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DECEMBER QUARTERLIES

PLATINUM AUSTRALIA LTD : PROGRESSING AUSTRALIA'S FIRST PGM MINE By Warwick Grigor*

Trial underground mining has been underway at Panton with a 250 t metallurgical sample being taken from a vertical depth of 80 m. This will be shipped to South Africa for detailed testing. Laboratory scale tests in Perth have already shown that 80% recovery rates can be achieved on 5 gpt head grade material. This is 10% better than on earlier estimates and is indicative of the improvement in PGM metallurgical techniques in recent years. (For those of you who are gold buffs, the recovery rate of 80% to concentrates is quite acceptable in the PGM industry).

Perspective

PLA is a relatively straight forward company that should be easy to analyse once the numbers settle down and we know

exactly what the production profile will be, and what capital and operating are expected. As Australia's first PGM mine it will play an important role in demystifying PGMs to investors.

There is no doubt that Lonro thinks that PLA is good value at these levels, judging by the size of its investment. Either the shares will appreciate to significantly higher levels over the next year or two, or Lonmin will make a takeover bid. Either way the shares should move higher.

**Warwick Grigor is a director of Far East Capital and a consulting analyst. He and his associates have no material interests in the securities of Platinum Australia Ltd. This report provides information of a general nature and it does not contain a recommendation, express or implied, to deal in the securities mentioned herein*