



ASX Release

18 March 2009

SMOKEY HILLS UPDATE

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to provide an update on operations at the Company's Smokey Hills Platinum Mine in South Africa where ramp up to full production is underway and shipment of concentrates to the Impala Platinum Smelter has commenced.

In providing an update on developments at Smokey Hills, PLA Managing Director John Lewins said: "The commissioning of the plant at our Smokey Hills Platinum Mine has progressed to the point where we are now moving to treat our higher grade stockpiles, some of which run up to plus 8 g/t 4E PGM, and focusing on ramping up to full production. Importantly, as we have recently commenced shipping concentrates, we expect to receive our first payment at the end of this month, truly marking our entry into the ranks of platinum producers."

"Operations in the open pit mine are due to be completed by June of this year and the development of the underground mine continues to progress on schedule. The first adit is now developed to more than 100 metres below surface and development of the second of the total of six adits to be developed has also commenced. These adits are developed on reef, so we are already producing ore from the underground operations. In addition, during March development of the first raise was commenced which should see production from stopes commence in the September quarter of this year."

"The recent improvement in the platinum price to over US\$1,000/oz combined with the continued stability of the Rand to US Dollar exchange rate at approximately 10 to 1 has also been very positive for the operation. At the current metal prices and exchange rate our margins in steady state operations are projected to increase to approximately US\$350/oz 4E PGM, with our current hedging taking this to close to US\$400/oz."

Smokey Hills PGM Mine

Operations at Smokey Hills commenced initially as an open cut operation and this will continue through to June 2009, at which point the ore stockpile is projected to have increased from the current 100,000 tonnes to approximately 200,000 tonnes. The development of the shallow underground mine commenced in late 2008 and production from this will replace that from the open pit over the next twelve months. The on-site treatment plant has a design capacity of 720,000 tonnes per annum and at this rate will produce approximately 95,000 ozs 4E PGM in a flotation concentrate. This concentrate will be delivered to Impala Refining Services ("IRS") under a life of mine offtake agreement.

Platinum Australia Limited

Level 3, 18 Richardson Street West Perth Western Australia 6005 Australia

T: + 61 8 9324 1494

F: + 61 8 9226 4259

E: pla@platinumaus.com

W: www.platinumaus.com.au

PLA has a direct interest of 69.75% in the project with the balance held by various Black Economic Empowerment (“BEE”) entities. 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 initial 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. At the current Rand to US Dollar exchange rate of approximately ZAR10 to US\$1, the initial capital cost will be approximately US\$46 million including a cost of some US\$3 million for the installation of 8 MVA of standby generating capacity, which was not allowed in the original budget. This standby generating capacity will allow the Smokey Hills mine and processing plant to operate fully independent of Eskom grid power in the event of any supply problems.

PLATINUM AUSTRALIA LIMITED



JOHN D LEWINS
Managing Director

John Lewins
Managing Director
Platinum Australia
+61 08 9324 1491
M: 0419 910 061

Media enquiries UK:
Ron Marshman &
John Greenhalgh
City of London PR
+44 020 7628 5518

Media enquiries AUS:
John Lewins
+61 8 9324 1491
M: +61 419 910 061

AIM Nominated Advisor:
Ambrian Partners Limited
+44 207 634 4700

UK Broker:
RBC Capital Markets
+44 207 653 4000

Glossary

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

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