



ASX Release

8th November 2007

MINING RIGHT GRANTED FOR THE SMOKEY HILLS PROJECT

Platinum Australia Limited (ASX: PLA) (AIM: PLAA) is pleased to announce that the Mining Right has been granted for the Smokey Hills Project, allowing on site construction and mining activities to commence. This should see site activities commence in late November, the open pit mining commence in January 2008 and the plant commissioning begin in June 2008. It is anticipated that the Project will achieve a production of 90,000 oz 4E PGM in 2008/9 and full production of 95,000 oz 4E PGM per annum the following year.

PLA Managing Director John Lewins said: "The issue of the Mining Right for Smokey Hills marks one of the most important milestones for our Company and is the catalyst for our planned transition from successful explorer to producer. We have undertaken a significant amount of work while awaiting the issue of the Mining Right, including ordering the long lead items such as mills, crushers, screens, flotation cells etc and completing much of the detailed design for the plant and related infrastructure. This has put us in an excellent position to hit the road running with site works expected to begin within a matter of weeks in November."

"In consultation with our EPCM (engineering, procurement and construction management) contractor, GRD Minproc, we have set a target of start of plant commissioning in June 2008, which should allow us to achieve production of 90,000 oz 4E PGM in the 2008/9 financial year."

"The next nine months should see PLA commence production at the Smokey Hills Project and complete the Bankable Feasibility Study on our larger Kalplats Project (PLA earning 49% from ARMplatinum), making this period the most exciting in the history of our Company."

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 rates.

The Company plans to commence operations at Smokey Hills initially as an open cut, progressing to a shallow underground mine. The treatment of ore through the on site treatment plant is scheduled to commence less than nine months after on site construction activities commence and less than six months after mining commences. This is possible due to the Company committing to the ordering of long lead items in early 2007 and commencing detailed design with the awarding of the EPCM contract for the plant to GRD Minproc in June of this year.

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The plant 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 will 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.

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 acquired 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 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 will sell 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 which is fully-covered, with Standard Bank of South Africa providing up to approximately US\$40m of debt funding, and the equity component being easily covered by PLA's current cash resources of around A\$27m.



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Glossary

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

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