

ASX Release

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MOVING TO OWNER OPERATOR MINING AT SMOKEY HILLS

Platinum Australia Limited (ASX:PLA) is pleased to advise it has initiated a transition from contractor underground mining at Smokey Hills Mine to Owner Operator mining. The transition process is being completed with the full cooperation of the current mining contractor, JIC Mining Services (Pty) Ltd ("JIC"), and is scheduled to be completed by the end of February.

The decision to move to Owner Operator is the result of extensive planning and evaluation work completed over a number of months to determine the most effective operational model for the Smokey Hills Mine. PLA believes it will be in a stronger position to meet its production targets and will benefit from cost savings of 10 to 15% to be achieved over the next three months with the removal of a number of duplicated management positions and the contractors' overheads and profit. There is expected to be minimal disruption to production during the transition and no significant additional expenditure will be required.

Although the mining has been undertaken by contractors since start up, the ability to move to Owner Operator mining was allowed for in the development, with all major capital equipment and mobile plant owned by the mine. In addition, the PLA management team in South Africa has been significantly enhanced and has been working on the necessary systems and procedures over the last few months to enable the change to be made.

It is planned to retain all sub contractors currently working on the site, including ProParts Engineering and Manufacturing (Pty) Ltd, who maintain and operate all mobile equipment, including the trucks, loaders and jumbo drill rigs which are owned by the mine. All employees of JIC and the sub contractors will be offered continuity of employment under their current terms and conditions.

Platinum Australia would like to record its thanks to JIC for its efforts over the last fifteen months and its assistance in the transition process.

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