



ASX Release

11 December 2007

CONCENTRATE OFFTAKE AGREEMENT SIGNED WITH IMPALA REFINERY SERVICES FOR THE SMOKEY HILLS MINE

Platinum Australia Limited (ASX: PLA) (AIM: PLAA) is pleased to announce that an offtake agreement has been signed with Impala Refining Services ("IRS") for the concentrate to be produced from the Smokey Hills Mine. The agreement covers the life of mine production of approximately 95,000 ozs 4E PGM per annum over some seven years.

PLA Managing Director John Lewins said: "We are very pleased to have concluded this offtake agreement with IRS, part of Impala Platinum Limited group, for the concentrate from our Smokey Hills Mine. This agreement provides a guaranteed market for our product for the life of the mine and, while the terms of the agreement are obviously confidential, we believe them to be very competitive. With the Smokey Hills plant due to commence commissioning in June 2008 and the current strong platinum price expected to be sustained in the medium term due to strong growth in demand and supply shortfalls, we believe PLA is poised to move into production at an optimum time".

Smokey Hills PGM Project

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

The Company started construction of the treatment plant at the mine in November 2007 and plans to commence commissioning of the plant in June 2008. Mining Operations at Smokey Hills will be initially an open cut, progressing to a shallow underground mine. The rapid on site development of the mine is possible due to the Company committing to the ordering of long lead items in early 2007 and commencing detailed design with the awarding of the EPCM contract for the plant to GRD Minproc in June of this year.

The plant has a design capacity of 720,000 tonnes per annum and will produce approximately 95,000 ozs 4E PGM (Platinum + Palladium + Rhodium + Gold) in a flotation concentrate.

PLA 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 in 2004. PLA acquired 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 was 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 will sell down its interest to 59% to introduce a further BEE component to the project on the basis of the value of the Project established by the Bankable Feasibility Study. However due to the nature of the transaction where PLA provides vendor financing, it is expected it will retain approximately 75% of cash flow over the life of the Project.

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The capital cost of the project was estimated in the BFS in July 2006 to be US\$40m and this plus an overrun facility gives a total cost of up to US\$49 million which is fully-covered, with Standard Bank of South Africa providing up to approximately US\$40m of debt funding. PLA and CMR have already contributed some 40% of the equity component and the balance is easily covered by PLA's current cash resources of around A\$23m.



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Glossary

4E PGM - Platinum + Palladium + Rhodium + Gold

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