

PLATINUM

AUSTRALIA

ASX Release

8 October 2008

SMOKEY HILLS COMMENCES COMMISSIONING OF PROCESSING PLANT

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to advise that it has commenced the commissioning of the Processing Plant at the Company's Smokey Hills Platinum Mine in South Africa. Commissioning of the milling section commenced on Friday 3rd October when a number of drives were energized and the Primary Mill was turned for the first time.

It is anticipated that commissioning of the other sections of the plant will commence progressively during October and that the first ore will be fed into the plant within the next two weeks. The first flotation concentrates should be produced in early November and shipped to the smelter in Rustenburg during the month.

PLA Managing Director John Lewins said: "We believe that this is possibly the most important milestone in the history of our Company as it marks our transition from explorer/developer to producer. We expect the Smokey Hills Mine to produce 45,000 to 50,000 ozs 4E PGM this financial year to 30 June 2009 and an average of 95,000 ozs per annum in future years."

"Smokey Hills will be among the lowest cost producers in the industry, with a projected average production cost of ~US\$350/oz 4E PGM against a current basket price of approximately US\$850/oz 4E PGM, giving a margin of US\$350/oz when allowing for smelting and refining costs. In addition we have hedged 15% of our annual production of platinum and palladium for the next five years at approximately US\$2,000/oz for platinum and US\$500/oz for palladium against current prices of ~US\$1,000/oz and ~US\$200/oz for palladium, which further enhances our margin."

"With open pit mining having commenced in January we currently have a stockpile of over 60,000 tonnes of ore on our Run of Mine pad and this will build to over 200,000 by May next year. This will ensure continuity of ore supply while the underground mine, which is under development, builds to full production of 60,000 tonnes per annum over the next twelve to eighteen months."

Smokey Hills PGM Mine

Operations at Smokey Hills commenced initially as an open cut, and is progressing to a shallow underground mine during the first year of operation. The on site treatment plant has a design capacity of 720,000 tonnes per annum and 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.

Platinum Australia Limited

Level 3, 18 Richardson Street West Perth Western Australia 6005 Australia

T: + 61 8 9324 1494

F: + 61 8 9226 4259

E: pla@platinumaus.com

W: www.platinumaus.com.au

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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 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 of which US\$11 million in equity has already been contributed. The balance of up to US\$40 million is being provided by Standard Bank of South Africa as debt funding. A further US\$2.5 million is being spent on acquiring 8 MVA of standby generating capacity, which will allow the Smokey Hills mine and processing plant to operate fully independent of Eskom grid power.

PLATINUM AUSTRALIA LIMITED



JOHN D LEWINS
Managing Director

John Lewins
Managing Director
Platinum Australia
+61 08 9324 1491
M: 0419 910 061

Media enquiries UK:
Ron Marshman &
John Greenhalgh
City of London PR
+44 020 7628 5518

Media enquiries AUS:
Sarah Allchurch
Allchurch Communications
+61 08 9381 6625
M: 0412 346 412

AIM Nominated Advisor:
Ambrian Partners Limited
+44 207 634 4700

UK Broker:
RBC Capital Markets
+44 207 653 4000

Glossary

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

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