



ASX Release

29 May 2008

PLATINUM AUSTRALIA INCREASES STAKE IN SMOKEY HILLS PLATINUM MINE FROM 59% TO 69.75%

Platinum Australia Limited (ASX: PLA) (AIM: PLAA) is pleased to announce that it has signed binding agreements to acquire a further 10.75% of the Smokey Hills Platinum Project, taking its stake to 69.75%.

In the first of two transactions PLA is acquiring an additional 6.75% for a cash consideration of approximately AUS\$5.5 Million (ZAR41 Million) and in the second PLA is acquiring a further 4% in exchange for one million ordinary shares in PLA.

As a result of these transactions PLA will have a 69.75% stake in Smokey Hills, with the balance being held by various Black Economic Empowerment (BEE) entities. Importantly due to the nature of the BEE transactions which PLA have undertaken, PLA will now retain approximately 85% of the cash flow from the Project.

PLA Managing Director John Lewins said: "We are extremely pleased to have completed these transactions which significantly increase our stake in the Smokey Hills Platinum Mine which is projected to be one of the lowest cost producers in the industry. With construction now well under way and commissioning due to commence in July we believe we will see a very rapid payback for our investment as at current metal prices the mine is projected to generate cash flow in excess of US\$120 million per annum before interest and tax at full production."

The transactions referred to above represent a substantial transaction under Rule 12 of the AIM Rules for Companies and the information required by Schedule 4 of the AIM Rules for Companies is set out in this announcement. Application will be made to the London Stock Exchange for the one million ordinary shares in PLA to be issued in respect of the second transaction to be admitted to trading on AIM and it is expected that trading will commence on [T+4 days] June 2008.

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.

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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 was held 5% by the local community and 15% by Corridor Mining Resources (Corridor), a company owned by the Limpopo Provincial Government.

A number of subsequent transactions to introduce the required BEE component has seen PLA with a final interest of 69.75% and Corridor sell out of the Project. However due to the nature of the transactions whereby PLA provided vendor financing for the BEE acquisition on the basis of the value of the Project established by the Bankable Feasibility Study, it is expected that PLA will retain approximately 85% 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 of which US\$11 million in equity has already been contributed. The balance of up to US\$40 million is being provided by Standard Bank of South Africa as debt funding. A further US\$2.5 million is being spent on acquiring 8 MVA of standby generating capacity, which will allow the Smokey Hills mine and processing plant to operate fully independent of Eskom grid power.

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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