



# PLATINUM AUSTRALIA LIMITED

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Our ref: ASX0378JDL.30.3JDL

5 August 2004

Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

Dear Madam,

## **PLATINUM AUSTRALIA TO ACQUIRE UP TO 49% OF THE SOUTH AFRICAN KALPLATS PGM PROJECT**

### **KEY POINTS**

**Platinum Australia Limited (ASX: PLA) is pleased to announce that it has signed a Memorandum of Understanding (“MOU”) with African Rainbow Minerals Platinum (Proprietary) Limited (“ARMplatinum”) to acquire up to 49% of the Kalahari Platinum (“Kalplats”) Platinum Group Metals (“PGM”) Project located 250 km west of Rustenburg in South Africa, see Figure 1.**

**Kalplats is an advanced exploration project where drilling has to date has defined a resource of 3.4 million ounces of 3E PGM (platinum + palladium + gold), including a high grade resource of 12 million tonnes @ 3.6 g/t 3E PGM for 1.4 million ounces 3E PGM, see Table 1.**

**The resource is contained in seven deposits over a 12 km strike length, from surface to a depth of between 150 and 200 metres. Kalplats has considerable resource upside potential as all of the deposits are open at depth and several other prospects have been identified within the 12 km strike length but not included in the resource, see Figure 2.**

**The MOU provides for PLA to earn its interest in the project by completing a Bankable Feasibility Study (“BFS”) including further drilling and providing the right for the project to use the Panton metallurgical process (“Panton Process”). PLA has completed some preliminary testwork on the application of the “Panton Process” to the project and achieved recoveries similar to those achieved at Panton, see Figure 4.**

**Subject to the completion of the BFS, PLA believes that the Kalplats Project has the potential to produce approximately 150,000 ounces 3E PGM per year from an open cut followed by underground operation.**

In announcing the signing of the Memorandum of Understanding, PLA Managing Director John Lewins, said: “PLA is delighted to have signed this MOU on such an exciting project with a well established platinum mining company of the stature of ARMplatinum, a wholly owned subsidiary of African Rainbow Minerals, which with a market capitalization of \$2 billion, is the largest Black Empowerment Enterprise (“BEE”) mining company in South Africa.”

PLA and ARMplatinum are presently working on the preparation of formal joint venture documentation, which, when signed will, allow work to commence on the project. The first phase of the work will involve drilling, metallurgical testwork and other studies necessary to complete a pre feasibility study.

Based on the outcome of this work a further program of approximately 30,000 metres of drilling is envisaged combined with detailed engineering and studies necessary to complete a Bankable Feasibility Study. It is anticipated that this work could be completed by mid 2006 allowing development of the mine to commence.

The Board of PLA believes that the establishment of a joint venture with ARMplatinum on the Kalplats PGM Project and its successful development will add significant value to PLA.

### The Kalplats PGM Project

The Kalplats PGM Project is located in the North West Province, 330 km west of Johannesburg and 45 km west of the Kalgold Gold Mine on the Kraaipan Greenstone belt, see Figure 1.

A total of seven deposits with a combined strike length of 8 km, together with a further three prospects have been identified to date in the 12 km long Stella layered Complex. Mineralisation has not been closed off at depth on any of the deposits and the deepest intersection to date is at 220m below surface. A total of 46,000 m of drilling has been completed on the project at line spacing ranging from 25m to 300m over the deposits.

All deposits are fairly similar and a typical cross section is shown in Figure 3. The LG Reef, Mid Reef and Main Reef packages are typically 10 to 15 m wide each, with an overall Pt:Pd ratio of 1:1 and a grade of 1 to 2.5 g/t 3E PGM. Within the reef packages a number of higher grade reefs are present. These are the MG Reef within the Mid Reef package which is typically 2m wide and has a grade of 2.5 g/t 3E PGM; and the LM and UM Reefs in the Main Reef package which are typically 2m with a grade of 3.8 g/t 3E PGM and 3m wide with a grade of 4.6 g/t 3E PGM respectively.

A summary of the Kalplats mineral resource is provided in Table 1 below: -

**Table 1 Kalplats Mineral Resource**

DEPOSIT	Total Resource			Main Reef Resource			High Grade Reefs		
	Tons	Grade g/t 3E PGM	Ounces	Tons	Grade g/t 3E PGM	Ounces	Tons	Grade g/t 3E PGM	Ounces
<b>CRATER</b>	9 867 055	1.62	513 404	4 695 224	2.18	329 382	2 484 428	3.55	283 858
<b>ORION</b>	12 182 415	1.69	661 845	7 185 857	2.02	467 760	2 907 442	3.71	346 657
<b>Sub Total</b>	<i>22 049 470</i>	<i>1.66</i>	<i>1 175 249</i>	<i>11 881 081</i>	<i>2.09</i>	<i>797 142</i>	<i>5 391 870</i>	<i>3.64</i>	<i>630 515</i>
<b>CRUX</b>	13 583 403	1.33	582 798	6 061 521	1.64	319 755	1 667 431	3.47	185 917
<b>VELA</b>	10 129 037	1.22	397 969	2 432 664	1.96	153 151	1 130 769	3.22	116 936
<b>SIRIUS</b>	9 765 877	1.33	418 607	2 567 807	2.00	164 912	1 483 692	3.22	153 650
<b>SERPENS N</b>	8 940 474	1.37	393 591	3 581 947	1.73	198 149	1 515 466	3.43	166 318
<b>SERPENS S</b>	10 762 228	1.34	462 071	5 890 324	1.71	324 262	848 289	5.09	138 993
<b>Sub Total</b>	<i>53 181 019</i>	<i>1.32</i>	<i>2 255 036</i>	<i>20 534 263</i>	<i>1.76</i>	<i>1 160 229</i>	<i>6 645 647</i>	<i>3.57</i>	<i>761 814</i>
<b>TOTAL</b>	<b>75 230 489</b>	<b>1.42</b>	<b>3 430 285</b>	<b>32 415 344</b>	<b>1.88</b>	<b>1 957 371</b>	<b>12 037 517</b>	<b>3.60</b>	<b>1 392 329</b>

## **Memorandum of Understanding**

The non binding MOU requires PLA to “Complete all work necessary to bring the Kalplats PGM Project to the stage of development, including, without limitation, exploration and resource definition drilling, metallurgical testwork and a bankable feasibility study.” In addition PLA are required to “Make available the Panton Process and other intellectual property which it is capable of providing to the joint venture at no cost.”

The MOU also provides that “In return for funding and completing the work as undertaken, and contributing the Panton Process and other IP, PLA may acquire up to a 49 percent participation in the Kalplats PGM Project”.

Preparation of the definitive formal joint venture documentation is in progress.

## **African Rainbow Minerals Platinum (Proprietary) Limited**

African Rainbow Minerals Platinum (“ARMplatinum”) is a wholly owned subsidiary of African Rainbow Minerals (“ARM”) which listed on the Johannesburg Stock Exchange and has a market capitalization of approximately \$1 billion.

ARMplatinum currently manages the Modikwa Platinum Mine, a 50:50 joint venture with Anglo Platinum which has a design capacity of 360,000 oz PGM per annum. In addition ARMplatinum, is developing the Two Rivers Platinum Mine which has a design capacity of 240,000 oz PGM per annum as manager in joint venture with Impala Platinum. ARMplatinum also produced approximately 39,000 ounces of PGM’s in 2003 from its wholly owned Nkomati Nickel Mine, which is also South Africa’s only primary nickel producer.

In addition to ARMplatinum, ARM has a controlling 20% interest in Harmony Gold, the sixth largest gold producer in the world and has significant chrome, iron ore and manganese interests held through ARMferrous.

## **Black Economic Empowerment in South Africa**

The South African Black Economic Empowerment (“BEE”) legislation requires that existing mining operations have a 15% BEE ownership component within five years, increasing to 26% within 10 years. New mining projects which are established should have a minimum of 15% increasing to 26% within 10 years. There is no specific requirement for an exploration project to have participation with a BEE company, but in order to move into development and acquire the necessary licences the minimum 15% participation level is required.

ARMplatinum is a BEE company and therefore the Kalplats PGM Project more than meets all required BEE participation levels.

## **Ongoing PLA Strategy**

The proposed Kalplats Joint Venture is part of our ongoing strategy to identify and evaluate potential PGM projects in South Africa. The signing of this MOU reflects the first success from the PLA South African strategy of seeking PGM Projects which have the potential to be developed into sustainable producing operations.

PLA is currently undertaking testwork on the application of the Panton Process to other South African ores and is confident that continuing success of this testwork will provide opportunities for PLA to participate in other PGM projects in South Africa. In addition, PLA is currently reviewing and considering participation in a number of PGM projects located in the Bushveld which would not require the application of the Panton Process.

PLA continues to review the status of its currently mothballed Panton PGM project in Western Australia, with the object of resuming development in the event of more favourable economic circumstances.

**For further information:**

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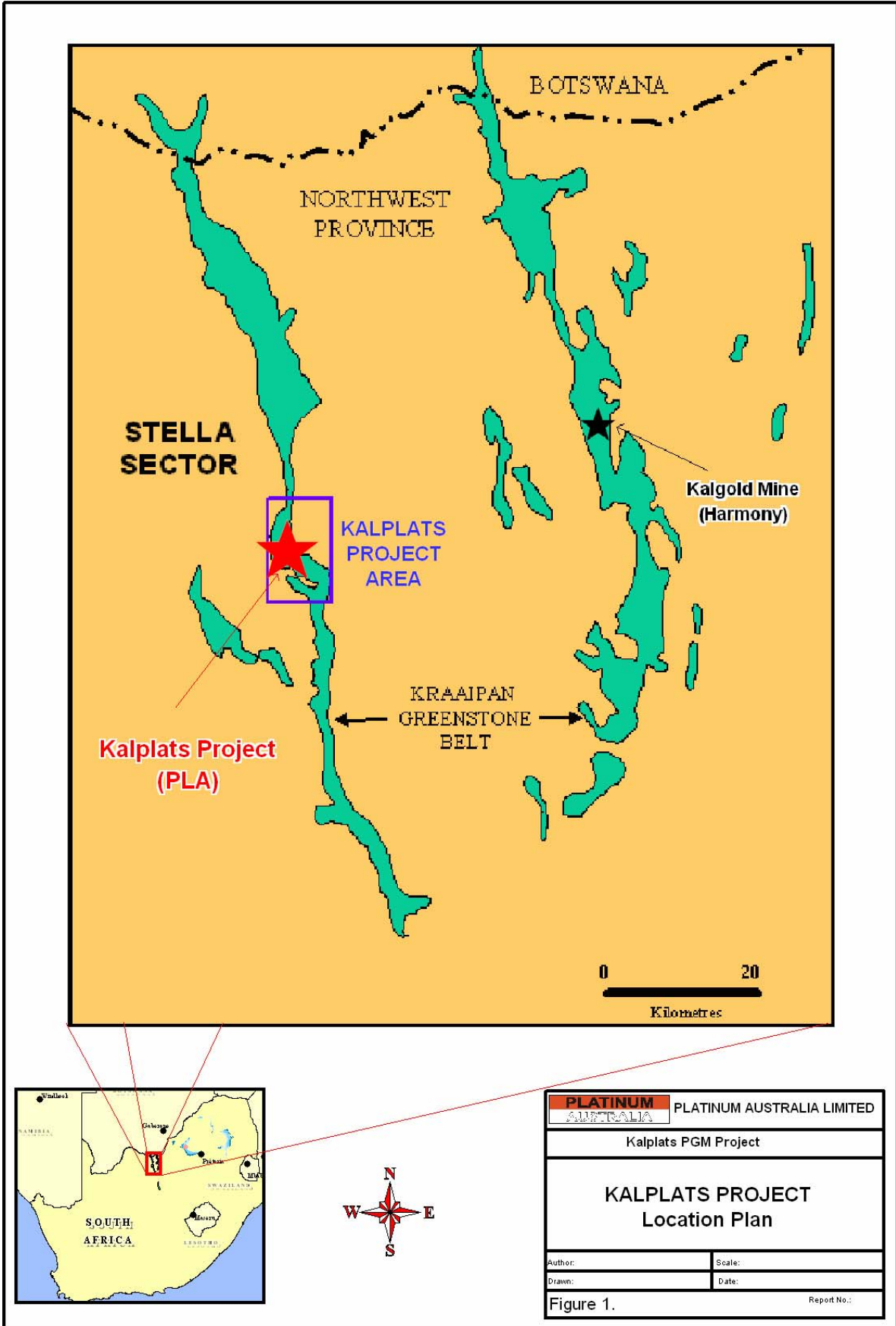
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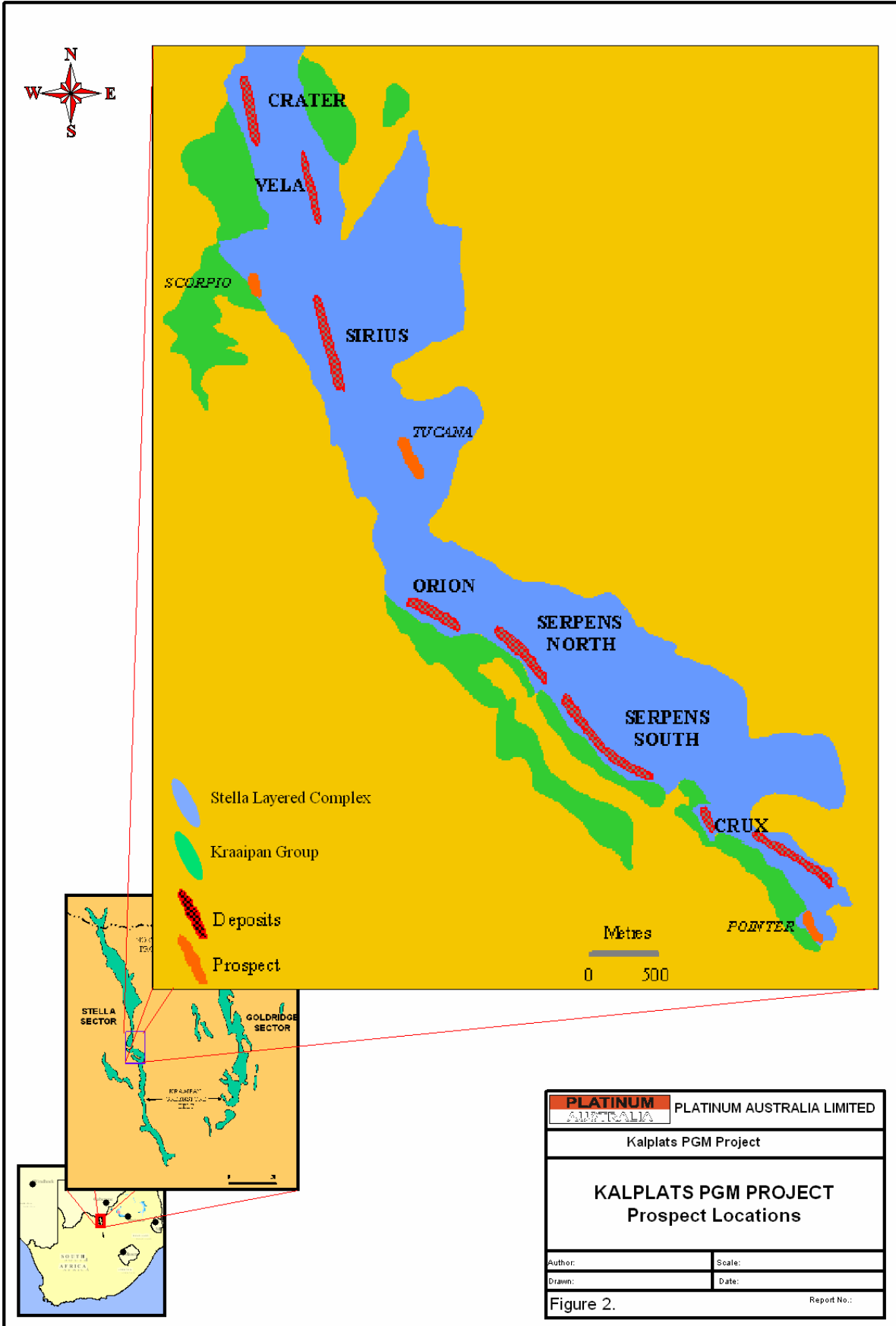
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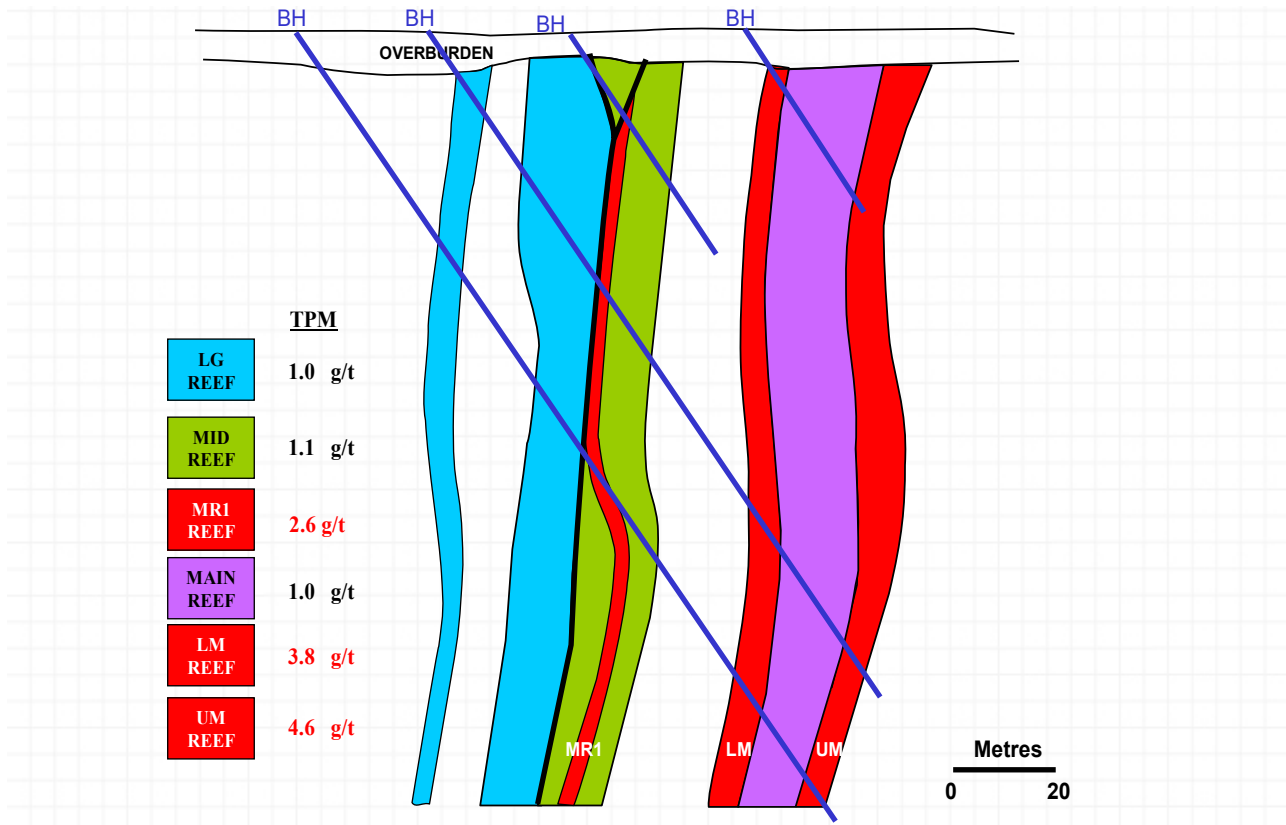
**Statement of Qualification**

The information in this report that relates to Mineral Resources is based on a resource estimate compiled by Volker Gartz (Pr.Sc.Nat) BSc (Hons) Geology MSc, who is a member the South African Council for Natural Scientific Professions. Volker Gartz was employed as the Project Manager for the Kalplats project by Harmony Gold Mining Company Ltd. Volker Gartz has sufficient experience which is relevant to platinum mineralisation and resource estimation to qualify as a Competent Person as defined in the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC Code) March 2000 and also as a Recognised Mining Professional. Volker Gartz consents to the inclusion in this report of the information, in the form and context in which it appears.





**Figure 3 Typical Kalplats Cross section**



**Figure 4 Leach Profile – 3E PGM’s - Panton v Kalplats**

