

## ASX Release

11 September 2006

### NEW ORDER RIGHT CESSION FOR SMOKEY HILLS PGM PROJECT

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to announce that it has been granted a cession transferring the New Order Prospecting Right covering the Smokey Hills Project to PhokaThaba Platinum (Pty) Ltd (“PhokaThaba”), the Joint Venture company in which PLA has an 80% interest.

Commenting on the news, PLA Managing Director John Lewins said: “The issue of the cession transfers the Prospecting Right from our Joint Venture partner, Corridor Mining Resources, to our joint venture company, PhokaThaba. This is important as it allows PLA to submit the application for the Mining Right in the name of PhokaThaba, the company in which we have an 80% controlling interest.”

“We have commenced preliminary engineering work on the project to enable us to order long lead items, such as the mills, to ensure the project is developed as quickly as possible following the issue of the Mining Right. We are hopeful of obtaining the Mining Right in late 2006 or early 2007 at which point we would commence mining and toll treatment of ore while we undertake construction of the treatment plant. We would expect to commence commissioning of the treatment plant and commence production of concentrates in late 2007.”

PLA is currently in discussions with a number of banks regarding the funding of the Project and expects to issue a mandate in the near future. Following a share placement in May of this year which raised \$21 million, the Company has some \$25 million in cash, sufficient to provide its share of equity funding for the Smokey Hills Project and to fund the Pre and Bankable Feasibility Study on the Kalplats Project.

#### 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 has recently completed a Bankable Feasibility Study on the project, the key results of which were as follows:

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- The Project would deliver a return of 74% on the Base Case and 670% at Average July Prices;
- The Project would achieve a pre tax NPV10 of US\$60 Million on the Base Case and US\$230 Million at Average July Prices;
- The Project would generate a cash flow (undiscounted) of US\$139 Million on the Base Case and US\$396 Million at Average July Prices;
- Initial Capital Cost of the Project would be US\$40.5 Million;
- Cash Operating Cost of US\$226/oz 4E PGM (platinum + palladium + rhodium + gold) produced (net of base metal credits);
- The Project has a JORC compliant reserve of 763,000 oz 4E PGM and would produce an average of 95,000 oz 4E PGM per annum over a 7 year life.

The BFS envisages commencing operations 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.

### **Qualification Statement**

*We confirm that the exploration results and resources contained in this report are based on information compiled by Tony Greenaway, Geology & Resources Manager of Platinum Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy.*

*Tony Greenaway has more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a competent person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Yours faithfully  
PLATINUM AUSTRALIA LIMITED



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**Managing Director**

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