

## OZEQUITIES NEWSLETTER

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### **DECEMBER QUARTERLY**

#### **PLATINUM AUSTRALIA LTD: ON TRACK TO RIDE THE PLATINUM SURGE**

**By Warwick Grigor\***

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Of all commodities platinum is looking to be one of the strongest. Not only does it often move in sympathy with gold, but industrial off-take is ensuring that there is a tight supply and demand equation. Recent statements by President Bush that the US is keen to promote fuel cell energy production has made the platinum group metals even more topical in recent weeks.

#### Australia's Most Legitimate PGM Stock

As I have been writing for some time, PLA is streets ahead of any other Australian company in its quest to become our first specialist domestic producer (Aquarius sources its production from South Africa). The cards are steadily being placed in line, leading to an expectation of a construction go-ahead for the Pantan Sill project within a few months.

#### Pantan Project Progresses in Dec. Qtr

Much of the work carried out in the last quarter related to testing the treatment process with the precipitation test showing excellent recovery. In-fill drilling was also conducted, as well as project design work. The process is more involved than the CIL process used for gold, so we won't go into it in detail here. However, it is worth mentioning that the process involves circumvention of the need to ship vast amounts of concentrates to smelters. The intention is to produce an intermediate product that can be shipped directly to refiners.

#### Corporate Picture Looking Strong

Lonmin plc, the third largest platinum producer in the world is the largest shareholder in PLA. It has recently increased its stake as it was the underwriter of the

recent 4 for 25 issue which had a 43% shortfall.

Anglo Pacific Group plc became the second largest shareholder in PLA with the purchase of 4.8 mill. shares or 8% of the Company. Subsequent purchases have lifted this holding to 9.3%.

It is believed that the original promoter and broker to PLA, Tony Barton, has greatly reduced his shareholding in the company. If this is the case, then it might be appropriate to alter one's expectations. At one stage his presence supported the view that the Company was being set up for a takeover. Maybe this could still happen, but with Anglo now holding close to a blocking position the path could be a little more contested. We could have some competitive friction. Either way, minority shareholders would appear to be in good company.

#### No Fly-By Night Company

PLA is definitely not going off half-cocked on this project. It has taken a while to get to this point but hopefully the end result will be worth it. If the early numbers are any guide the share price could be some multiple of the 40¢ level a few years out (but it might require a few analysts to take crash courses in PGM projects).

*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 is of a general nature and it does not contain a recommendation, express or implied, to deal in the securities mentioned herein*