the second half is the expeditious commencement of construction and development activities at the Northern Tenements, which remains the key to extending the life of the Koolyanobbing Project on a viable long-term basis.

"While a number of pre-construction activities have already commenced, we still anxiously await the Federal Environment Minister's decision," Mr Eldridge said. "This matter has been considered by the Federal Government for some time, following a period of protracted negotiations and appeals at State level that have already diverted considerable resources in terms of time, money and personnel from Portman's core business."

"It is critical to the future of Portman that a positive decision is made as soon as possible to enable us to proceed with the development of Windarling in the configuration already approved by the WA State Government in consultation with all relevant stakeholders," he added.

"If approval is not obtained in the near future, the continuing delays facing the Koolyanobbing expansion project will have very serious consequences for the operational and financial future of Portman as an Australian iron ore company," Mr Eldridge said.

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