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Manager
Companies Announcements Office
Australian Stock Exchange Ltd
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Madam,

RAPID PROGRESS ON BANKABLE FEASIBILITY STUDY AT PANTON

The Bankable Feasibility Study on the development of the Panton Platinum Palladium Project is now well advanced. Completion of the study is on schedule for the second quarter of this year.

Underground Mining of Bulk Sample

Underground mining of high grade Top Reef has started at the Panton Platinum-Palladium Project. The Top Reef was accessed via a 300m long exploration decline (downward inclined tunnel) driven from surface to intersect the Top Reef some 80 metres vertically below surface.

A 250 tonne bulk sample has been mined from the Top Reef for shipment to South Africa, to be used in pilot scale metallurgical testwork.

It is anticipated that underground mining will continue for a further week, allowing geological and mining conditions to be evaluated over a strike length of 50 metres.

Open Cut Bulk Sample

A 170 tonne bulk sample of near-surface open cut Top Reef was mined in December and shipped to South Africa for pilot scale metallurgical testing to be carried out in February.

Metallurgical Testwork

Seventy five laboratory scale flotation tests have been completed in Perth on samples of open cut material. These have shown that a recovery of 80% Pt+Pd+Au can be achieved from composite samples, with a head grade of 5 g/t Pt+Pd+Au. This recovery is a more than 10% improvement on recoveries obtained during the Pre Feasibility Study and reflects an increasing knowledge of Panton metallurgy. Flotation tests on open pit samples are continuing, with the objective of determining final product recovery and grade.

Initial results of flotation optimization test work on samples of underground material also show a significant improvement on Pre Feasibility Study results.

Resource Definition Drilling

The resource definition drilling program was completed in December. Snowden Mining Industry Consultants are presently incorporating the results of this program with earlier results, to complete a new resource estimate, which will form the basis of the Bankable Feasibility Study. The new resource will include some 210 Top Reef intercepts obtained from the current and previous drilling programs.

The recent program includes the deepest drilling so far undertaken by PLA. Top Reef grades and thickness in the deeper holes are similar to those at shallower depth. Some deeper intersections are set out in the following table:

Hole PS240

Location: C sub block
Top Reef Intercept: 2.30 metres @ 6.09 g/t Pt+Pd+Au from 678.7 metres

Hole PS 317

Location: A sub block
Top Reef Intercept: 1.12 metres @ 4.58 g/t Pt+Pd+Au from 680.3 metres

Hole PS291

Location: BC sub block
Top Reef Intercept: 2.18 metres @ 4.98 g/t Pt+Pd+Au from 662.8 metres

Top Reef Twin Discovered

The recent drilling has established that the Top Reef is twinned in places, so that two parallel reefs of similar thickness and grade occur about 3 metres apart, in place of the normal single Top Reef. The twinned Top Reef is developed over a strike length of some 500 metres and extends from near surface at one point, to a depth of over 500 metres. The twinning is not a fault repetition but appears to be of primary depositional origin.

This unexpected area of twinned Top Reef is a bonus for the resource and for mining.

A number of twinned Top Reef assay results are set out in the following table:

Hole PS233

Location: BC sub block
Top Reef Intercept: 1.55 metres @ 7.67 g/t Pt+Pd+Au from 530.0 metres
1.65 metres @ 6.93 g/t Pt+Pd+Au from 534.7 metres

Hole PS237

Location: BC sub block
Top Reef Intercept: 1.25 metres @ 7.50 g/t Pt+Pd+Au from 298.3 metres
1.0 metres @ 13.49 g/t Pt+Pd+Au from 303.4 metres

Hole PS227

Location: B sub block
Top Reef Intercept: 0.5 metres @ 7.67 g/t Pt+Pd+Au from 406.4 metres
1.5 metres @ 7.57 g/t Pt+Pd+Au from 408.0 metres

Hole PS143

Location: BC sub block
Top Reef Intercept: 2.0 metres @ 6.26 g/t Pt+Pd+Au from 38.0 metres
3.0 metres @ 4.93 g/t Pt+Pd+Au from 44.0 metres

Other Drilling

All non-mineral resource definition drilling, including geotechnical, sterilization and hydro geological drilling has now been completed.

Over 240 mostly diamond drill holes have been drilled since May, totaling almost 40,000 metres of drilling.

Statement of Qualification

This report, insofar as it relates to ore or mineralisation, is based on information compiled under the supervision of P. D. Allchurch, who is a competent person as defined in Appendix 17 of the Australian Stock Exchange Listing Rules. This report accurately reflects the information compiled.

Yours faithfully,
PLATINUM AUSTRALIA LIMITED

P.D. ALLCHURCH
Executive Chairman