



ASX Release

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POSITIVE RESULT FROM THE SMOKEY HILLS PROJECT FEASIBILITY STUDY

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to announce the preliminary results from the Bankable Feasibility Study ("BFS") confirm that the Smokey Hills Platinum Group Metals ("PGM") Project is extremely robust generating returns in excess of 60% on the Base Case assumptions and in excess of 300% using current metal prices and exchange rate.

The key preliminary results from the study are as follows:-

- The Project delivers a return of 63% on the Base Case and 311% at Current Prices;
- The Project achieves an NPV10 of US\$74 Million on the Base Case and US\$251 Million at Current Prices;
- The Project has a cash flow (undiscounted) of US\$133 Million on the Base Case and US\$404 Million at Current Prices;
- The Initial Capital Cost of the Project is US\$41.5 Million;
- The Cash Operating Cost is US\$228/oz 4E PGM produced;
- The Project will produce an average of 96,000 oz 4E PGM per annum over a 7 year life.

A full summary of the preliminary results are provided in Table 1 below and the underlying assumption relating to metal prices and exchange rate are provided in Table 2.

The final results from the BFS will be available in the near future but are not expected to differ significantly from the preliminary figures.

GRD Minproc (Pty) Ltd are the Lead Engineers for the BFS, while Snowden are responsible for the Resource Estimate and Mining Study, SRK Consulting for Tailings and Hydro-geological studies and Africa Geo-Environmental Services for the Environmental Study.

PLA Managing Director John Lewins said: "We are very pleased with these preliminary results from the Smokey Hills Bankable Feasibility Study which confirm our view that the project is extremely robust with very low capital and operating costs and therefore attractive margins which should generate cash flow for the Company of between US\$100 Million and US\$260 Million during its seven year life".

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“We are currently completing a review process of the Bankable Feasibility Study and expect to have this completed shortly at which point the final figures will be available, however we do not expect these to vary significantly from these initial figures. PLA is now moving ahead to finalise arrangements for the funding of the project and with the applications for various permits necessary to commence operations”.

Table 1 Summary of Preliminary Results from Smokey Hills BFS

		Base Case	Current Prices*
Reserves	4E PGM	763,000 oz	
Production	4E PGM	~96,000 oz/annum	
Plant Recovery		86%	
Project Life		7 years	
Cash Costs	4E PGM	US\$228/oz	US\$222/oz
Basket Price	4E PGM	US\$628/oz	US\$1,118/oz
Capital Cost			
Initial	US\$	\$41.5 Million	\$40.9 Million
Deferred	US\$	\$12.5 Million	\$12.3 Million
NPV			
10%	US\$	\$74 Million	\$251 Million
15%	US\$	\$56 Million	\$203 Million
IRR		63%	311%
Cashflow	US\$	\$133 Million	\$404 Million
Payback	months	22 months	6 months

* Current Prices are as at 10/07/2006

Table 2 Metal Price and Exchange Rate Assumptions

Rand/US Dollar Exchange Rate and Metal Prices					
		Base Case		Current at 10/7/2006	
Exchange Rate	ZAR/US\$	7.0		7.19	
Metal Prices		US\$	ZAR	US\$	ZAR
Platinum	per oz	900	6,300	1,235	8,880
Palladium	per oz	300	2,100	325	2,337
Rhodium	per oz	1,000	7,000	4,550	32,715
Gold	per oz	450	3,150	626	4,501
Nickel	per tonne	10,000	70,000	25,950	186,581
4E Basket Price	per oz	632	4,421	1,113	8,004

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Smokey Hills PGM Project

The Smokey Hills PGM Project is located on the eastern limb of the Bushveld Complex in the Limpopo Province, 300 kilometres north of Johannesburg.

PLA has signed a formal Sale Agreement with Smokey Hills Platinum (Pty) Ltd ("SHP") to acquire up to 80% of the Project through the staged acquisition of 100% of SHP. PLA acquires an initial 74% interest in SHP by providing \$3.4 million for SHP to fund the purchase of an 80% interest in the Project. The balance of 26% in SHP will be acquired for 15 million fully paid shares in PLA. The balance of the Project is held 5% by the local community and 15% by Corridor Mining Resources, a Company owned by the Limpopo Provincial Government.

PLA commenced a resource definition drilling program on the project in July 2005 and a Bankable Feasibility Study with GRD Minproc as the Lead Engineer in October 2005.

The Company envisages commencing operations at Smokey Hills initially as an open cut and then progressing to an underground mine. During the initial phase while the plant is under construction PLA proposes to mine ore for toll treatment through a nearby plant to generate early cash flow. This phase would last for approximately 12 months after which ore would be treated through the on site plant producing a flotation concentrate for sale to any one of a number of smelters in South Africa, the nearest of which is less than 100 kilometres distant.

Dependent on the issuing of the necessary permits PLA proposes to commence construction and mining operations in the December 2006 quarter with plant commissioning occurring 12 months later.

Yours faithfully
PLATINUM AUSTRALIA LIMITED



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Managing Director

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Further Comments:

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