



ASX Release

27 January 2009

FIRST CONCENTRATES PRODUCED AT THE SMOKEY HILLS PLATINUM MINE

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to announce that following the successful ore commissioning of the crushing and milling sections of the Processing Plant at the Company's Smokey Hills Platinum Mine in South Africa, the first flotation concentrates were produced on Friday 23rd January. It is now anticipated that the first shipment of concentrates to the Impala Platinum Smelter, located at Rustenburg, approximately 300 kilometres from the Smokey Hills Mine, will occur within the next week to ten days.

PLA Managing Director John Lewins said: "The production of first concentrates from our Smokey Hills Platinum Mine is a major milestone for Platinum Australia as it marks the transformation of our Company from explorer/developer to producer."

"Importantly, our most recent cost analysis confirms that Smokey Hills will be among the lowest cost producers in the industry. At the current Rand to US Dollar exchange rate to ZAR10 to US\$1, the average on site production costs are estimated to be less than US\$200/oz 4E PGM (net of credits), giving a total cost including smelting and refining charges of approximately US\$300/oz 4E PGM. This provides Smokey Hills a margin of over US\$300/oz at the current metal prices of US\$950/oz platinum, US\$190/oz palladium and US\$1,100/oz rhodium. Taking into account our current level of hedging this margin increases to approximately US\$350/oz 4E PGM."

"The continued weakness of the Rand has the benefit of reducing our operating costs in US\$ terms, thereby offsetting the lower metal prices. In addition since all of the debt component of our funding for the development of the Smokey Hills Platinum Mine was provided in Rand, this has significantly reduced the debt in terms of US\$."

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 will have increased from the current 100,000 tonnes to approximately 200,000 tonnes. The development of the shallow underground mine has already commenced 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.

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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 ZAR10 to US\$1, the initial capital cost will be approximately US\$44 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.

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Glossary

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

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