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Primary Metals Inc. Announces Sale of Interest in Peruvian Tungsten Mine

05 January 2006 – *CCN* – Vancouver, British Columbia -- (Matthews) - Primary Metals Inc. ("Primary") (TSX VENTURE:PMI) is pleased to announce the completion of a sale of its option and interests in Minera Malaga Santolalla S.A. ("Malaga") to Dynacor Mines Inc. in consideration of the payment of US\$650,000, which has now been received. Primary had originally acquired the option to buy a 66.7% interest in Malaga for US\$1 as an incidental result of its purchase in 2003 of the operating Panasqueira tungsten mine. Malaga's main holding is the Pasto Bueno Mine, a Peruvian tungsten mine that ceased production in 2003. Following review, Primary decided to sell its rights in Malaga to Dynacor Mines Inc. and not to proceed with exercising its option.

This sale will allow Primary to focus on production at the Panasqueira tungsten mine in Portugal and on other production or near-term production opportunities in Portugal and Spain.

About Primary Metals Inc.

Primary Metals Inc. owns 100% interest in the Panasqueira tungsten mine in Portugal, one of the most important tungsten producers in the world outside of China. This mine is currently producing some 120,000 MTUs of tungsten trioxide per annum (1 MTU equals 1 metric tonne unit or 10 kilograms). Significant increases in tungsten prices from US\$85 to US\$260 per MTU in the past year, along with current improved mining activities, have resulted in two profitable quarters. Primary reported earnings of C\$0.41 per share for the first six months of fiscal 2006.

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