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PLA: DRILLING SHOWS EXTENSIVE PGMs IN OPEN PITTABLE ZONES

By Warwick Grigor

(Revised version)

Announcement Highlights: PLA has announced results from another 26 holes (taking the total reported on to 50) drilled in the Panton Sill PGM Project in the Kimberley region of WA. The drilling confirms the extension of strike length from 1.8 km to 3 km and the high grade mineralisation associated with the A Chromitite extends to the surface.

Whereas previously the resource was a primary ore underground project the latest drilling suggests that an open pit may be feasible especially if the newly discovered low grade dunite material can be treated.

There have been rumours circulating that the resource is now in the order of one million ounces.

Assessment: On the face of it the announcement seems like a good result. The potential strike length has almost doubled and mining costs could be much less with the ability to open pit the deposit. The first question that came to mind related to the level of oxidation and the ability to recover PGMs from oxide ore, but in conversation with the company we have been reliably informed that there is effectively no oxidised zone below the top metre or two - the rocks are too dense. (Companies that previously held and explored the ground must now feel a little embarrassed. They hadn't drilled the top 50 m of structure as they apparently assumed that it was oxidised).

When PLA acquired the project there were three key uncertainties that needed to be resolved. Was there any open pittable ore? Was there sufficient tonnage to justify a mine? Could recoveries of 70/75% be improved upon? This drilling seems to satisfy the first two queries positively.

The discovery of the low grade material (1.5 gpt) is a real bonus provided that metallurgical recoveries can exceed 50% as it will improve the economics of an open pit.

The original thinking called for a 500,000 tpa capacity but this only resulted in a four year mine life - just a short term trade really. The possibility of a longer life - a career decision - would be most welcome.

We await with interest the results of studies currently being undertaken by Snowden and others.

Capital Structure/Balance Sheet

Share price	55c
Range (2000/01)	20/70c
Market cap	$27m (diluted for options)
Issued Capital	30 million fully paid shares
	29.9 million Sep 2004 20c options
Cash	$3.3m (at 31/12/00)
Shareholders	Tony Barton 12.65%
	Peter Allchurch 3.7%

Warwick Grigor is a director of Far East Capital and a consulting analyst. From 1986 to 1991 he was Senior Gold Analyst at County NatWest and rated in the top handful of mining analysts. He was voted the Best Mining Analyst three years in a row by the Register of Australian Mining. He left to establish Far East Capital in 1991.