



ASX Release

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SMOKEY HILLS SITE WORKS PROGRESSING, OPEN PIT MINING COMMENCED AND EPCM CONTRACT SIGNED WITH GRD MINPROC

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to advise that the formal EPCM (Engineering, Construction and Project Management) contract for the construction of the processing plant and related infrastructure for the Smokey Hills Project has been signed with GRD Minproc (Pty) Ltd ("Minproc"). Site Construction works are progressing with the earthworks contractor, Protech Khuthele having been on site since November and the civil works contractor, Murray and Roberts, also recently mobilised to site.

Mining operations are also now under way, with the open pit mining contractor, Sentula Mining, having also commenced work on site.

PLA Managing Director John Lewins said: "With construction at the Smokey Hills site now in full swing we are obviously very pleased to have now signed the formal EPCM contract with Minproc, following the award of this contract to them last year".

"The majority of equipment has now been ordered, the major construction contracts awarded and the detailed design completed, so we are now fully focused on the site construction activities. The earthworks contractor, Protech Khuthele, has been on site since late November and the civil works contractor, Murray and Roberts mobilised to site last week and is due to commence pouring the mill foundations in the coming week".

"Although heavy rains and unexpected rock formations have caused some delays to the project schedule, at this point we are still anticipating first ore feed in July 2008".

"In addition we also have the open pit mining operations underway with the open pit mining contractor, Sentula Mining, having commenced work on site in the last week".

Smokey Hills PGM Project

Operations at Smokey Hills will commence initially as an open cut, progressing to a shallow underground mine during the first year of operations. The treatment of ore through the on site treatment plant is scheduled to commence nine months after on site construction activities commence and less than six months after mining commences. This 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 Minproc in June 2007.

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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. This concentrate will be delivered to Impala Refining Services ("IRS") under a life of mine offtake agreement.

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 has sold 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.

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 has already contributed its equity component and expects first draw down of the debt facility in early March.

Yours faithfully
PLATINUM AUSTRALIA LIMITED



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