PLATINUM AUSTRALIA LTD

(ABN 99 093 417 942)

Half Year Report

31 December 2005

Contents

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2005.

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Peter Donald Allchurch **Non-Executive Chairman**

Age 62. B.Sc. Fellow of the Australasian Institute of Mining and Metallurgy, Member of the Society of Economic Geologists, Member of the Petroleum Exploration Society of Australia.

Mr Allchurch is a geologist with more than 39 years experience in mineral exploration, mining and petroleum exploration, development and production. Mr Allchurch has been an executive director of a number of listed Australian mining and oil and gas companies since 1980 and has considerable experience in corporate management.

Mr Allchurch was appointed as a Director on 21 June 2000.

Mr John Derek Lewins **Managing Director**

Age 47. Bsc (Mineral Eng), Grad Dip Management.

Mr Lewins is an Engineer with more than 20 years experience in senior mining management roles, including development of mining projects from a resource stage through feasibility studies, commissioning of mines and sustained profitable mining operations.

Mr Lewins was appointed as a Director on 3 May 2001.

Mr Michael Gerrard Blakiston **Non-Executive Director**

Age 48. B.Juris LLB

Mr Blakiston is a Solicitor in the firm Blakiston & Crabb. For some years he has practised extensively in the field of corporate and resource law and has had considerable experience in commercial and corporate management.

Mr Blakiston was appointed as a Director on 21 June 2000.

Mr Eric Edward Hughes **Non-Executive Director**

Age 43. B.Bus, CPA

Mr Hughes is an accountant with some 20 years experience in both corporate and practice environments. During the last 13 years he has been directly involved in the management of petroleum and mining companies as a senior manager, executive and non-executive director. Mr Hughes is experienced in the evaluation, development and operation of resource projects.

Mr Hughes was appointed as a Director on 21 June 2000.

Mr William Alexander (Lex) Hansen **Non-Executive Director**

Age 65. BSc (Geology and Metallurgy), MBA, FAusIMM, FAICD

Mr Hansen has more than 40 years experience in senior positions in the mining industry. His career has spanned exploration, mine operations and development, corporate finance, stockbroking and investment. His most recent position was Executive Director of Corporate Finance (Mining) at HSBC Bank Australia with regional responsibility for resources debt and equity investment appraisals and underwriting transactions. He has also been a director of a public listed gold exploration and development Company.

Mr Hansen was appointed as a Director on 21 January 2004.

DIRECTORS' REPORT

Review of Operations

Smokey Hills Platinum Project

The Smokey Hills PGM Project has over 6 kilometres of mapped UG2 reef outcropping around the margin of two hills. Snowden Mining Industry Consultants ("Snowden") recently completed the initial JORC compliant resource estimate for the Project, which stands at 4.9 million tonnes at 6.0 g/t 4E PGM (platinum + palladium + rhodium + gold) equivalent to 950,000 contained ounces 4E PGM. This is a diluted resource based on an average of one metre. The undiluted resource grade is 8.7 g/t 4E PGM. A breakdown of the resource is given below.

Table 1

Smokey Hills PGM Project UG2 Reef#1 Preliminary Mineral Resource#2

	Tonnes#3 Mt	4E PGM g/t	6E PGM g/t	Pt g/t	Pd g/t	Rh g/t	Au g/t	Ru g/t	Ir g/t
Indicated	4.0	6.0	7.1	2.7	2.7	0.6	0.1	0.9	0.2
Inferred	0.9	6.0	7.1	2.7	2.6	0.6	0.1	0.9	0.2
Total	4.9	6.0	7.1	2.7	2.7	0.6	0.1	0.9	0.2

#1 The UG2 Reef, as defined for this resource estimate, comprises the UG2 Chromite Layer, a 15 cm Footwall Cut and a 20 cm Hangingwall Cut.

#2 All tabulated data has been rounded to one decimal place.

#3 After interpreted geological losses of 20.5% have been removed. Geological losses include potholes, dykes, faults, rolling reefs and Iron Rich Ultramafic Pegmatite.

The final resource estimate is due for completion in late March and is not expected to vary substantially from the above figures except that it is expected to comprise almost entirely of measured and indicated category material.

Since signing the formal joint venture in May 2005 to acquire up to 80% of the Smokey Hills Project PLA has undertaken the following work:

- Completed a resource definition drilling program of 68 diamond drill holes for a total of 5,177 metres;
- Collected a total of 1,380 drill core samples for PGM analysis;
- Cut 43 outcrop and 7 underground channels and collected 293 channel samples;
- Flown a detailed low level helicopter borne magnetic survey;
- Excavated a small open pit to expose a 10 m dip section of UG2 reef for geological and metallurgical sampling;
- Re-opened an exploration adit and extracted a bulk sample for metallurgical test work;
- Commenced a Bankable Feasibility Study ("BFS") and appointed independent consultants including GRD Minproc - Lead Engineer, Snowden Mining Industry Consultants – Resource estimation, mine design and geotechnical evaluation, SRK Consulting – Tailings & Hydro-geological studies and Africa Geo-Environmental Services – Environmental Studies;
- Initiated a comprehensive program of metallurgical test work using Mintek; and
- Completed an initial JORC compliant resource estimate for the project using Snowden Mining Consultants.

Subject to the completion of a Bankable Level Feasibility Study which is due for completion in June 2006, PLA believes that the Smokey Hills Project has the potential to be developed as a stand alone operation producing approximately 95,000 ounces 4E PGM per year over a seven year life from open cut followed by shallow underground operations.

PLA will hold an 80% interest in the Smokey Hills Project after completion the acquisition. The balance of 20% is held 15% by the Limpopo Provincial Government and 5% by the local community.

PLATINUM AUSTRALIA

DIRECTORS' REPORT

Review of Operations (Continued)

Kalahari Platinum Project

The Kalahari Platinum Project ("Kalplats") is located approximately 300 km west of Johannesburg and 45 km west of the Kalgold open pit gold operations in the North West Province.

Kalplats is an advanced exploration project which has a JORC compliant resource (Indicated + Inferred) of 3.4 million ounces 3E PGM (platinum + palladium + gold), including a high grade resource of 1.4 million ounces 3E PGM, contained in seven deposits.

The high grade resource is present as a series of coherent high grade reefs with a combined total width of approximately 7 metres to an average depth of approximately 150 metres, which contains 12 million tonnes @ 3.6 g/t 3E PGM. PLA believes that there is significant potential to increase the size of this resource as all seven deposits identified to date remain open at depth and along strike. In addition a further three prospects have been identified from soil geochemistry and limited open hole or reverse circulation drilling

Metallurgical test work carried out the previous owners, Harmony Gold Mining Company Limited, indicated that mid to high 70's recoveries could be achieved by a simple flotation recovery route. Initial test work by PLA has indicated that higher recoveries up to 80% could be achieved by finer grinding.

Subject to the completion of a Bankable Level Feasibility Study, PLA believes that the Kalplats Project has the potential to be developed as a world class open cut PGM operation producing 150,000 to 300,000 ounces 3E PGM per year. With the high grade reefs comparable in the grade to many of the current South African underground operations where mining widths are typically in the order of one metre, the project had then excellent potential to continue as a substantial underground operation.

The Joint Venture Agreement with African Rainbow Minerals Platinum ("ARMplats") provides for PLA to earn up to a 49% interest in the project by completing a BFS including further drilling and providing the right for the project to use the Panton Process.

ARMplats is part of the African Rainbow Minerals group, which has a market capitalisation in excess of $2 billion and is the largest Black Empowerment Enterprise ("BEE") mining company in South Africa.

PLA has awarded the contract for the Lead Engineer for the Pre and Bankable Feasibility Studies for the Project to GRD Minproc. The BFS is due for completion in June 2007 and PLA is currently awaiting the issue of a "New Order" Prospecting Right covering the project to allow the initial drilling program to commence. PLA plans to undertake an initial drilling program of approximately 15,000 metres, followed by a further program of 30,000 metres as part of the Feasibility Study.

PLA believes that regional and detailed aeromagnetic data suggests that the Stella Layered Intrusion, which hosts the Kalplats style PGM mineralisation could be present along a significant portion of the strike length of the Kraaipan Greenstone belt. Accordingly in December PLA and ARMplats applied for a Prospecting Right covering an area 20 km to the north and 18 km to the south of the existing Kalplats Project area to allow exploration to proceed in this sand covered region.

The Prospecting Right application has been accepted by the DME and PLA and ARMplats will each have a 50% contributing interest in the new area. PLA will manage the exploration program which will target extensions of the known Kalplats style PGM mineralisation.

Panton Platinum Palladium Project

The Panton Project is located in the Kimberley region of Western Australia, 60 km north of Halls Creek and 60 km south of the Sally Malay site. The Project has a JORC compliant resource of 14.3 Mt at 5.2 g/t 7E PGM (platinum + palladium + rhodium + ruthenium + iridian + osmium + gold) containing 2.4 million ounces 7E PGM, including a high grade resource of 10.1 Mt at 6.1 g/t 7E PGM containing 2 million ounces 7E PGM.

Development of the Panton Project has been on hold since PLA completed a detailed feasibility study in August 2003 which found that the project was technically feasible but not commercially viable at the prevailing metal prices and US$ exchange rate. The last two years have seen the platinum price increase by almost 50% and both the palladium and gold prices increase by over 30%. PLA believes that these price increases combined with the savings in capital cost realised by using the Sally Malay plant significantly enhances the project.

DIRECTORS' REPORT

Review of Operations (Continued)

Under the terms of the letter of agreement, SMY will spend up to $750,000 in two stages to complete a Bankable Feasibility Study to evaluate the mining of high grade ore from Panton and processing it through the Sally Malay Plant to produce a high grade PGM concentrate. If this study is positive and a number of other conditions are satisfied, SMY can earn a 50% interest in the first 1.5 Mt of high grade ore to be mined from the Panton Project. The agreement may be extended to cover further parcels of ore.

SMY has commenced work on the study and it is expected that this work could be completed early in the September quarter.

Corporate

The Annual General Meeting was held on 30 November at which Mr Peter Allchurch was re-elected and approval was granted to issue 11.7 million fully paid ordinary shares at an issue price of 20 cents.

The above approval allowed PLA to complete a placement of 30 million ordinary fully paid shares at 20 cents announced in October 2005 to raise $6 million. PLA made an earlier placement in July 2005 of 25 million ordinary fully paid shares at 11 cents to raise $2.75 million.

These funds raised from the placements will be used to complete the Bankable Feasibility Study on the Smokey Hills Platinum Project; to complete the Pre Feasibility Study on the Kalahari Platinum Project and to provide general working capital.

Adoption of Australian Equivalents to International Financial Reporting Standards ('AIFRS')

This interim report has been prepared under Australian Equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian Equivalents to IFRS has been included in Note 2 of this report.

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this Directors' Report for the half-year ended 31 December 2005.

This report is signed in accordance with a resolution of the Board of Directors.

J. Lewins

Managing Director

Dated this 15 day of March 2006.

HLB Mann Judd
Chartered Accountants

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Platinum Australia Limited for the half year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Platinum Australia Limited.

Perth, Western Australia
15 March 2006

L DI GIALLONARDO
Partner, HLB Mann Judd

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HLB Mann Judd (WA Partnership) is a member of HLB International and the HLB Mann Judd National Association of independent accounting firms

CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	Consolidated 2005 $	2004 $
Revenue from ordinary activities		137,695	183,735
Exploration expenses		(1,732,283)	(346,349)
Depreciation and amortisation expense		(30,618)	(45,846)
Share based payments expense		(39,756)	(661,663)
Other expenses from ordinary activities		(497,534)	(876,156)
Loss before income tax expense	3	**(2,162,496)**	**(1,746,279)**
Income tax expense		-	-
Net loss attributable to members of parent		**(2,162,496)**	**(1,746,279)**
Basic earnings per share (cents per share)		(1.7)	(2.0)
Diluted earnings per share (cents per share)		(1.7)	(2.0)

The accompanying notes form part of these financial statements

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	Consolidated 31 Dec 2005 $	Consolidated 30 June 2005 $
Assets			
Current Assets			
Cash and cash equivalents	6	8,751,407	2,545,393
Receivables		204,201	145,362
Other		39,756	79,512
Total Current Assets		8,995,364	2,770,267
Non-Current Assets			
Receivables		77,336	45,998
Property, plant and equipment		162,488	121,497
Other		73,624	73,624
Total Non-Current Assets		313,448	241,119
Total Assets		9,308,812	3,011,386
Liabilities			
Current Liabilities			
Payables		458,589	250,451
Provisions		81,243	72,335
Total Current Liabilities		539,832	322,786
Total Liabilities		539,832	322,786
Net Assets		8,768,980	2,688,600
Equity			
Issued capital	4	34,768,991	26,387,002
Reserves		739,782	878,895
Accumulated Losses		(26,739,793)	(24,577,297)
Total Equity		8,768,980	2,688,600

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

		Consolidated				
		Issued Capital	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	Note	$	$	$	$	$
Balance at 1 July 2004		22,936,942	(21,366,584)	-	-	1,570,358
Shares issued during the year		3,450,060	-	-	-	3,450,060
Loss attributable to members of the parent entity		-	(1,746,279)	-	-	(1,746,279)
Cost of share based payments		-	-	854,555	-	854,555
Balance at 31 December 2004		26,387,002	(23,112,863)	854,555	-	4,128,694
Balance at 1 July 2005		26,387,002	(24,577,297)	854,555	24,340	2,688,600
Shares issued during the year		8,854,284	-	-	-	8,854,284
Share issue expenses		(472,295)	-	-	-	(472,295)
Loss attributable to members of the parent entity		-	(2,162,496)	-	-	(2,162,496)
Currency translation differences		-	-	-	(139,113)	(139,113)
Cost of share based payments		-	-	-	-	-
Balance at 31 December 2005		34,768,991	(26,739,793)	854,555	(114,773)	8,768,980

The accompanying notes form part of these financial statements

CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated 2005 $	Consolidated 2004 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(1,023,003)	(585,140)
Payments for exploration activities		(1,568,988)	(443,522)
Interest received		137,695	35,056
Net cash (used in) operating activities		(2,454,296)	(993,606)
Cash flows from investing activities			
Payment for purchase of non-current assets		(10,373)	(3,400)
Proceeds from sale of non-current assets		-	900
Payments for security deposits		-	(13,518)
Loans to related parties		(11,487)	(66,052)
Net cash (used in) investing activities		(21,860)	(82,070)
Cash flows from financing activities			
Proceeds from issue of shares		8,791,284	3,644,261
Costs associated with issue of shares		(472,295)	(134,200)
Net cash provided by financing activities		8,318,989	3,510,061
Net increase in cash held		5,842,833	2,434,385
Effects of exchange rate changes on cash		363,071	-
Cash at 1 July		2,545,503	1,610,216
Cash at 31 December		**8,751,407**	**4,044,601**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report has been prepared on a historical cost basis.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Platinum Australia Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared and is presented in Note 2.

(a) Principles of consolidation

The consolidated Financial Statements incorporate the assets and liabilities of all entities controlled by Platinum ("parent entity") as at 31 December 2005 and the results of all controlled entities for the half-year then ended. The parent entity and its controlled entities together are referred to in this financial report as the Consolidated Entity. The effects of all transactions between entities in the Consolidated Entity are eliminated in full.

Where control of an entity is obtained during a financial period, its results are included in the consolidated Income Statement from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control exists.

(b) Taxes

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Platinum Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Platinum Australia Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group notified the Australian Tax Office on 27 July 2004 that it had formed an income tax consolidated group to apply from 1 July 2003 The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Taxes (Continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Revaluations

Where the fair value model is used, valuations are performed with sufficient regularity to ensure that carrying value does not differ materially from fair value at balance date.

Revaluation increments are credited to the asset revaluation reserve as a component of equity unless it constitutes a reversal of a previous revaluation decrement previously recognised through the income statement. The associated depreciation expense relating to the revaluation is transferred annually to retained earnings from the asset revaluation reserve.

Any accumulated depreciation at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued asset amount.

On disposal of a revalued asset, the portion of the asset revaluation reserve which relates to the asset disposed of is transferred to retained earnings.

Impairment

Carrying values of assets are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part.

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. The assessment of value in use considers the present value of future cash flows discounted using an appropriate pre-tax discount rate reflecting the current market assessments of the time value of money and risks specific to the asset.

If the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

Depreciation is provided on all fixed assets so as to write off the assets progressively over their useful lives to the Consolidated Entity and is calculated using both the prime cost method and diminishing value method.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Vehicles	22.5% Diminishing value
Plant and equipment	20% Prime cost
All other assets	33.33% Prime cost

The assets' residual values and useful lives are reviewed, and adjusted if necessary at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Recoverable Amount of Assets and Impairment Testing

The consolidated entity assesses at each reporting date whether any objective indications of impairment are present. Where such an indicator exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset.

Any resulting impairment loss is recognised immediately in the income statement unless it reverses a previous impairment loss that was recognised in prior periods in the Income Statement.

(e) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is expensed in the year in which it is incurred.

When a decision to proceed to development is made, all costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new orebodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

Capitalised amounts for an area of interest maybe written down if discounted future cash flows related to the area of interest are projected to be less that its carrying value.

(f) Provision for Restoration

A provision for restoration in relation to non-current assets is made for estimated costs as soon as the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will result and that outflow can be reliably measured.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease.

Leases are classified as operating leases where substantially all the risks and benefits remain with the lessor. Payments in relation to operating leases are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies.

The associate and the consolidated entity have the same reporting date and apply consistent accounting policies.

The investment in associate is carried at cost adjusted for any post-acquisition changes in the consolidated entity's share of the associate's net assets. The consolidated entity's share of the results of the associate is included within the income statement.

(i) Interests in Joint Ventures

The consolidated entity's share of the assets, liabilities, revenue and expenses of jointly controlled assets and operations are included in the appropriate items of the consolidated balance sheet and income statement under the proportional consolidation method.

The consolidated entity's interests in jointly controlled entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in jointly controlled entities are brought to account using the cost method.

(j) Foreign Currency Transactions and Balances

The functional and presentation currency of Platinum Australia Limited is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

The functional currency of the overseas subsidiaries is South African Rand.

As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the reporting currency of Platinum Australia Limited at the rate of exchange ruling at the balance sheet date and the income statement is translated at the weighted average exchange rates for the period.

The exchange differences on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity is recognised in the income statement.

(k) Employee Benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(l) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

All receivables from the wholly owned group are recognised in the Balance Sheet when receivable and are accounted for in accordance with the principles of consolidation. A provision for non-recovery is raised in relation to receivables from the wholly owned group when the asset is not substantiated by the net tangible assets of the controlled entity.

(n) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash includes deposits and bank endorsed bills which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

(p) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(q) Segment Information

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and project exploration, evaluation and development expenditure, net of related provisions. Segment liabilities consist primarily of trade and other creditors, and employee benefits. Segment assets and liabilities do not include income taxes.

(r) Earnings per Share

Basic Earnings per Share

Basic earnings per share is determined by dividing the profit or loss from ordinary activities after income tax attributable to members of the parent entity by the weighted average number of ordinary shares on issue during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any reduction in earnings per share that will probably arise from the exercise of options on issue during the financial year.

(s) AASB 1 Transitional exemptions

The consolidated entity has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Foreign Currency Translation

AASB 121 "The Effects of Changes in Foreign Exchange Rates" was not applied to the cumulative translation differences at the date of transition to AIFRS. As a result of this election, the consolidated entity has adopted AIFRS in relation to AASB 121 from the date of transition, being 1 July 2004.

(t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Share Based Payment Transactions

The consolidated entity currently provides benefits to employees (including Directors and senior executives) of the consolidated entity in the form of share-based payment transactions under the Employee Share Options Plan. The cost of these equity-settled transactions (options) with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the Binomial Model.

The cost of equity-settled transactions (options) is recognised (in the majority of cases as an expense in the Income Statement), together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award of the options ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Other equity-settled transactions in relation to settlement of non-employee related liabilities are treated in a similar manner to that disclosed above, with the expense being included in the Income Statement and disclosed in accordance with the type of expense incurred.

NOTE 2: FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ('AIFRS')

Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and loss after tax as reported under Australian Accounting Standards applicable before 1 January 2005 (previous Australian GAAP) are illustrated below.

(i) Reconciliation of total equity as presented under previous Australian GAAP to that under AIFRS

		Consolidated		
	Note	**1 July 2004**	**31 December 2004**	**30 June 2005**
		$	**$**	**$**
Total equity under previous Australian GAAP		1,570,358	3,935,803	2,535,464
Adjustments to equity:				
Share based payment	(a)	-	192,891	153,136
Total equity under AIFRS		1,570,358	4,128,694	2,688,600

(a) Recognition of share based payments (portion yet to vest).

(ii) Reconciliation of loss after tax under previous Australian GAAP to that under AIFRS

		Consolidated	
	Note	**Year ended 30 June 2005**	**Half year ended 31 December 2004**
		$	$
Loss after tax as previously reported		(2,484,954)	(1,084,616)
Recognition of share-based payment expense	(a)	(701,419)	(661,663)
Foreign currency translation	(b)	(24,340)	-
Loss after tax under AIFRS		(3,210,713)	(1,746,279)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (‘AIFRS’) (Continued)

(ii) Reconciliation of loss after tax under previous Australian GAAP to that under AIFRS

(a) Share-based payment costs are charged to the Income Statement under AASB 2 ‘Share-based Payment’. This is not the case under previous Australian GAAP.

(b) Foreign exchange differences on translation of assets and liabilities of foreign controlled entities are recognised as a separate component of equity under AASB 121 ‘The Effects of Changes in Foreign Exchange Rates.’ This was not the case under previous Australian GAAP.

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statement presented under AIFRS and that presented under previous Australian GAAP.

NOTE 3: LOSS FROM ORDINARY ACTIVITIES	**Consolidated**	
	31 December 2005 $	**31 December 2004 $**
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Interest received	137,695	35,056
Exploration expenditure (includes $63,000 in share-based payments in the current period)	1,732,283	346,349
Depreciation and amortisation	30,618	45,846

NOTE 4: ISSUED CAPITAL	**Consolidated**	
	31 December 2005 $	**30 June 2005 $**
Ordinary shares		
Issued and fully paid	34,768,991	26,387,002

	No.	$
Movements in ordinary shares on issue		
Opening balance at 1 July 2005	99,612,523	26,387,002
Placement July 05	25,000,000	2,750,000
Issue	450,000	63,000
Placement October 05	18,300,000	3,660,000
Options Conversions (Unlisted)	200,000	40,000
Options Conversions (Listed)	6,418	1,284
Placement December 05	11,700,000	2,340,000
Issue Costs	-	(472,295)
Balance at 31 December 2005	155,268,941	34,768,991

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 5: SEGMENT REPORTING

Geographical segments

The following table presents the revenue and profit information regarding geographical segments for the half-year periods ended 31 December 2005 and 31 December 2004.

	Continuing Operations		Total Operations
	Australia	Africa	
	$	$	$
31 December 2005			
Segment revenue	69,767	67,928	137,695
Segment results	(469,180)	(1,693,316)	(2,162,496)
31 December 2004			
Segment revenue	183,700	35	183,735
Segment results	(1,048,481)	(36,135)	(1,084,616)

NOTE 6: CONTINGENT LIABILITIES

Performance Bonds

Included in cash is a term deposit for performance bonds amounting to $106,500 provided as security to the Department of Industry and Resources in respect of compliance with environmental conditions in relation to certain tenements.

South African Bank Guarantee

Also included in cash is a bank guarantee amounting to ZAR12,000,000 (AUD2,590,114) to secure the acquisition of an interest in the Smokey Hills Joint Venture and is subject to the granting of a new order right in accordance with South African mining legislation.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the last reporting date.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on 6 to 17
   a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
   b. give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

J. Lewins

Managing Director

Dated this 15th day of March 2006

HLB Mann Judd
Chartered Accountants

INDEPENDENT REVIEW REPORT

To the members of
PLATINUM AUSTRALIA LIMITED
Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements and the directors' declaration of Platinum Australia Limited for the half year ended 31 December 2005. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

HLB Mann Judd (WA Partnership)

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HLB Mann Judd (WA Partnership) is a member of HLB International and the HLB Mann Judd National Association of independent accounting firms

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out on page 5 of the half year financial report has not changed as at the date of provision of our review report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Platinum Australia Limited and the entities which it controlled during the half year, is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position at 31 December 2005 and of its performance for the half year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Giallonardo.

Perth, Western Australia
15 March 2006

L DI GIALLONARDO
Partner