

ASX Release

17 January 2007

NEW MILLS ORDERED FOR THE SMOKEY HILLS PGM PROJECT

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to advise it has placed orders for two 1400 kW ball mills required for the Smokey Hills PGM Project processing plant. The order has been placed with Outokumpu Technology effective 22 December 2006 with a delivery period from that date of 45 weeks ex-works.

PLA Managing Director John Lewins said: "The placing of the order for these mills marks an exciting transition for the Smokey Hills Project from evaluation to development. PLA are extremely pleased that not only is the delivery period for the mills shorter than that envisaged in the Feasibility Study but the cost of the mills at just over US\$3 million is below that estimated in the Feasibility Study.

Smokey Hills PGM Project

The Smokey Hills PGM Project is located on the eastern limb of the Bushveld Complex in the Limpopo Province, 300 kilometres north of Johannesburg.

PLA commenced a resource definition drilling program on the project in July 2005 and a Bankable Feasibility Study with GRD Minproc as the Lead Engineer in October 2005. The results of the BFS showed the project to be extremely attractive and very robust and able to generate returns of over 70% on the Base Case assumptions and in excess of 600% using July 2006 metal prices and exchange rate.

The Company envisages commencing operations at Smokey Hills initially as an open cut and then progressing to a shallow underground mine. During the initial phase while the plant is under construction PLA proposes to mine ore for toll treatment through a nearby plant to generate early cash flow. This phase would last for approximately 12 months after which ore would be treated through the on-site plant at a rate of 720,000 tonnes per annum and producing approximately 95,000 ozs 4E PGM (Platinum + Palladium + Rhodium + Gold) in a flotation concentrate. This would be toll treated or sold to any one of a number of smelters in South Africa, the nearest of which is less than 100 kilometres distant.

Dependent on the timing of the issuing of the necessary permits PLA proposes to commence construction and mining operations in early 2007 with plant commissioning occurring some 12 months later.

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 acquires 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 will be 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.

Yours faithfully
PLATINUM AUSTRALIA LIMITED



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