



PLATINUM AUSTRALIA LIMITED

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

Dear Madam,

RESULTS OF THE PANTON PLATINUM PALLADIUM FEASIBILITY STUDY

The Directors of Platinum Australia Limited ("PLA") have now received the preliminary results of the Feasibility Study carried out on the Panton Project. The results indicate that while the project is technically sound it is not commercially viable at the current metal prices and exchange rate.

During the term of the Feasibility Study the palladium metal price dropped from over US\$600 per ounce to less than US\$200 per ounce and the Australian dollar climbed from US\$0.52 to US\$0.65. Partially offsetting this has been an increase in the average grade of the resource at Panton and the increased value of the final product as a result of the successful development of the new metallurgical process for the recovery of PGM's by PLA and Lonmin*. These very significant improvements have increased the value of our final products by almost 30%; however this has still not been sufficient to overcome the drop in revenue of almost 50% caused by adverse commodity price and exchange rate movements. Therefore while the project would be commercially viable at the prices and exchange rate prevailing at the start of the Feasibility Study, this is not the case currently.

The Board therefore believes that it is appropriate at this time to put the development of the Panton Project on hold until improvements are seen in the exchange rate and palladium price. Some work on optimising and finalising the study to ensure that the project is in the best possible position to move forward when more favourable conditions prevail will however be carried out in the short term.

Although the result of the Feasibility Study is disappointing, the Board believes that development of the new metallurgical process comprising the Calcine - Leach Process developed by PLA and the Metals Recovery Processes developed by Lonmin with PLA could be of major significance to PLA and the PGM Industry in general. The combination of these processes has the potential to enable the economic treatment of material which could not be economically treated by conventional methods. Importantly the process produces a high grade final concentrate suitable as feed to a Base Metal or Precious Metal Refinery bypassing the need for a smelter.

The Company intends to focus on developing the commercial potential of the new Calcine - Leach - Metals Recovery Process through participation in the development of PGM projects and on its other exploration projects in Western Australia, with drilling programs scheduled for two projects this month.

PLA considers that the current rapid expansion of the PGM industry in South Africa offers the best potential for early commercial development of PGM projects and that the Calcine - Leach - Metals Recovery Process provides opportunities for PLA to become involved in these projects. PLA therefore intends to focus on South Africa, which produces of 70% of the World's platinum, as the market for commercialisation of the new process and is currently in discussions with a number of organisations involved in the South African PGM industry.

Yours faithfully,
PLATINUM AUSTRALIA LIMITED

JOHN D. LEWINS
Executive Director

* Lonmin Plc is the third largest primary platinum producer in the World and is listed on the London Stock Exchange. Lonmin holds 44.3% of PLA on an undiluted basis.