



## ASX Release

29 April 2008

### SMOKEY HILLS COMMENCES DRAW DOWN ON THE STANDARD BANK DEBT FACILITY

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to announce that it has commenced to draw on the ZAR260 million (approximately AUS\$35 million) debt facility provided by Standard Bank of South Africa Ltd to fund the construction of the Smokey Hills Platinum Mine, with an initial draw down of ZAR114 million (~AUS\$15 million) completed. This follows the completion of the equity contribution of ZAR85 million (~AUS\$12 million) by PhokaThaba Platinum ("PTP"), a South African subsidiary of PLA.

In other developments, the contract for the underground mining at the Smokey Hills Mine has been awarded to Redpath Mining (South Africa) (Pty) Ltd ("Redpath"). It is anticipated that Redpath will mobilise to site in June 2008.

On the construction front, the contractor for the structural, mechanical, pipework and platework installation ("SMPP"), BNBI-EES Joint Venture ("BNBI") has now commenced work on site.

PLA Managing Director John Lewins said: "We have now reached the very significant milestone of commencing the draw down of the debt facility provided by Standard Bank for the construction of the Smokey Hills Platinum Mine. This follows the completion of our equity contribution to the capital and the meeting of all the other required conditions such as the necessary construction and operating contracts being in place".

"We are also very pleased to have concluded the underground mining contract with Redpath who have very significant experience in narrow reef mining in South Africa, including current contracts with Aquarius Platinum, Northam Platinum and Lesedi Chrome Mine. The use of a mining contractor such as Redpath will ensure that the build up of production from the Smokey Hills underground mine can be achieved as rapidly as possible. In addition Redpath bring with them excellent safety systems and procedures which we see as an essential element of our operations".

"With the mobilisation of the SMPP contractor, BNBI to site, construction activities are continuing to progress and we now have in excess of 250 contractor personnel on site. BNBI have extensive experience in the mining construction industry, with recent contracts including Tati Nickel in Botswana, Langer Heinrich Uranium in Namibia and Bogoso Gold in Ghana".

"Construction of the Smokey Hills Mine is now well on track to allow commencement of production in the September quarter enabling PLA to take full advantage of the high metal prices which are anticipated to remain with the industry in the short to medium term, especially while issues remain with the continuity of power supply in South Africa".

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## 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 ore will be processed through an on site treatment plant which 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") in 2004 to acquire up to 80% of the Project through the staged acquisition of 100% of SHP. PLA acquired an initial 74% interest in SHP by providing AUS\$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 (assuming ZAR:US\$ of 7:1). A further US\$2 million has been committed to purchase five diesel generators with a combined capacity of 8,000 KVA, sufficient to run the entire operation on a stand alone basis.

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### Glossary

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

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