



# PLATINUM AUSTRALIA LIMITED

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

Dear Sir,

## **PLATINUM AUSTRALIA TO JOINT VENTURE WITH SALLY MALAY ON POTENTIAL DEVELOPMENT OF THE PANTON PLATINUM PALLADIUM PROJECT**

**Platinum Australia Limited (ASX: PLA) is pleased to announce that it has signed a letter of agreement with Sally Malay Limited (ASX: SMY) under which SMY will fund a study to evaluate the feasibility of mining high grade PGM ore from PLA's Panton Project and processing the ore through the nearby Sally Malay plant. This sulphide flotation plant will have spare capacity of approximately 300,000 TPA from Q2 2006 when the open cut mining ceases at Sally Malay and production is only from the underground operation.**

**The Panton Project is located in the Kimberley region of Western Australia, 60 km north of Halls Creek and 60 km south of the Sally Malay site. The Project has a resource of 14.3 Mt at 5.2 g/t 7E PGM (2.4 million ounces 7E PGM), including a high grade resource of 10.1 Mt at 6.1 g/t 7E PGM as detailed in Table 1.**

Development of the Panton Project has been on hold since PLA completed a detailed feasibility study in August 2003 which found that the project was technically feasible but not commercially viable at the prevailing metal prices and US\$ exchange rate. The last two years have seen the platinum price increase by almost 50% and both the palladium and gold prices increase by over 30%. PLA believes that these price increases combined with the savings in capital cost realised by using the Sally Malay plant significantly enhances the project.

Commenting today, John Lewins, Managing Director of PLA said: "This agreement brings the commencement of commercial production from the Panton PGM Project a step closer. The opportunity to work with Sally Malay and utilise their plant and infrastructure will considerably reduce the capital cost necessary to develop the Panton Project. This, combined with the very significant increases in project revenue from the increased metal prices will enhance the project economics considerably."

<b>Table 1 - Panton Resource – Measured, Indicated &amp; Inferred</b>							
	<b>Million Tonnes</b>	<b>7E PGM* g/t</b>	<b>Pt g/t</b>	<b>Pd g/t</b>	<b>Au g/t</b>	<b>Ni %</b>	<b>Cu %</b>
Top Reef	10.08	6.13	2.51	2.91	0.4	0.3	0.09
Middle Reef	4.22	2.99	1.41	1.15	0.1	0.18	0.04
<b>Combined</b>	<b>14.3</b>	<b>5.2</b>	<b>2.19</b>	<b>2.39</b>	<b>0.31</b>	<b>0.27</b>	<b>0.07</b>

\* 7E PGM = Pt + Pd + Rh + Ru + Ir + Os + Au

Assays are fire assay with lead collection and ICP - MS element determination

Assays by Genalysis Laboratory Services, Perth, Western Australia, a NATA registered laboratory (No 3224)

## **The Agreement**

Under the terms of the letter of agreement, SMY will spend up to \$750,000 in two stages to complete a Bankable Feasibility Study to evaluate the mining of high grade ore from Panton and processing it through the Sally Malay Plant to produce a high grade PGM concentrate. If the study is positive and a number of other conditions are satisfied SMY can earn a 50% interest in the first 1.5 Mt of high grade ore to be mined from the Panton Project. The agreement may be extended to cover further parcels of ore.

The study will include investigations of metallurgical recoveries from the treatment of Panton ore through the Sally Malay Plant, identification of any plant modifications and typical specifications of the proposed PGM concentrate to be produced. It is anticipated that the study will include trial mining and treatment through the Sally Malay Plant and pilot plant testing of the Panton Process on flotation concentrates produced.

## **Qualification Statement**

*We confirm that results contained in this report are based on information compiled by Tony Greenaway, Manager Geology & Resources of Platinum Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy.*

*Tony Greenaway has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Tony Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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