

ASX Release

11 March 2008

DIESEL GENERATORS ORDERED FOR SMOKEY HILLS PLATINUM MINE

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to advise that the order has now been placed for five diesel generators with a capacity of 8,000 KVA for the Smokey Hills Platinum Mine. The units are due for delivery in June 2008 and will provide the project with sufficient capacity to run the entire mining and processing operations independent from grid power if necessary.

The capital cost of the generators and associated equipment will be under US\$2 Million, or just 4% of the capital cost of the project. This expenditure is fully justified by the certainty of power supply and therefore continuity of operations that this provides.

PLA Managing Director John Lewins said: "While we have every expectation that Eskom will meet their contractual commitments to supply grid power to our Smokey Hills Platinum Mine, both during construction and in operations, we are very aware of the ongoing problems being faced by the power utility. We have therefore taken the step of ordering sufficient stand alone generating capacity to allow the operation to be independent of power from the national grid. This will guarantee that the project can commission on time even in the event of delays in connecting to the grid, and will also allow the operation to continue at full capacity in the event of a partial or even total power failure from the grid".

"Even in the event of a complete failure of grid power requiring the operation to supply 100% of power requirements from the diesel generators, the impact on operating costs would be approximately US\$70 per oz 4E PGM. This would see a cost of production at the Smokey Hills Platinum Mine of just over US\$300 per oz 4E PGM, still one of the lowest in the industry.

"We believe this step ensures that PLA is fully able to maximise production from Smokey Hills and take full advantage of the high metal prices which are anticipated to remain with the industry in the short to medium, especially while issues remain with the continuity of power supply in South Africa".

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 in July 2008, nine months after on site construction activities commence and less than six months after mining commenced. 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.

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 March.

Yours faithfully
PLATINUM AUSTRALIA LIMITED



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Glossary

4E PGM - Platinum + Palladium + Rhodium + Gold
UG2 Reef – Upper Group 2 Reef

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