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Platinum Australia's Plan To Set Up PMG Mine Hit By Firm Currency

PERTH, July 15 Asia Pulse - Platinum Australia Ltd's (ASX:PLA) plan to build the country's first platinum group metals (PGM) mine may be affected by the strengthening Australian dollar and a seven-year low in palladium demand.

The junior minerals explorer's executive director, John Lewins, said it was too soon to tell whether these two factors would impact on a bankability study due in two weeks on its planned PGM mine at its Panton project in Western Australia.

"I can't honestly answer that now, but they are significant issues," Mr Lewins told AAP at an Australian Platinum conference in Perth on Monday.

The bankability study was started in August 2001 when the Australian dollar was 50 cents against the US dollar and both platinum and palladium prices were around \$US600 an ounce.

"Platinum is a plus now as it has improved to \$US680 an ounce, but palladium is sitting at around about \$US180 an ounce," Mr Lewins said.

"If you look at the current prices, that's something over a 30 per cent reduction in revenue."

Offsetting that was an increase grade at the Top Reef mineral resource to an average 6.1 grams per tonne platinum group metal and gold, and results from its pilot plant testwork showing 90 per cent recovery.

"Those have partially offset the negatives," he said.

"Another positive is that palladium is at a seven-year low, and in general terms the belief is that it will pick up, at the same time the Australian dollar is expected to rise to seventy cents before dropping to 60-65 next year."

The Panton project has an established platinum resource of 10 million tonnes at 6.01 grams per tonne PGM and gold, containing 2 million ounces platinum and gold.

A mining feasibility study carried out in 1989 found the resource to be sub-economic due to low PGE prices and 70-75 per cent metallurgical recoveries of platinum and palladium.

Platinum Australia aims to produce a high grade concentrate on site and ship the product to overseas buyers, avoiding the capital cost of a complex smelter refinery.