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The Manager – Company Announcements Office
Australian Stock Exchange Limited
10th Floor
20 Bond St
Sydney NSW 2000

Dear Sir,

Diamond Drilling Intersects PGM Bearing UG2 Reef at Smokey Hills PGM Project

Platinum Australia Limited (ASX: PLA) is pleased to announce that the first diamond drill hole completed at the Smokey Hills project has intersected the UG2 reef as predicted from surface mapping between 75.95 m to 76.76 m. The hole was drilled at an angle of 80° to the vertical and the width of UG2 reef intersection of 81 cm is expected to be close to true width. Assays for the intersection should be available in approximately two weeks.

The hole is one of three diamond drill holes designed to confirm the continuity and grade of the PGM bearing UG2 reef as part of the due diligence for the acquisition of an interest in the project.

Previous mapping at the Smokey Hills Project has identified six kilometres of outcropping PGM bearing UG2 reef and sampling of the reef outcrops by PLA gave an average assay of 8.79 g/t 4E PGM (platinum + palladium + rhodium + gold). Based on this and the well established continuity of the UG2 reef which is mined over tens of kilometres in numerous mines, PLA believes that there is a target of up to 1 million ounces of 4E PGM in the Smokey Hills Project area.

While this target is of a conceptual nature and does not imply that a mineral resource has been or will be defined, the current drilling, if successful should significantly increase the confidence in the potential of the project.

A further program of systematic shallow drilling is planned for early in 2005 to fully test this target.

In announcing the initial results of the first drill hole at the Smokey Hills Project, PLA Managing Director John Lewins said “The intersection of the UG2 reef confirms our confidence in the continuity of the reef at Smokey Hills. This first diamond drill hole represents a successful start to our operations in South Africa and further drilling planned for early 2005 should allow PLA to establish a JORC compliant resource for the Smokey Hills Project.”

The Smokey Hills PGM Project

The Smokey Hills Project has over 6 kilometres of mapped UG2 PGM reef, outcropping around the margin of two hills. The outcrop has been bulldozed along approximately 3.5 kilometres to expose the reef in a clean vertical face for precise sampling and width measurement.

PLA collected 9 channel samples across the full width of the reef along the 3.5 kilometres exposed by bulldozing. The sample assays showed relatively minor variation and an average of 8.79 g/t 4E PGM (10.66 g/t 6E PGM) over an average reef width of approximately 55 cm.

This would equate to a grade of approximately 5.21 g/t 4E PGM over a mining width of 1 metre, assuming zero grade for dilution. This is consistent with the adjacent Modikwa Platinum Mine which has reported reserves of 35.2 million tonnes at 4.86 g/t 4E PGM on a mining width of approximately 1 metre.

No formal mineral resource has yet been estimated for the Smokey Hills Project. However the extensive reef exposure at surface around both hills and the well known geological and grade continuity of the UG2 reef, allows a reasonable estimate of the target size of the UG2 reef mineralisation to be made.

The area of UG2 reef present on the Smokey Hills Project has been determined from the mapping of the outcrop to be 165 hectares. The average true thickness of the reef from channel sampling is 55 cm. The average specific gravity of the reef from the channel samples is 4.09 which is consistent with the specific gravity reported from the nearby Modikwa Platinum Mine of 3.96 to 4.00. Combining the average true thickness, grade (8.79 g./t 4E PGM) and specific gravity from the channel sampling, and assuming reef continuity over the mapped area, indicates that the Smokey Hills Project has target mineralisation of up to 1 million ounces 4E PGM.

Advancing the Smokey Hills Project

As part of the due diligence, PLA has commenced the drilling of three diamond drill holes to be completed in early December. This will be followed by a comprehensive drilling program in January 2005, aimed at defining a JORC compliant resource for the project as part of a BFS.

PLA believes that the shallow outcropping nature and geometry of the UG2 reef at Smokey Hills facilitates a rapid and low cost completion of the resource definition and project evaluation phases necessary to bring the project into production. It is anticipated that the drilling of the Smokey Hills Project could be completed early in 2005 and that a BFS could be completed in the second half of 2005.

For further information:

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