



PLATINUM AUSTRALIA LIMITED

The Manager – Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

20 September 2005

Dear Sir

2005 Audited Financial Statements

Enclosed, please find the 2005 Annual Report, incorporating the audited financial statements for the year ended 30 June 2005.

The printed version is expected to be available mid October 2005, with the Annual General Meeting currently scheduled for 18 November 2005.

Yours sincerely
PLATINUM AUSTRALIA LIMITED

A handwritten signature in black ink, appearing to read "G. Swaby".

Gill Swaby
Company Secretary

3rd Floor, 18 Richardson Street
West Perth, WA 6005

Telephone: +61 (0) 8 9324 1491
Facsimile: +61 (0) 8 9226 4259

PO Box 1083
West Perth, WA 6872

Email: mail@platinumaus.com
Web: www.platinumaus.com

PLATINUM AUSTRALIA LIMITED

ANNUAL REPORT

2005

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

COMPANY DIRECTORY

DIRECTORS:

Peter Donald Allchurch - Chairman
John Derek Lewins - Managing Director
Michael Gerrard Blakiston - Non-Executive Director
Eric Edward Hughes - Non-Executive Director
William Alexander Hansen - Non-Executive Director

SECRETARY:

Gillian Swaby

REGISTERED OFFICE:

3rd Floor, 18 Richardson Street
West Perth WA 6005
Telephone: (08) 9324 1491
Facsimile: (08) 9226 4258
Email: mail@platinumaus.com.au
Website: www.platinumaus.com.au
ACN: 093 417 942

AUDITORS:

HLB Mann Judd
(WA Partnership)
Chartered Accountants
15 Rheola Street
West Perth WA 6005

SOLICITORS:

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

BANKERS:

Bank of Western Australia Ltd
1215 Hay Street
West Perth WA 6005

SHARE REGISTRY:

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

CONTENTS

ITEM	PAGE
Chairman's Report	1
Review of Company Activities	4
Corporate Governance Statement	12
Directors' Report	20
Auditors' Independence Declaration	34
Statements of Financial Position	35
Statements of Financial Performance	36
Statements of Cash Flows	37
Notes to Financial Statements	38
Directors' Declaration	61
Independent Audit Report	62
Schedule of Mining Tenements	63
Shareholder Information	64

CHAIRMAN'S REPORT

The Annual Report is an appropriate place to restate Platinum Australia's strategy, review the Company's progress and outline our prospects for the year ahead.

Platinum Australia's (PLA) principal aim is to become a significant and profitable platinum group metal (PGM) producer. With the continuing demand for PGM in catalytic converters and in new expanding technologies and jewellery, we are confident that PGMs have a sound future. Platinum prices have been trending upwards and reached US\$900 per ounce (oz) in August 2005.

To achieve our aim, the Company's strategies in order of priority are:

- To acquire and develop advanced PGM deposits in South Africa
- To study the potential for development of our Panton Project in Australia
- To maintain a modest exploration effort focused on open pit prospects

As a result of legislative changes in South Africa's mining industry, a number of advanced PGM exploration projects with established resources became available in 2004.

PLA has focused its acquisition efforts on projects with high grades which could be mined at relatively low cost. In order of preference, the Company investigated open pit projects, shallow underground decline operations, or deeper underground ore-bodies suitable for mechanized mining methods.

This is a key difference between PLA's approach to development and the traditional approach in South Africa, where almost all PGM production comes from narrow ore-bodies deep underground where costs are high and mechanisation is difficult to apply.

I am pleased to report that PLA has completed the acquisition of the advanced Smokey Hills and Kalahari PGM projects, raised funds for the first stage of development and begun work on both projects. Smokey Hills and Kalahari are high grade and subject to feasibility studies and are both suitable for initial open pit mining.

At Smokey Hills, resource-delineation drilling began in July 2005 as the first part of a feasibility study to develop the project to production. The project is adjacent to two PGM mines in the Bushveld Complex, which is host to some 75% of the world's current platinum production.

The PGM bearing UG2 reef at Smokey Hills outcrops extensively and initial sampling and drilling to date indicates a target resource of one million ounces of 4E PGM (platinum plus palladium plus rhodium plus gold) at a grade around 8.75 grams 4E PGM per tonne.

The deposit is at shallow depth and it is likely that about 25% will be amenable to open pit mining, with the remainder able to be mined as a shallow underground decline operation.

CHAIRMAN'S REPORT

Subject to the feasibility studies, open pit mining could start in less than 12 months with ore being delivered to a nearby plant for toll treatment. This will generate early cash flow and ease our external fund raising requirements.

At the same time, construction of PLA's own plant is expected to start and be completed within about 12 months; PLA would then be in a position to begin processing ore, leading to a significant increase in revenue to the company.

Assuming the resource is confirmed, a platinum price of US\$700/oz and PLA's share of the project at 64%, preliminary studies suggest a robust project producing about 95,000 ozs PGM per annum with PLA's share of pre-tax cash flow at around \$20 million per annum.

At the Kalahari Platinum Project ("Kalplats") PLA can earn a 49% interest by providing its Panton Process free of charge to the project and managing and funding a feasibility study. The study will be aimed at constructing a project able to produce about 200,000 ozs 3E PGM (platinum plus palladium plus gold) from a large scale open pit operation.

Kalplats is an exciting project with an established JORC-compliant Indicated plus Inferred Resource of 3.4 million ozs of 3E PGM, including 1.4 million ozs of high grade in wide zones amenable to open pit mining. We believe there is potential to more than double the high grade open pit resource by drilling along strike and down-dip of the known deposits. There is also potential to define a substantial underground resource by deeper drilling.

Work at Kalplats has started with a high resolution airborne magnetic survey, now been completed and interpreted. This survey will be invaluable for drill planning as the high grade mineralization is highly magnetic.

The initial drilling program is expected to start in the second quarter of the 2005/2006 financial year and is designed to extend and firm-up known resources for a preliminary feasibility study expected to be completed in about 10 months from the start of drilling. This study will determine the scale of proposed operations and lead directly to a bankable feasibility study anticipated to be completed in early 2007. If successful, financing and construction would start within a few months and production of concentrate is anticipated in early 2008.

Successful completion of these two projects would see PLA become a significant mid-tier PGM producer.

PLA is continuing to investigate the potential for development of its 100% owned Panton platinum-palladium project in the Kimberley region of Western Australia. High platinum prices have improved the economics of the project which remains the largest and highest grade PGM deposit known in Australia.

CHAIRMAN'S REPORT

PLA has recently acquired two exploration projects. The 24 Rivers Project on the North Limb of the Bushveld Complex in South Africa, is a low cost grass-roots project, targeting potential open pit Platreef over some two kilometres of strike south of the major PPRust mine, the biggest open pit platinum mine in the world. Soil sampling has been completed and drilling is planned later in the year.

The second exploration project is the Katanning Project in Western Australia. It is a grass roots project targeting Kalplats look-alike geology with anomalous platinum geochemistry in soils and rocks. Geophysical and geochemical work is planned.

PLA has been very successful with its acquisitions and is entering an exciting phase, with sequential feasibility studies and potential development of two PGM projects. Our success has generated a requirement for funds for the feasibility studies and we are confident that the quality of the projects and our management team will enable us to raise those funds and to proceed to project financing.

I would like to thank our Managing Director, John Lewins and his capable staff for their outstanding efforts this year. Our board of Directors and Company Secretary have done a fine job and I thank our shareholders for their support during the year.



PD ALLCHURCH
Chairman

REVIEW OF COMPANY ACTIVITIES

OVERVIEW

During the past 12 months, Platinum Australia Limited (PLA) has enjoyed significant success in its strategy of acquiring advanced Platinum Group Metal (PGM) projects in South Africa. The Company has now signed formal agreements covering the acquisition of interests in three projects.

Smokey Hills PGM Project

Smokey Hills is currently the subject of a Bankable Feasibility Study (BFS) due for completion by mid 2006. As part of this study, a diamond drilling program aimed at defining the total resource of the project commenced in July 2005 and is due for completion by the end of 2005.

The Company has 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. PLA will initially acquire a 74% interest in SHP by providing \$3.4 million for SHP to purchase an 80% interest in the Project. PLA will acquire the 26% balance in SHP by issuing 15 million fully paid shares in PLA.

Kalahari PGM (Kalplats) Project

The Kalahari PGM (Kalplats) Project is currently the subject of a Pre Feasibility Study (PFS). Kalplats is well advanced, with over 45,000 metres (m) of drilling completed to establish a combined Indicated and Inferred Resource of 3.4 million ounces (oz) of 3E PGM (platinum, palladium, and gold). This includes a high grade resource of 12 million tonnes at 3.6 grams per tonne (g/t) 3E PGM for 1.4 million oz of 3E PGM.

PLA has signed a formal Joint Venture Agreement with African Rainbow Minerals Platinum Pty Ltd (ARMplats) to acquire up to 49% of the Kalplats Project. The Project will be acquired by completing a BFS and making PLA's Panton Process available to the project at no cost.

The 24 Rivers PGM Project

24 Rivers is in the exploration stage and is located on the northern limb of the Bushveld Complex, targeting the Rustenburg Layered Suite, which hosts the Platreef.

The Company has signed a formal Joint Venture Agreement with 24 Rivers Mining Pty Ltd, to acquire up to 75% of the 24 Rivers PGM Project through the expenditure of approximately \$900,000 and by completing a Feasibility Study.

Other Activities

In Australia, the Company has submitted an Exploration Licence Application (ELA) over an area near Katanning, Western Australia. The area is believed to contain an intrusive with similar characteristics and age to the Stella Layered Intrusive that hosts the Kalplats deposit.

REVIEW OF COMPANY ACTIVITIES

Other Activities (Cont'd)

The Company is also continuing to evaluate possible alternate scenarios which could enable the Panton PGM Project to be developed at current PGM prices and exchange rates.

PLA has been active in evaluating a number of PGM projects in various locations and at differing stages of development, from early exploration to advanced. In addition, the Company has undertaken further work on the application of the Panton Process on a number of projects, with some excellent results and further work is planned on several projects.

CORPORATE

The Company successfully completed the placement of 18.2 million shares at 20 cents each, to raise \$3.6 million in the December 2004 quarter.

In April 2005, the London investors Anglo Pacific Group and New Smith Capital Partners became the Company's first and second largest shareholders respectively, after their purchase of the majority of the Lonmin Plc shareholding in PLA. The balance of the Lonmin shareholding was taken up by professional investors, Australian institutional investors, and a number of PLA Directors.

A further placement was undertaken in July 2005 which raised \$2.75 million through the issue of 25 million shares at 11 cents each.

SOUTH AFRICAN PROJECTS

Platinum Group Metals

Platinum Australia has three active PGM Projects in South Africa; the Kalahari PGM (Kalplats) Project, the Smokey Hills PGM Project, and the 24 Rivers PGM Project. In Australia, the Company holds the Panton Project, which is currently being reviewed in light of the prevailing strength of the platinum price, and the Katanning Project, which is in the application phase.

Smokey Hills PGM Project

The Smokey Hills project is located on the Eastern limb of the Bushveld Complex in the Limpopo Province of South Africa, 300 kilometres (km) north-east of Johannesburg.

REVIEW OF COMPANY ACTIVITIES

Smokey Hills PGM Project (Cont'd)

The Project has some 6km of mapped UG2 PGM reef outcropping around the margin of two hills. Prior to the acquisition of the project, PLA completed channel sampling across the full width of the reef along a 3.5km section which had been cleared by bulldozing, and drilled three diamond drill holes to intersect the reef. The results from this work indicated an average grade of 8.75 g/t 4E PGM (platinum, palladium, rhodium, and gold) over an average width of approximately 0.6m.

Based on the above results and mapping of the outcropping UG2 reef, PLA believes there is a target of up to 1 million oz of 4E PGM in the Smokey Hills project area. Subject to a Bankable Feasibility Study, PLA believes that a target of this size has the potential to produce approximately 90,000 oz of 4E PGM per year.

Geology and Mineralisation

Smokey Hills is situated in the Critical Zone of the Eastern Limb of the Bushveld Igneous Complex (BIC). The Critical Zone is divided into Upper and Lower Sub zones, with the Upper Critical Zone comprising mainly norite, gabbronorite, anorthosite, and pyroxenite lithologies, hosting a series of chromitite reefs. In total there are three groups of chromitite reefs; the Upper Group (UG); the Middle Group (MG); and the Lower Group (LG). The UG chromitite reefs are the major source of PGM within the complex, while the LG and MG reefs are exploited for their chromium content.

The Upper chromitite group (UG) consists of four cyclic units (UG1, UG2, UG3 and UG3A) with the UG2 reef being the major economic PGM source.

Variation in both grade and reef thickness is mapped across the extent of the BIC, ranging from 3.5 g/t to 19.16 g/t in grade, and from approximately 0.5m to 1.5m in thickness. Generally, grade and thickness have an inverse relationship, with grade decreasing where reef thickness increases.

On Smokey Hills, the UG2 reef has an average thickness and grade of 0.65m at 8.83 g/t 4E PGM, obtained from drilling to date, and has been mapped over a distance of some 3km along strike. The average specific gravity of reef outcrop on the Smokey Hills project has been calculated at 4.17 gm/cc. This data forms the basis for the target of 1 million oz of 4E PGM in the Smokey Hills project area.

Project Development

PLA believes that the shallow outcropping nature and geometry of the UG2 reef at Smokey Hills warrants a rapid and low cost completion of the resource definition and project evaluation phase to bring the project into production. A diamond drilling program aimed at defining the total resource for the project commenced in July 2005, and is due for completion by the end of 2005. The resource estimation is being undertaken by Snowden Mining Industry Consultants. It is anticipated that the BFS will be completed mid 2006.

REVIEW OF COMPANY ACTIVITIES

Project Development (Cont'd)

The envisaged development would involve an initial open-cut operation to mine approximately 25% of the UG2 reef. The balance will be mined from relatively shallow underground operations, with simple, low-cost decline access. On-site treatment of the ore would require a standard UG2 plant incorporating milling and flotation, with the flotation concentrate delivered to one of the local smelters.

The project is adjacent to the new Modikwa Platinum Mine, a 50/50 joint venture between African Rainbow Minerals and Anglo Platinum, and is in close proximity to the Marula Platinum Mine, owned by Impala Platinum. There is considerable potential to consider toll treatment or sale of ore from Smokey Hills to these operations, which are still building up to full production, while the treatment facility is constructed at the site. This would allow commercial production to commence some 12 months earlier than would otherwise be possible.

Kalahari PGM Project

The Kalplats Project is located in the North West Province of South Africa, 330km west of Johannesburg, and 45km west of the Kalgold Gold Mine on the Kraaipan greenstone belt.

PLA has signed a formal Joint Venture Agreement with African Rainbow Minerals Platinum Pty Ltd (ARMplats) to acquire up to 49% of the Kalplats Project. The Project will be acquired by completing a BFS and making PLA's Panton Process available to the project at no cost.

The Kalplats Project is well advanced, with over 45,000m of drilling having been completed between 2000 and 2003 by Harmony Gold Mining Company prior to the acquisition of the project by ARMplatinum. It has a combined Indicated and Inferred Resource of 3.4 million oz 3E PGM, including a high grade resource of 12 million tonnes at 3.6 g/t 3E PGM for 1.4 million oz 3E PGM.

The Company believes that subject to the completion of a BFS, the Kalplats Project has the potential to be developed initially as a major open cut mine producing up to 200,000 oz of 3E PGM per annum, with a mine life of 10+ years. This could be followed by a similar-sized underground operation, more than doubling the lifespan of the project.

Geology and Mineralisation

The project lies in within the western limb of the Kraaipan Greenstone Belt, some 45km to the west of the existing Kalahari Goldridge mining project. PGM mineralisation is developed within the Stella Layered Intrusion (SLI), located in the Kraaipan greenstones.

REVIEW OF COMPANY ACTIVITIES

Geology and Mineralisation (Cont'd)

PGM mineralisation occurs as steeply dipping stratiform reef deposits in a magnetite gabbro within the SLI. A total of seven separate PGM deposits and three prospects have been identified over the 12km strike length of the SLI and potential exists for further discoveries in the project area.

The Kraaipan greenstones comprise deformed and metamorphosed volcanic and sedimentary rocks with associated granitoids. The SLI consists of layered, relatively unfoliated cumulate-textured gabbros, leucogabbros and magnetite gabbros. Magnetite occurs as fine disseminations (1-2%) to discrete layers (50-90% magnetite). It is these layers which host the high grade PGM.

Rocks from the SLI have been dated around 3.0 billion years (Archaean), which is substantially older than the 1.8 billion years of the Bushveld Igneous Complex that hosts the Merensky and UG2 reefs. This Archaean age make the Kalplats deposit one of the oldest known PGM deposits in the world.

The Kalplats PGM deposit consists of a package of higher grade reefs separated by lower grade material. The full package varies in thickness, with an average of approximately 50m. The reef package is divided into a total of six individual reefs based on both PGM grade and metal ratios. The three high grade reefs with a combined grade and thickness of 8m at 3.8 g/t 3E PGM, will be the main focus of resource development and subsequent feasibility studies by PLA.

The high grade reefs are noted to be associated with a single massive magnetite reef, with a surrounding lower grade halo. Current resource modelling is based on a grade rather than a geological cut-off. However, PLA believes that the visual identification of these magnetite reefs and elemental ratios, using onsite hand-held X-Ray Fluorescence technology, will lead to in-field identification of the mineralised reefs, and significantly improve geological interpretations and subsequent modelling.

Resource

South African Mineral Resource Committee (SAMREC) and Joint Ore Reserves Committee (JORC) code compliant resource estimates were completed by the previous owners for all seven deposits for the full mineralised package. The table below indicates this global resource, with a break down of the 'Main Reef Package' and the 'High Grade Reefs' as indicated.

Total Resources¹⁾			Main Reef Resources²⁾			High Grade Resources³⁾		
Tons	Grade	Ounces	Tons	Grade	Ounces	Tons	Grade	Ounces
75,230,489	1.42	3,340,285	32,415,344	1.88	1,957,371	12,037,517	3.60	1,392,329

1) Includes LG Reef, Mid Reef Package and Main Reef Package

2) Included UM, Main and LM Reefs

3) Included UM, LM and MR1 Reefs

REVIEW OF COMPANY ACTIVITIES

Project Development

Platinum Australia completed a low level airborne geophysical survey at 50m line intervals on the project. The results from this work have provided more detailed information on the geology and structure of the project, and identified a number of targets outside of the known deposits.

PLA is undertaking an extensive two phase resource development drilling program aimed at raising the status of identified deposits, testing additional identified prospects and targets, and infilling between known deposits.

The first phase results will provide an updated resource which will be the basis of the Pre Feasibility Study. It is anticipated that the drilling program will commence in the December Quarter once the Prospecting Right is issued. The study will focus on the development of an open cut mining operation producing a flotation or high grade concentrate for smelting and/or refining by others.

The second phase of drilling will be completed as part of a Bankable Feasibility Study. It is likely that this drilling will focus on further upgrading the total resource identified in the first phase to a level suitable to form the basis of the BFS. The BFS will focus on the development of an open cut mining operation, but will also provide an indication of the longer term underground potential of the project.

24 Rivers Project

The 24 Rivers PGM Project is located 250km north of Johannesburg on the northern limb of the Bushveld Complex, and covers a fault-displaced section of the complex with a strike length of approximately 2km.

The area of the Bushveld Complex on which the project is located is known as the Rustenburg Layered Suite. This area hosts the Platreef mined by Anglo Platinum's PPRust Open Mine Project, situated north of the 24 Rivers Project.

Examination of numerous prospects under evaluation has shown the Platreef to extend along the strike to the north and south of the PPRust mine. The Company is confident that it should also be present on 24 Rivers.

The Platreef varies in thickness from a few metres to approximately 30m wide, and tends to be of low to medium grade in the region of 1 to 5 g/t PGM. It is generally outcropping or sub outcropping, and is mined by open cut methods.

Advancing the Project

An initial program of soil sampling has been completed on the project. This will be followed up with a drilling program to be undertaken in late 2005.

REVIEW OF COMPANY ACTIVITIES

Black Economic Empowerment in South Africa

South African Black Economic Empowerment (BEE) legislation requires that existing mining operations have a 15% BEE ownership by 2009, increasing to 26% by 2014. The legislation provides that the BEE ownership is to be achieved through the purchase of an interest by a BEE group or groups, or similar commercial arrangements.

While there is no specific requirement for an exploration project to have participation with a BEE partner, PLA proposes to have a minimum of 26% ownership when moving into the development stage for all projects.

In the case of Kalplats, our joint venture partner ARMplatinum, is a wholly owned subsidiary of African Rainbow Minerals (ARM), the largest BEE resource company in South Africa. The Project therefore meets all required BEE legislation.

At Smokey Hills the local community has a 5% interest in the project and the Limpopo Provincial Government 15% through its company Corridor Mining Resources (Pty) Ltd. PLA will introduce a further BEE partner into the project prior to commencement of production. It is anticipated that the funds realised from this transaction will help meet the funding requirements of PLA to develop the project.

AUSTRALIAN PROJECTS

Panton Platinum Palladium Project

PLA completed a Bankable Feasibility Study on the Panton Project in August 2003. The BFS showed that the project was technically sound, but not commercially viable at the prevailing PGM prices and US\$ exchange rate.

The BFS was based upon the following resource:

Top Reef	10.08 Mt @ 6.13 g/t PGM + Au
Middle Reef	4.22 Mt @ 2.99 g/t PGM + Au
Combined	14.3 Mt @ 5.2 g/t PGM + Au

This remains the largest and highest grade known resource in Australia. The Top Reef is of a higher grade than that mined in South Africa, while its average width of 1.5 to 2m is significantly greater than the average of 1 metre mined in South Africa.

The Company continues to monitor and evaluate development alternatives for the project and believes the recent improvements in the platinum price, combined with a projected weakening of the Australian dollar, provides an increasingly attractive environment for the development of the Project.

REVIEW OF COMPANY ACTIVITIES

Katanning PGM Project

The Company has lodged an application, ELA 70/2729, over an area near Katanning in the south west of Western Australia. It is believed to contain an intrusive of similar age and geology to the Stella Intrusive hosting the Kalahari PGM Project mineralisation. Past exploration for magnetite had located some encouraging anomalous platinum geochemistry in soils and rocks.

GOLD AND BASE METALS

Melville Project

Platinum Australia 25% free carry.

Prosperity Resources has undertaken significant drilling on this and adjacent projects during the year, extending known mineralisation. In addition, Prosperity has also undertaken metallurgical test work and is in the process of developing a feasibility study plan. A positive outcome from this work could lead to the development of the project in the near future.

Panton PGM Recovery Process

Platinum Australia has undertaken test work on the application of the "Panton Process" on samples from a number of projects in South Africa, North America and South America. The results from a number of these projects are considered to be sufficiently promising to undertake further evaluation work, which is ongoing.

The "Panton Process" consists of two distinct parts; a calcine-leach process in which a low grade flotation concentrate is subjected to low temperature calcination, followed by cyanide leaching at elevated temperatures to dissolve PGM's, gold and base metals. The second phase is a metals recovery process which recovers the dissolved metals from the leach solution by precipitation, and which may then be further upgraded to a separate high grade PGM concentrate and base metal concentrate.

The Company will continue to look for suitable applications for the process, which has been tested at pilot plant scale over a continuous 24 day period. The process can offer significant benefits over the traditional smelter route in some applications, including improved recoveries, reduced transport costs, and significantly increased payments for products by up to 20%.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors of Platinum Australia Ltd is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business of the Company on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for setting corporate direction, defining policies and monitoring the business of the Company, to ensure it is conducted appropriately and in the best interests of shareholders.

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance.

The following information about the Company's Corporate Governance practices is set out on the Company's website at www.platinumaus.com.au;

- Statement of Board and management functions (including materiality threshold and description of roles of Chair, Independent Directors and Managing Director);
- Nomination Committee Charter;
- Summary of policy and procedure for selection and appointment of new directors;
- Summary of Code of Conduct for Directors and key executives;
- Summary of Policy on Securities Trading;
- Audit review guidelines;
- Policy and procedure for selection of external auditor and rotation of audit engagement partners;
- Summary of policy and procedures for compliance with continuous disclosure requirements;
- Description of arrangements regarding communication with and participation of shareholders;
- Summary of Company's risk management policy and internal compliance and control system;
- Summary of process for performance evaluation of the Board;
- Remuneration Committee Charter;
- Corporate Code of Conduct.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE DISCLOSURES

The ASX Corporate Governance Council has developed a set of guidelines, Principles of Good Corporate Governance and Best Practice Recommendations. This document articulates ten core principles that the ASX Corporate Governance Council believes underlie good corporate governance, together with Best Practice Recommendations. Companies are required to disclose in their Annual Report the extent to which these recommendations have been complied with. They are not prescriptive and, if certain recommendations are not appropriate for the company given its circumstances, the company may choose not to adopt that particular practice. It must, however, disclose in its Annual Report which recommendations have not been followed and the reasons why. The Company has complied with each of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the Australian Stock Exchange Corporate Governance Council, other than in relation to the matters referred to below in respect of the independence of the Board.

ROLE OF THE BOARD

The Board guides and monitors the business of Platinum Australia Ltd on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for setting corporate direction, defining policies and monitoring the business of the Company, to ensure it is conducted appropriately and in the best interests of shareholders.

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing the interests of its shareholders, taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community.

The Board operates under a Charter and has a written Code of Conduct which establishes guidelines for its conduct. The purpose of the Code is to ensure that Directors act honestly, responsibly, legally and ethically and in the best interests of the Company.

The Board is responsible for setting the strategic direction and establishing goals for management and the monitoring of the achievements against these goals.

INDEPENDENCE OF BOARD

The Best Practice Recommendations state a majority of the Board should be independent Directors.

Only one member of the Board, Mr Hughes, satisfies the test of independence as set out in the recommendations, however the majority of directors are considered independent by the Board for the reasons set out below under the heading "Identification of Independent Directors".

CORPORATE GOVERNANCE STATEMENT

INDEPENDENCE OF BOARD (CONT'D)

All directors other than Mr Lewins, the Managing Director and only Executive Director are independent, subject to the comments set out below.

IDENTIFICATION OF INDEPENDENT DIRECTORS

Mr Allchurch is a founder of Platinum Australia Limited. At the time of the initial public offer of shares in PLA, the Company was able to access Mr Allchurch's extensive experience as a geologist in mineral exploration, mining and petroleum exploration, development and production and his experience as a successful manager of public listed entities, via his role as Executive Chairman. This was considered by the Board at the time to be a prudent use of shareholder funds given the early stage of the Company, its projects and interests. On 4 June 2003 Mr Allchurch relinquished his executive role and became a Non-Executive Chairman of the Company, this timing coincided with development of the Company to a point where an Executive Chairman was no longer required.

As a result of his past role as Executive Chairman and his substantial shareholding, Mr Allchurch does not fit within paragraph 2 of the test for assessing the independence of directors as defined in Box 2.1 of the Principles of Good Corporate Governance and Best Practice Recommendations as published by the ASX Corporate Governance Council ("Independence Test"). Mr Allchurch passes all other aspects of the Independence Test. The Board of PLA considered he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be for the best interest of the Company and therefore considers him to possess the characteristics required of a person who would be eligible to take on the role of an independent chairman. In these circumstances the Board considers Mr Allchurch to be independent.

Mr Blakiston is a principal of the firm Blakiston & Crabb. Blakiston & Crabb have been the main provider of legal services to the Company in respect of matters concerning Australian law. The Company pays legal fees on a normal commercial basis to Blakiston & Crabb. As a result of Mr Blakiston being a principal of Blakiston & Crabb he does not fit within paragraph 3 of the Independence Test. Mr Blakiston passes all other aspects of the Independence Test. The Board of PLA (in the absence of Mr Blakiston) considers he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be for the best interests of the Company. The Board notes the fees paid to Blakiston & Crabb are not material to the Company and are not of a high enough level to be material to Mr Blakiston's practice or the firm Blakiston & Crabb. Therefore the Board considers Mr Blakiston to be independent.

CORPORATE GOVERNANCE STATEMENT

IDENTIFICATION OF INDEPENDENT DIRECTORS (CONT'D)

Mr Hansen is a representative of major shareholders Anglo Pacific Group PLC and as a result does not fit within paragraph 1 of the Independence Test. The Board of PLA (in absence of Mr Hansen) considers he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be for the best interest of the Company and therefore considers him to possess the characteristics required of a person who would be eligible to take on the role of an independent director. The Board notes the potential for conflict in matters where Anglo Pacific Group PLC is involved and recognises that in such circumstances Mr Hansen would declare such interest and not participate in the decision making process unless otherwise allowed by the Board, as is required under the Corporations Act.

SKILLS, EXPERIENCE, EXPERTISE AND TERM OF OFFICE OF EACH DIRECTOR

A profile of each Director containing information in relation to their skills, experience and responsibilities is set out in the Directors' Report.

BOARD COMMITTEES

The Board has established Audit, Remuneration and Nomination Committees which assist in the discharge of the Board's responsibilities. Board approved charters set out the terms of reference and rules governing these Committees.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities to ensure that the Company complies with appropriate and effective accounting, auditing, internal control, compliance and reporting practices in accordance with the Audit Committee Charter.

The role of the Audit Committee is to:

- Monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgements;
- Review the Company's internal financial control system;
- Monitor and review the effectiveness of the Company's internal audit function (if any);
- Monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- Perform such other functions as assigned by law, the Company's constitution, or the Board.

CORPORATE GOVERNANCE STATEMENT

Audit Committee (Cont'd)

The current members of the Audit Committee are:-

Eric Hughes - Chairman
Non-Executive Director

Michael Blakiston
Non-Executive Director

Lex Hansen
Non-Executive Director

The members of the Audit Committee by virtue of their professional background experience and personal qualities are well qualified to carry out the functions of the Audit Committee. Mr Hughes has 18 years' experience as an accountant, Mr Blakiston has over 20 years of experience advising on legal, corporate and commercial matters in the resource industry and is therefore well qualified by his industry knowledge and Mr Hansen has financial expertise through his academic qualifications and practical experience in management and executive roles in the resource industry.

The Audit Committee meets at least twice a year and at any other time requested by a Board member, Company Secretary or external auditor. The external auditors attend at least twice a year and on other occasions where circumstances warrant.

The number of meetings of the Audit Committee during the reporting period and the attendance record of members is set out in the Directors' Report.

Nomination Committee

The responsibilities of the Nomination Committee include:-

- Reviewing the size and composition of the Board and making recommendations to the Board on any appropriate changes;
- Developing and planning for identifying, assessing and enhancing Director competencies;
- Making recommendations on the appointment and removal of Directors;
- Evaluating Board performance so that individual and collective performance is regularly and fairly assessed; and
- Providing new Directors with an induction into the Company and provide all Directors with access to on going education relevant to their position.

CORPORATE GOVERNANCE STATEMENT

Nomination Committee (Cont'd)

The current members of the Nomination Committee are:-

Peter Allchurch - Chairman
Non-Executive Chairman

John Lewins
Managing Director

Michael Blakiston
Non-Executive Director

Eric Hughes
Non-Executive Director

The Chairman of the Board will chair the Nomination Committee and the Committee shall meet at least once per year and at such additional times as is necessary to fulfil its duties.

The Nomination Committee met once during the reporting period and all members attended.

Remuneration Committee

The role of the Committee, in accordance with the Remuneration Committee Charter, is to assist the Board with respect to remuneration by reviewing and making appropriate recommendations on:-

- Remuneration packages of Executive Directors, Non-Executive Directors and senior executives; and
- Employee incentive and equity based plans including the appropriateness of performance hurdles and total payments proposed.

The ASX Listing Rules and the Constitution require that the maximum aggregate amount of remuneration to be allocated among the Non-Executive Directors be approved by the shareholders in general meeting. In proposing the maximum amount of consideration by shareholders, and in determining the allocation, the Remuneration Committee will take into account the time demands made on Directors and such factors as fees paid on Non-Executive Directors in comparable Australian companies.

The remuneration paid to Directors and senior executives is shown in the Remuneration Report contained in the Directors' Report, which includes details on the Company's remuneration policies. The Remuneration Committee and the Committee shall meet at least twice a year and otherwise as required.

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee (Cont'd)

The current members of the Remuneration Committee are:

Michael Blakiston - Chairman
Non-Executive Director

Eric Hughes
Non-Executive Director

The number of meetings of the Remuneration Committee during the reporting period and the attendance record of members is set out in the Directors' Report.

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his / her office as a director then, provided the Director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

RELATIONSHIP WITH SHAREHOLDERS

The Company places a high priority on communications with and accountability to shareholders. The Board recognises that shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective investors should be able to make an informed decision when considering the purchase of shares in Platinum Australia Ltd.

To safeguard the effective dissemination of information, the Board has implemented procedures for compliance with continuous disclosure requirements. These reinforce the Company's commitment to its continuous disclosure obligations imposed by law.

Information will be communicated to shareholders by:

- Ensuring that published financial and other statutory reports are prepared in accordance with applicable laws and industry best practice;
- Ensuring the disclosure of full and timely information about the Company's activities in accordance with the general and continuous disclosure principles in the ASX Listing Rules, the Corporations Act in Australia and any other relevant legislation;
- Providing detailed reports from the Chairman and the Managing Director at the Annual General Meeting;
- Placing all material information released to the market (including Notices of Meeting and explanatory materials) on the Company's website as soon as practical following release; and

CORPORATE GOVERNANCE STATEMENT

- Placing the Company's market announcements and financial data for the preceding three years on its website.

RELATIONSHIP WITH SHAREHOLDERS

In addition, the website includes a facility to allow interested parties to subscribe to receive, electronically, public releases and other relevant material concerning the Company.

Shareholders are encouraged to attend Annual General Meetings and ask questions of Directors and senior management and also the Company's external auditors, who are required to be in attendance. In the event that shareholders are unable to attend meetings, they are encouraged to lodge proxies signifying their approval or otherwise of the business to be considered.

SECURITIES OWNERSHIP AND DEALINGS

The Company has a Policy for Trading in Company Securities which is binding on all Directors and employees. The purpose of this policy is to provide a brief summary of the law on insider trading and other relevant laws, set out the restrictions on dealing in securities by people who work for or are associated with Platinum Australia Ltd and assist in maintaining market confidence in the integrity of dealings in the Company's securities.

BOARD PERFORMANCE EVALUATION

During the Reporting Period an evaluation of the Board and its members was carried out. The evaluation process comprised the Chairman conducting a review of the Board's operations, analysing its strengths and weaknesses. It was concluded for the present, the existing structure is suitable to the Company's existing operations, however, the matter is to be reviewed regularly and additional appointments to the Board will be considered according to the needs of the Company.

EXISTENCE AND TERMS OF ANY SCHEMES FOR RETIREMENT BENEFITS FOR NON-EXECUTIVE DIRECTORS

There are no termination and/or retirement benefits for Non-Executive Directors.

DIRECTORS' REPORT

The directors of Platinum Australia Limited ("Platinum" or "the Company") present their report and financial report of Platinum and its wholly owned controlled entities (collectively "the Consolidated Entity") for the financial year ended 30 June 2005.

1. DIRECTORS

The directors in office at any time during the year or since the end of the year are:

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.

Former directorships of listed companies in last 3 years
Amity Oil Limited from 1994 to 2003

Special Responsibilities

Chairman of the Board
Member of Nomination Committee

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.

Special Responsibilities

Managing Director
Member of Nomination Committee

DIRECTORS' REPORT

1. DIRECTORS (CONT'D)

Mr Michael Gerrard Blakiston (Non-Executive Director – Age 47) *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 is a director of Rox Resources Ltd (since 2003), Vulcan Resources Limited (since 2002), Colltech Australia Ltd (since 2003), Australian Capital Ltd (since 2003), Alcaston Mining NL (since 2005), and Aurora Oil and Gas Ltd (since 2003).

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

Former directorships of listed companies in last 3 years

Amity Oil Limited from 2000 to 2002

Black Range Minerals Ltd from 1994 to 2004

GFB Ltd from 2002 to 2005

Ranger Minerals Ltd from 1988 to 2002

Special Responsibilities

Chairman of Remuneration Committee

Member of Audit Committee

Member of Nomination Committee

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.

Former directorships of listed companies in last 3 years

Amity Oil Ltd / Roebuck Resources NL from 1997 to 2002

Special Responsibilities

Chairman of Audit Committee

Member of Remuneration Committee

DIRECTORS' REPORT

1. DIRECTORS (CONT'D)

Mr William Alexander (Lex) Hansen (Non-Executive Director – Age 65), BSc (Geology and Metallurgy), MBA, FAusIMM, FAICD

Mr Hansen has more than 35 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.

Former directorships of listed companies in last 3 years
Golden Cross Ltd from 2001 to 2002

Special Responsibilities
Member of Audit Committee

Mr Christopher John Davies (Non-Executive Director – Age 58) B.Sc, MSc, D.I.C., Pr.Eng. Fellow of the South African Institute of Mining and Metallurgy, Member of the Institute of Materials, Minerals and Mining.

Mr Davies joined Lonmin in 1991 in South Africa and is Group Technical Director, located at Lonmin Plc's London office. Mr Davies has over 15 years experience in the platinum group metals ("PGM") industry and is closely involved with Lonmin's business development activities.

Mr Davies was appointed as a Director on 24 August 2001 and resigned on 30 September 2004.

Mr Geoffrey John Fenner (Non-Executive Director – Age 58)

Mr Fenner has a production engineering background with more than 30 years experience in the PGM industry. He joined Lonmin in 1971 and is currently Executive Director of Strategic Services at Lonmin's South African platinum operations. Based at the Marikana operations, Mr Fenner is an executive director of Western Platinum Limited and Eastern Platinum Limited and is closely involved with exploration activities in Africa and Australia.

Mr Fenner was appointed as a Director on 2 December 2002 and resigned on 30 September 2004.

DIRECTORS' REPORT

1. DIRECTORS (CONT'D)

Mr Allan Ewald Mulligan (Non-Executive Director – Age 45) *NHD Mining (Wits)*

Mr Mulligan is a mining engineer and has been with Lonmin for 12 years. He has been assigned at all of Lonmin Platinum's mining operations and has fulfilled roles in senior operational and technical management including the design and construction of large shaft complexes and mines. Mr Mulligan is a resident of Western Australia.

Mr Mulligan was appointed as a Director on 28 February 2003 and resigned on 30 September 2004.

Ms Gillian Swaby (Company Secretary – Age 45) *B.Bus, FCIS, FAICD*

Ms Swaby has been involved in financial and corporate administration for listed companies, as both Director and Company Secretary covering a broad range of industry sectors, for over 25 years. Ms Swaby has extensive experience in the area of secretarial practice, management accounting and corporate and financial management and sits on a number of advisory committees.

Ms Swaby is past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company.

2. DIRECTORS' MEETINGS

The number of Directors' meetings and meetings of committees held in the period each Director held office during the financial year, and the number of meetings attended by each Director are:

	Board of Directors' meetings		Audit Committee meetings		Remuneration Committee meetings		Nomination Committee meetings	
	Number Attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Mr PD Allchurch	7	7	-	-	-	-	1	1
Mr JD Lewins	7	7	-	-	-	-	1	1
Mr MG Blakiston	7	7	-	-	2	2	1	1
Mr EE Hughes	5	7	2	2	2	2	1	1
Mr WA Hansen	6	7	2	2	-	-	-	-
Mr CJ Davies	1	1	-	-	-	-	-	-
Mr GJ Fenner	-	1	-	-	-	-	-	-
Mr AE Mulligan	1	1	-	-	-	-	-	-

DIRECTORS' REPORT

Resignation, Election and Continuation in Office of Directors

Messrs Davies, Fenner and Mulligan resigned as Directors of the Company on 30 September 2004.

Mr Allchurch retires by rotation at the 2005 Annual General Meeting and, being eligible, offers himself for re-election.

3. PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were platinum and palladium exploration and development.

4. FINANCIAL RESULTS

The operating loss after income tax of \$Nil (2004: income tax \$Nil) of the Consolidated Entity for the financial year ended 30 June 2005 totalled \$2,484,954 (2004: \$2,121,960).

5. DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year and to the date of this report.

6. REVIEW OF OPERATIONS

The Company's main operations are platinum-palladium exploration and development in Southern Africa and Australia. Please refer to the Review of Company Activities Report immediately preceding this Directors' Report for details of the Company's activities.

7. LIKELY DEVELOPMENTS

The Consolidated Entity intends to continue platinum and palladium exploration and development.

At this date, subject to current activities, there are no likely developments in the operations of the Consolidated Entity which could be expected to affect the results of the Consolidated Entity in subsequent years.

DIRECTORS' REPORT

8. STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise dealt with in this report.

9. REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

A Principles used to determine the nature and amount of remuneration

The Remuneration Committee, on behalf of the Board of Directors, monitors compensation of Directors and executives of the Company.

Generally, compensation is provided by the Company to its Directors and executives, by way of base salary, granting of employee options and superannuation. The overall objective is to ensure that remuneration is fair and reasonable and sufficient to attract and retain qualified and experienced Directors and executives.

The remuneration program for the Directors and executives of the Company is designed to ensure that the level and form of remuneration achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective Directors and executives;
- (b) motivating their short and long-term performance; and
- (c) aligning their interests with those of the Company's shareholders.

Given the evolving nature of the Company's business, the Remuneration Committee continues to review and redesign the overall compensation plan for Directors and executives so as to continue to address the objectives identified above.

Company Performance

The overall level of remuneration takes into account the growth in shareholder wealth of the Company via participation in the Employee Share Option Plan.

As a result of the exploration and development nature of the Company's activities the overall level of remuneration does not focus on the earnings of the Company.

DIRECTORS' REPORT

9. REMUNERATION REPORT (CONT'D)

Directors' Fees

Fees payable to Non-Executive Directors, other than the Chairman, are set at \$25,000 per annum, inclusive of any superannuation obligations. The Chairman receives \$50,000 per annum as of 14 September 2005. This fee is to be backdated to 1 July 2004 and back payment will be made during the 2005/2006 financial year.

Compensation paid to the Managing Director is set out under Section C - Service Agreements.

In addition, the Company's Constitution provides for additional remuneration to be paid if any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or the business of the Company.

The Directors may remunerate such Director in accordance with such services or exertions, and such remuneration may be either in addition to or in substitution for the Directors' fees referred to above.

Base Salary

The first step to attracting and retaining talented, qualified and effective Directors and executives is paying base salaries which are competitive in the markets in which the Company operates. Competitive salary information on companies earning comparable revenues in a similar industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications.

The Remuneration Committee is responsible for assessing whether the measures are met and will take into account, amongst other things, the progress of the Company in meeting its objectives, the financial performance of the Company, and the growth in market capitalisation.

Company Employee Share Option Plan

The Company believes that encouraging its Directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's Employee Share Option Plan. Options are granted to Directors and executives taking into account a number of factors, including the amount and term of options previously granted, base salary and competitive factors.

Information on the Employee Share Option Plan is set out under Section D - Share-based Compensation below. Options granted during the year included specific performance conditions that are required to be met by the Company in order for the options to vest.

DIRECTORS' REPORT

9. REMUNERATION REPORT (CONT'D)

B Details of Remuneration (this information has been audited)

Details of the remuneration of each Director are set out in the following tables.

Specified Executives

Due to the size of the Company and its current level of operations, there are no Specified Executives other than the Managing Director, Mr Lewins, whose details are included below.

Directors of the Company

	Year	Primary Salary/Fees	Post Employment Superannuation	Equity Options	Total
		\$	\$	\$	\$
Mr PD Allchurch (Non-Executive Chairman)	2005 2004	22,936 22,936	2,064 2,064	221,260 -	246,260 25,000
Mr JD Lewins (Managing Director)	2005 2004	270,000 250,000	11,585 11,002	373,035 -	654,620 261,002
Mr MG Blakiston (Non-Executive Director)	2005 2004	22,936 22,936	2,064 2,064	119,600 -	144,600 25,000
Mr EE Hughes (Non-Executive Director)	2005 2004	- 11,468	25,000 13,532	47,840 -	72,840 25,000
Mr WA Hansen (Non-Executive Director)	2005 2004	22,936 10,498	2,064 945	47,840 -	72,840 11,443
Mr CJ Davies * (Non-Executive Director)	2005 2004	- -	- -	- -	- -
Mr GJ Fenner * (Non-Executive Director)	2005 2004	- -	- -	- -	- -
Mr AE Mulligan * (Non-Executive Director)	2005 2004	18,090 -	- -	- -	18,090 -
Total	2005 2004	356,898 317,838	42,777 29,607	809,575 -	1,209,250 347,445

* Messrs Davies, Fenner and Mulligan resigned as Directors of the Company on 30 September 2004.

The Company paid legal fees on normal commercial terms to Blakiston & Crabb, a legal firm of which Mr Blakiston, a director of the Company, is a partner. The amount paid by the Company for the year ended 30 June 2005 to Blakiston and Crabb was \$72,822 (2004: \$50,150).

DIRECTORS' REPORT

9. REMUNERATION REPORT (CONT'D)

During the year, an amount of \$22,154 (2004: \$18,050) was paid to a director related entity, Allchurch Communications, which is a business operated by the daughter of Mr Allchurch. This amount included, in addition to consultancy fees, reimbursement of associated costs such as graphic design and printing costs.

C Service Agreements

Remuneration and other terms of employment for the Managing Director are formalised in an employment contract.

Messrs Allchurch, Blakiston, Hughes, and Hansen receive fees in cash, the fees are fixed and approved by shareholders and are not related to the performance of the Company. The Company's Constitution provides that directors may collectively be paid a fixed sum not exceeding the aggregate maximum per annum from time to time as determined by the Company. A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Mr Lewins has an employment contract with the Company pursuant to which he received a salary of \$270,000 statutory superannuation of \$11,585 and an entitlement to options for the year ended 30 June 2005. Mr Lewins will receive a salary of \$283,500 and statutory superannuation of \$12,139 and an entitlement to options for the year ending 30 June 2006. The options may contain performance hurdles which must be achieved before they can be exercised and the issue of options is subject to approval by shareholders. Therefore enhanced corporate performance will return a financial benefit to Mr Lewins via the options, once they are issued. Performance hurdles are determined by the Board.

D Share-based Compensation

Options are granted under the Company Employee Share Option Plan for no consideration. Options are granted for a five year period and entitlements to the options are vested as soon as performance conditions have been met. Options are exercisable in defined tranches with conditions attaching to each tranche to reflect the Company's development strategy and align the interests of Directors and executives to those of shareholders.

During the year the Directors received an allocation of options which were approved by shareholders at the 2004 Annual General Meeting, as detailed below.

DIRECTORS' REPORT

9. REMUNERATION REPORT (CONT'D)

The amounts disclosed for emoluments relating to options are the assessed fair values at grant date of options granted to Directors and other executives, allocated equally over the period from grant date to expiry. Fair values at grant date are independently determined using the Binomial Tree Model method of valuation that takes into account the exercise price, the term of the option, the vesting and market related criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and the risk of the underlying share and the risk-free interest rate for the term of the option.

The model inputs for these options included:

- (a) options are granted for no consideration, and vest immediately
- (b) exercise price: \$0.35
- (c) grant date: 25 November 2004
- (d) expiry date: 10 December 2009
- (e) share price at grant date: 26.5 cents
- (f) risk of underlying share: 68.5%
- (g) risk-free interest rate: 5.08%

Issue of Incentive Options

In addition to those options detailed above, the Company issued to Mr Lewins a total of 2,500,000 unlisted options exercisable at twenty cents and expiring 11 December 2009. The options may only be exercised as follows:

1,000,000 Options at the time the Company achieves Milestone 1;

an additional 750,000 Options at the time the Company achieves Milestone 2; and

an additional 750,000 Options at the time the Company achieves Milestone 3.

Milestone 1 occurs when the Company makes a deposit of minerals containing either:

- (a) 350,000 ounces of platinum or equivalent which is fully owned by the Company; or
- (b) a deposit in which the Company has an interest and at least 350,000 ounces of platinum or platinum equivalent are attributed to the Company's interest in that deposit.

Milestone 2 occurs when the Company completes a bankable feasibility study which contains a positive outcome.

DIRECTORS' REPORT

9. REMUNERATION REPORT (CONT'D)

Milestone 3 occurs when the Company commences production or sells a commercial deposit of minerals of no less than:

- (a) 500,000 ounces of platinum or the platinum equivalent which is fully owned by the Company; or
- (b) a deposit in which the Company has an interest and at least 500,000 ounces of platinum or platinum equivalent are attributed to the Company's interest in that deposit.

As a result of the vesting conditions the value of the options at grant date has been apportioned over the relevant financial years and for remuneration disclosure purposes only the allocation of value for the year ending 30 June 2005 has been included.

Fair values at grant date are independently determined using the Binomial Tree Model method of valuation that takes into account the exercise price, the term of the option, the vesting and market related criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and the risk of the underlying share and the risk-free interest rate for the term of the option.

The model inputs for these options included:

- (a) options are granted for no consideration, and vest as detailed above
- (b) exercise price: \$0.20
- (c) grant date: 25 November 2004
- (d) expiry date: 11 December 2009
- (e) share price at grant date: 26.5 cents
- (f) risk of underlying share: 68.5%
- (g) risk-free interest rate: 4.80%

DIRECTORS' REPORT

9. REMUNERATION REPORT (CONT'D)

Shareholder approval to the above issue of options was granted at the 2004 Annual General Meeting of Shareholders.

	A Number of Options Granted \$	B Remuneration Consisting of Options \$	C Value at grant date \$
Mr PD Allchurch	1,850,000	89.85%	221,260
Mr JD Lewins	3,850,000	56.98%	373,035
Mr MG Blakiston	1,000,000	82.71%	119,600
Mr WA Hansen	400,000	65.57%	47,840
Mr EE Hughes	400,000	65.57%	47,840

- A = Number of options granted during the year.
 B = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column C.
 C = The value at grant date calculated in accordance with AASB 1046 Director and Executive Disclosure by Disclosing Entities of options granted during the year as part of remuneration.

10. DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

	Fully Paid Shares	Options*	Options**	Options***	Options****
Mr PA Allchurch	7,222,335	-	1,850,000	-	185,418
Mr JD Lewins	1,002,000	1,000,000	1,350,000	2,500,000	-
Mr MG Blakiston	616,668	-	1,000,000	-	8,334
Mr WA Hansen	50,000	-	400,000	-	-
Mr EE Hughes	23,334	-	400,000	-	1,667

The particulars of Directors' interests in shares and options are as at the date of this report.

- * Unlisted and exercisable at \$0.20 on or before 29 October 2005; not vested at 30 June 2005
 ** Unlisted and exercisable at \$0.35 on or before 10 December 2009; vested at 30 June 2005
 *** Unlisted and exercisable at \$0.20 on or before 11 December 2009; 1,000,000 vested at 30 June 2005
 **** Listed and exercisable at \$0.20 on or before 11 November 2006.

DIRECTORS' REPORT

11. SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of options	Number under option
<i>Unlisted Options</i>			
06 October 2002	29 October 2005	\$0.20	1,000,000
09 May 2003	14 March 2007	\$0.435	15,000
05 November 2004	05 November 2008	\$0.225	270,000
25 November 2004	10 December 2009	\$0.35	5,000,000
25 November 2004	11 December 2009	\$0.20	2,500,000
Total			8,785,000
<i>Listed Options</i>			
19 January 2004	30 November 2006	\$0.20	5,799,213

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

12. SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of the Company were issued during the year ended 30 June 2005 on the exercise of options. No amounts are unpaid on any of the shares.

Date options granted	Exercise price of options	Number under option
06 September 2002	\$0.20	21,305

No further options have been exercised subsequent to 30 June 2005.

13. ENVIRONMENTAL COMPLIANCE

The Consolidated Entity is subject to a range of environmental laws and regulations in respect to its exploration and development activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all relevant environmental legislation.

During the year, the Company met all reporting requirements in relation to the above environmental legislation. No circumstances arose which resulted in an incident to be reported under environmental legislation.

DIRECTORS' REPORT

14. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Consolidated Entity in subsequent financial years other than as disclosed in Note 26 to the Financial Statements.

15. NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

During the year ended 30 June 2005, the auditor did not provide any non-audit services.

The Directors received an independence declaration from the auditor of the Company and a copy as required under section 307C of the Corporation Act 2001 is set out on page 34.

16. INDEMNIFICATION OF OFFICERS

An indemnity agreement has been entered into with each of the Directors of the Company named earlier in this report. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. There is no monetary limit to the extent of this indemnity.

During the financial year, the Company has paid premiums to insure the Directors and executives against certain liabilities arising out of their conduct while acting as an officer of the Company. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

Signed in accordance with a resolution of directors.



JD LEWINS
Managing Director

Perth, Western Australia
20 September 2005

Auditors' Independence Declaration

As lead auditor for the audit of the financial report of Platinum Australia Limited for the year ended 30 June 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Platinum Australia Limited.



Perth, Western Australia
20 September 2005

L DI GIALONARDO
Partner, HLB Mann Judd

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2005

	NOTE	Consolidated		Parent	
		2005 \$	2004 \$	2005 \$	2004 \$
CURRENT ASSETS					
Cash assets	5	2,545,393	1,610,216	142,599	1,610,216
Receivables	6(a)	143,700	33,994	80,238	22,021
Total Current Assets		<u>2,689,093</u>	<u>1,644,210</u>	<u>222,837</u>	<u>1,632,237</u>
NON-CURRENT ASSETS					
Receivables	6(b)	47,660	-	2,556,118	10,446
Property, Plant and Equipment	8	121,497	134,368	65,838	134,368
Total Non-Current Assets		<u>169,157</u>	<u>134,368</u>	<u>2,621,956</u>	<u>144,814</u>
TOTAL ASSETS		<u>2,858,250</u>	<u>1,778,578</u>	<u>2,844,793</u>	<u>1,777,051</u>
CURRENT LIABILITIES					
Payables	9	250,451	153,088	236,994	151,561
Provisions	10	72,335	55,132	72,335	55,132
Total Current Liabilities		<u>322,786</u>	<u>208,220</u>	<u>309,329</u>	<u>206,693</u>
TOTAL LIABILITIES		<u>322,786</u>	<u>208,220</u>	<u>309,329</u>	<u>206,693</u>
NET ASSETS		<u>2,535,464</u>	<u>1,570,358</u>	<u>2,535,464</u>	<u>1,570,358</u>
EQUITY					
Contributed Equity	11	26,387,002	22,936,942	26,387,002	22,936,942
Accumulated Losses	12	(23,851,538)	(21,366,584)	(23,851,538)	(21,366,584)
TOTAL EQUITY		<u>2,535,464</u>	<u>1,570,358</u>	<u>2,535,464</u>	<u>1,570,358</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	Consolidated		Parent	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenue from ordinary activities	2	126,484	278,014	64,905	278,014
Depreciation and amortisation expenses	3	(75,259)	(149,455)	(71,931)	(149,455)
Exploration expenditure		(670,201)	(930,078)	(431,901)	(211,836)
Provision for non-recovery of loan to controlled entity	3 (a)	-	-	(376,099)	(718,242)
Other expenses from ordinary activities	3 (c)	(1,865,978)	(1,132,628)	(1,669,928)	(1,132,628)
Carrying value of fixed assets sold		-	(97,813)	-	(97,813)
Carrying value of investments sold		-	(90,000)	-	(90,000)
Loss from ordinary activities before income tax		(2,484,954)	(2,121,960)	(2,484,954)	(2,121,960)
Income tax expense	4	-	-	-	-
Loss from ordinary activities after income tax attributable to members of Platinum Australia Limited	12	(2,484,954)	(2,121,960)	(2,484,954)	(2,121,960)
Total changes in equity other than those resulting from transactions with owners as owners		(2,484,954)	(2,121,960)	(2,484,954)	(2,121,960)
		Cents	Cents		
Basic earnings per share	22	(2.7)	(2.8)		
Diluted earnings per share	22	(2.7)	(2.8)		

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

NOTE	Consolidated		Parent	
	2005 \$ Inflows/ (Outflows)	2004 \$ Inflows/ (Outflows)	2005 \$ Inflows/ (Outflows)	2004 \$ Inflows/ (Outflows)
Cash flows from operating activities				
Receipts from customers	-	242,348	-	26,097
Payments to suppliers and employees	(955,096)	(1,522,725)	(1,663,484)	(1,752,170)
Interest received	125,584	75,669	64,005	75,669
Interest paid	-	-	-	(1,087)
Net GST received	-	147,925	-	69,742
Payments for exploration expenditure	(1,304,090)	(1,247,979)	(121,794)	(192,144)
Net cash (outflows) from operating activities	20 (2,133,602)	(2,304,762)	(1,721,273)	(1,773,893)
Cash flows from investing activities				
Proceeds from sale of investments	-	89,108	-	89,108
Payments for property, plant and equipment	(62,389)	(1,026)	(3,400)	(1,026)
Proceeds from sale of plant and equipment	900	104,530	900	104,530
Loans to related parties	(47,660)	-	(3,193,905)	(530,869)
Net cash inflows/(outflows) from investing activities	(109,149)	192,612	(3,196,405)	(338,257)
Cash flows from financing activities				
Proceeds from issue of shares	3,644,261	2,356,091	3,644,261	2,356,089
Share issue costs paid	(194,200)	(121,788)	(194,200)	(121,786)
Net cash inflows from financing activities	3,450,061	2,234,303	3,450,061	2,234,303
Net increase/(decrease) in cash held				
Effects of exchange rate changes on cash	(272,133)	-	-	-
Cash at the beginning of the financial year	1,610,216	1,488,063	1,610,216	1,488,063
Cash at the end of the financial year	5 2,545,393	1,610,216	142,599	1,610,216

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act. The financial report has been prepared in accordance with the historical cost convention and does not take into account changing money values or, except where stated, current valuations of non-current assets. The financial report covers the Consolidated Entity of Platinum Australia Limited (Platinum) and its controlled entities and Platinum as an individual parent entity. Platinum is a listed public company, registered and domiciled in Australia.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Platinum ("parent entity") as at 30 June 2005 and the results of all controlled entities for the 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 year, its results are included in the consolidated Statement of Financial Performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

(b) Interest in Joint Ventures

The Consolidated Entity's interest in joint ventures has been included in the financial statements by taking up the Consolidated Entity's share in each of the individual assets and liabilities of each joint venture.

(c) Taxes

Income Tax

The Consolidated Entity adopts the liability method of tax effect accounting whereby the income tax expense shown in the Statements of Financial Performance is based on the profit or loss from ordinary activities before income tax adjusted for any permanent differences.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of these benefits 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. Income tax on net cumulative timing differences is set aside to the deferred income tax and future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse. Current rates have been used for this purpose.

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 Statements of Financial Position.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cash flows are included in the Statements of Cash Flows 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.

(d) Exploration and Evaluation Expenditure

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

(e) Employee Leave Benefits

(i) Wages, salaries and annual leave

A liability for wages, salaries and annual leave is recognised and is measured as the amount unpaid at balance date at pay rates which are expected to be paid when the liability is settled in respect of employees' service up to that date.

(ii) Long service leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to balance date. In assessing expected future payments, the Consolidated Entity has adopted the "shorthand" measurement technique referred to in AASB 1028 and based the provision on remuneration rates current as at balance date for all employees with ten or more years of service. The directors believe that this method provides an estimate of the liability that is not materially different from the estimate that would be obtained by using the present value basis of measurement.

(iii) On costs

On costs such as payroll tax, workers compensation insurance and superannuation contributions relating to the payment of the above employee entitlements have been accrued at balance date and included in the Statements of Financial Position as part of the related provision for employee leave benefits.

(f) 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 principal depreciation rates used are as follows:

Motor vehicles	22.5%	Diminishing Value
Plant and equipment	20%	Prime Cost
All other assets	33%	Prime Cost

(g) Foreign Currency Transactions and Balances

(i) Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit and loss for the year.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Foreign Controlled Entities

The activities undertaken by the foreign controlled entities are integrated with the activities of the Company. The assets, liabilities and equity of these entities are translated using the temporal method of translation whereby non-monetary assets and liabilities and equity items, including revenue and expenses, are translated into Australian currency using historic rates of exchange, and monetary assets and liabilities are translated using rates of exchange current at the reporting date. Exchange differences arising on translation of the foreign controlled entities recorded as revenue or expense by the Consolidated Entity.

(h) Recoverable Amount of Non-Current Assets

The carrying amounts of non-current assets are valued on the cost basis and are reviewed to determine whether they are in excess of their carrying amount at balance date. Non-current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed the recoverable amount, assets are written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present value.

(i) Earnings per Share

(i) 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.

(ii) 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.

(j) Cash

For the purpose of the Statements of Cash Flows, 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.

(k) 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.

(l) Provision for Restoration

A provision for restoration in relation to non-current assets is made for estimated costs as soon as the need is identified.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense/benefit in the Statements of Financial Performance is matched with the accounting profit/loss after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

The Company and its wholly-owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. As a consequence, the Company, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense / (revenue).

(n) 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 Statements of Financial Position 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.

(o) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indicator of value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise.

(p) 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.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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.

(r) Segment Information

Segment information is prepared in conformity with the accounting policies of the Company and accounting standard AASB 1005 Segment Reporting.

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.

2. REVENUE

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
Operating activities:				
Sales revenue	-	-	-	-
Interest received	125,584	75,669	64,005	75,669
Other	-	8,707	-	8,707
	<hr/>	<hr/>	<hr/>	<hr/>
	125,584	84,376	64,005	84,376
Non-operating activities:				
Proceeds on disposal of property, plant and equipment	900	104,530	900	104,530
Proceeds on disposal of investments	-	89,108	-	89,108
	<hr/>	<hr/>	<hr/>	<hr/>
	900	193,638	900	193,638
TOTAL REVENUE	<hr/>	<hr/>	<hr/>	<hr/>
	126,484	278,014	64,905	278,014

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

3. LOSS FROM ORDINARY ACTIVITIES

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
The loss from ordinary activities before income tax is arrived at after charging and crediting the following specific items:				
(a) Charging:				
Auditors' remuneration:				
Auditors of the parent entity				
Audit and review of financial statements	29,890	24,000	24,000	24,000
Depreciation of property, plant & equipment	75,259	149,455	71,931	149,455
Loss on disposal of investment	-	892	-	892
Operating lease rental expense	126,081	59,982	108,458	59,982
Provision for non-recovery of loan to controlled entity	-	-	376,099	718,242
(b) Crediting:				
Interest received - other persons	125,584	75,669	64,005	75,669
Profit on disposal of plant and equipment	900	6,717	900	6,717
(c) Other expenses from ordinary activities:				
Employee remuneration	910,634	672,383	748,623	672,383
Corporate investor relations expenses	313,126	195,128	313,126	195,128
Corporate travel	220,907	66,696	220,907	66,696
Network & database costs	79,823	19,653	79,823	19,653
Conferences	51,372	9,928	51,372	9,928
Insurances	49,130	42,994	48,110	42,994
ASX & listing maintenance fees	36,921	28,817	36,921	28,817
Other	204,065	97,029	170,026	97,029
	1,865,978	1,132,628	1,669,928	1,132,628

4. INCOME TAX

(a) The Consolidated Entity has unconfirmed carried forward income tax losses of approximately \$21,574,781 (2004: \$21,298,353). The potential future income tax benefit of these tax losses has not been recognised as an asset because recovery of the tax losses is not virtually certain. The Company tax rate is 30% in the 2004-2005 income tax year (30%, 2003-2004). The benefit of these tax losses will only be realised if:

- (i) the companies within the Consolidated Entity derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- (ii) the companies within the Consolidated Entity comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the companies within the Consolidated Entity in realising the benefit from the deduction for the loss.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

4. INCOME TAX (CONT'D)

(b) The difference between income tax expense/benefit as provided in the financial statements and prima facie income tax expense/benefit is as follows:

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
Prima Facie Tax on loss from ordinary activities at 30%	(745,486)	(636,588)	(745,486)	(636,588)
Future Income Tax Benefit not brought to account	745,486	636,588	745,486	636,588
Income Tax Expense/Benefit	-	-	-	-

(c) Tax Consolidation Legislation

The Company and its wholly owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has been notified of this decision. The accounting policy on implementation of the legislation is set out in Note 1 (m). The impact on the income tax expense/benefit for the year is disclosed in the tax reconciliation above.

5. CASH ASSETS

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
Cash at bank and on hand	45,225	130,179	10,070	130,179
Deposits (i), (ii)	2,500,168	1,480,037	132,529	1,480,037
	2,545,393	1,610,216	142,599	1,610,216

(i) Included in this balance is an amount of \$118,500 (2004: \$118,500) which is used as security for Department of Industry and Resources performance bonds amounting to \$106,500 (2004: \$106,500).

(ii) Included in deposits for the Consolidated Entity is a South African bank guarantee amounting to ZAR12,000,000. This cash is being held as consideration for 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.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

6. (a) RECEIVABLES (CURRENT)

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
Other debtors and GST refunds	143,700	33,994	80,238	22,021

(b) RECEIVABLES (NON-CURRENT)

Loan to controlled entities	-	-	19,054,305	16,180,194
Less Provision for non-recovery of loans	-	-	(16,545,847)	(16,169,748)
	-	-	2,508,458	10,446
Loan to associated entity	547,660	-	547,660	-
Less provision for non-recovery of loan	(500,000)	-	(500,000)	-
	47,660	-	2,556,118	10,446

7. OTHER FINANCIAL ASSETS (NON-CURRENT)

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
The investments included in the financial statements comprise:				
Shares in controlled entities - at cost (i)	-	-	500,000	500,000
Less: Provision for diminution in value	-	-	(500,000)	(500,000)
	-	-	-	-

(i) Controlled Entities

Controlled entities of	Country of Incorporation	2005		2004	
		% Holding	Carrying Value \$	% Holding	Carrying Value \$
<i>Platinum Australia Limited:</i>					
Platinum Exploration NL	Australia	100	-	100	-
Platinum Australia SA (Pty) Ltd	South Africa	100	-	-	-
River Platinum Mining (Mauritius)	Mauritius	100	-	-	-
Smokey Hills Platinum Mining (Mauritius)	Mauritius	100	-	-	-
Stella Platinum Mining (Mauritius)	Mauritius	100	-	-	-
Platinum Rivers Project (Pty) Ltd	South Africa	100	-	-	-
Stella Platinum (Pty) Ltd	South Africa	100	-	-	-

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

7. OTHER FINANCIAL ASSETS (NON-CURRENT) (CONT'D)

(ii) All investments comprise ordinary shares and all shares held are unquoted.

Acquisition of controlled entities

On 17th December 2004 the Consolidated Entity acquired 100% of the issued capital of Platinum Australia SA (Pty) Limited. This Company had no assets or liabilities at the time of acquisition. On formation, the assets comprised cash of \$0.20.

On 10th February 2005 the Consolidated Entity acquired 100% of the issued capital of Platinum Rivers Project (Proprietary) Limited and Stella Platinum (Proprietary) Limited. These companies had no assets or liabilities at the time of acquisition. On formation, the assets comprised cash of \$20.00 for each of the companies.

On 14th February 2005 the Consolidated Entity acquired 100% of the issued capital of River Platinum Mining (Mauritius), Smokey Hills Platinum Mining (Mauritius) and Stella Platinum Mining (Mauritius). These companies had no assets or liabilities at the time of acquisition. On formation, the assets comprised cash of \$0.20 for each of the companies.

The operating results of the above newly controlled entities have been included in the Consolidated Statement of Financial Performance since the date of acquisition.

8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
Plant, equipment, vehicles and furniture - cost	530,141	467,755	471,154	467,755
Less: Accumulated depreciation	(408,644)	(333,387)	(405,316)	(333,387)
Total Property Plant & Equipment	121,497	134,368	65,838	134,368
Reconciliation:	Motor Vehicles	Plant & Equipment	Office Furniture	Total
2005	\$	\$	\$	\$
Opening written down value	33,012	53,277	48,079	134,368
Additions	7,687	32,034	22,667	62,388
Disposals	-	-	-	-
Depreciation	(7,840)	(22,320)	(45,099)	(75,259)
Closing written down value	32,859	62,991	25,647	121,497
Reconciliation:	Motor Vehicles	Plant & Equipment	Office Furniture	Total
2004	\$	\$	\$	\$
Opening written down value	42,596	205,192	132,822	380,610
Additions	-	-	1,026	1,026
Disposals	-	(97,601)	(213)	(97,814)
Depreciation	(9,584)	(54,314)	(85,556)	(149,454)
Closing written down value	33,012	53,277	48,079	134,368

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

9. PAYABLES (CURRENT)

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
Trade creditors and accruals	250,451	153,088	236,994	151,561

10. PROVISIONS (CURRENT)

Employee leave benefits	72,335	55,132	72,335	55,132
-------------------------	--------	--------	--------	--------

The number of employees of the Consolidated Entity at balance date was 8 (2004: 5).

11. CONTRIBUTED EQUITY

	Parent	
	2005	2004
	\$	\$
Issued: 99,612,523 ordinary fully paid shares (2004: 81,391,218 ordinary shares)	26,387,002	22,936,942

Movements during the Year

	No of shares	\$
FULLY PAID SHARES		
Balance at 30 June 2003	69,610,771	20,702,639
Options conversions (30.11.06 @ 20c)	346	69
Options conversions (01.09.04 @ 20c)	180,599	36,120
Rights Issue (January 2004)	11,599,502	2,319,900
Issue costs	-	(121,786)
Balance at 30 June 2004	81,391,218	22,936,942
Options conversions (31.08.04 @ 20c)	21,053	4,212
Options conversions (31.08.04 @ 20c)	252	48
Placement (November 2004)	12,200,000	2,440,000
Placement (December 2004)	6,000,000	1,200,000
Issue costs	-	(194,200)
	99,612,523	26,387,002

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Issue of shares subsequent to year end

Refer to Note 26 in relation to the issue of fully paid shares subsequent to year end.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

12. ACCUMULATED LOSSES

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
Accumulated losses at the beginning of the financial year	(21,366,584)	(19,244,624)	(21,366,584)	(19,244,624)
Loss from ordinary activities	(2,484,954)	(2,121,960)	(2,484,954)	(2,121,960)
Accumulated losses at the end of the financial year	(23,851,538)	(21,366,584)	(23,851,538)	(21,366,584)

13. OPTIONS

The parent entity has granted certain options at no cost, all of which are exercisable in whole or in part on or before the expiry dates shown below. At balance date the following options remain to be exercised.

Date of expiry	No. of Options
<i>Listed Options</i>	
30 November 2006 @ 20 cents	5,799,465
<i>Unlisted Options</i>	
29 October 2005 @ 20 cents	1,000,000
14 March 2007 @ 43.5 cents	15,000
05 November 2008 @ 22.5 cents	270,000
10 December 2009 @ 35 cents	5,000,000
11 December 2009 @ 20 cents	2,500,000
	<u>14,584,465</u>

During the year 21,305 twenty cent options were exercised for a value of \$4,260. (2004: 180,945 options for a value of \$36,189).

14. SEGMENT INFORMATION

Geographical segments

The Consolidated Entity operates solely in the platinum-palladium metals exploration industry. Although the Consolidated Entity's divisions are managed on a global basis they operate in two main geographical areas:

Australia

The home country of the parent entity which is also the main operating entity.

Africa

Comprises operations carried on in South Africa and Mauritius.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

14. SEGMENT INFORMATION (CONT'D)

Geographical segments – primary reporting

Year Ended 30 June 2005	Australia \$	Africa \$	Consolidated \$
Other revenue	64,905	61,579	126,484
Total segment revenue	64,905	61,579	126,484
Loss from ordinary activities before income tax expense	2,173,56	311,387	2,484,954
Income tax expense	-	-	-
Loss from ordinary activities after income tax expense/ segment result	2,173,567	311,387	2,484,954
Assets			
Total assets/segment assets	386,568	2,471,682	2,858,250
Segment liabilities	314,772	8,014	322,786
Acquisitions of non-current assets	3,400	58,988	62,388
Non-cash expenses:			
Depreciation and amortisation	71,931	3,328	75,259

Notes to and forming part of the segment information

Accounting policy

Segment information is prepared in conformity with Accounting standard AASB 1005 - Segment Reporting.

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.

Change in segment accounting policy

The Consolidated Entity commenced operations in other geographical locations in the 2005 financial year. There are no changes to accounting policies for segment reporting purposes.

Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

15. CONTRIBUTION TO CONSOLIDATED RESULTS

Contributions to consolidated loss from ordinary activities after income tax attributable to the members of Platinum Australia Limited are as follows:

	2005 \$	2004 \$
Platinum Australia Limited	(2,108,855)	(1,403,717)
Platinum Exploration NL	(64,712)	(718,243)
Platinum Australia SA (Pty) Ltd	(136,292)	-
River Platinum Mining (Mauritius)	(13,678)	-
Smokey Hills Platinum Mining (Mauritius)	(13,678)	-
Stella Platinum Mining (Mauritius)	(13,678)	-
Platinum Rivers Project (Pty) Ltd	(2,170)	-
Stella Platinum (Pty) Ltd	(131,891)	-
	<u>(2,484,954)</u>	<u>(2,121,960)</u>

16. COMMITMENTS FOR EXPENDITURE

There are no outstanding commitments not provided for in the financial statements of the Consolidated Entity as at 30 June 2005 other than:

(a) In order to maintain rights of tenure, the Consolidated Entity is committed to outlay an aggregate amount of approximately \$272,500 in 2005/2006, (2004/2005: \$416,860) for mining tenement rentals and shire rates and to meet the statutory minimum expenditure conditions applying to its tenements. Expenditure commitments for the ensuing year and beyond 2005/2006 will vary according to whether:

- (i) any of the existing tenements are relinquished or converted to other forms of title;
- (ii) any of the existing tenements are farmed out;
- (iii) new tenements are acquired; and
- (iv) total or partial exemption from expenditure commitments is applied for and granted in respect to individual tenements.

	Consolidated		Parent	
	2005 \$	2004 \$	2005 \$	2004 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases (rental of premises) are payable as follows:				
Within one year	109,826	60,480	62,126	60,480
Later than one year but not later than 5 years	105,128	49,140	50,400	49,140
Later than 5 years	-	-	-	-
	<u>214,954</u>	<u>109,620</u>	<u>112,526</u>	<u>109,620</u>

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

17. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) The Company has applied the exemption under Corporations Amendments Regulation 2005 which exempts listed companies from providing remuneration disclosures in relation to Directors and executives in the Financial Report by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities. These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report under Details of Remuneration and are designated as audited.

(b) Shareholdings of Directors

	Balance 1.7.04	Net Change	Balance 30.6.05
Mr PD Allchurch	2,225,000	3,997,335	6,222,335
Mr JD Lewins	2,000	1,000,000	1,002,000
Mr MG Blakiston	100,000	516,668	616,668
Mr EE Hughes	23,334	-	23,334
Mr WA Hansen	-	50,000	50,000
	2,350,334	5,564,003	7,914,337

(c) Option Holdings of Directors

	Balance 1.7.04	Options Granted during the year as remuneration	Other changes during the year	Options Lapsed	Balance 30.6.05	Vested and Exercisable 30.6.05
Mr PD Allchurch	2,225,000	1,850,000	185,418	2,225,000	2,035,418	2,035,418
Mr JD Lewins	1,000,000	3,850,000	-	-	4,850,000	2,350,000
Mr MG Blakiston	425,000	1,000,000	8,334	425,000	1,008,334	1,008,334
Mr EE Hughes	380,667	400,000	-	379,000	401,667	401,667
Mr WA Hansen	-	400,000	-	-	400,000	400,000
	4,030,667	7,500,000	193,752	3,029,000	8,695,419	6,195,419

Messrs Davies, Fenner and Mulligan resigned as Directors of the Company on the 30 September 2004.

Mr Hansen is appointed as representative of Anglo Pacific Group Plc which holds 24,986,683 shares and 1,438,212 options in the Company.

18. RELATED PARTY DISCLOSURES

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors and Specified Executives

Disclosures relating to Directors and Specified Executives are set out in the Directors' Report under the section titled Remuneration Report.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

18. RELATED PARTY DISCLOSURES (CONT'D)

Controlled Entities

The ultimate parent entity in the wholly owned group is Platinum Australia Ltd.

19. WHOLLY OWNED GROUP

The wholly owned group consists of the Company and its wholly owned controlled entities set out in Note 7(i).

Transactions between Platinum Australia Limited and other entities in the wholly-owned group during the year ended 30 June 2005 consisted of:

- (a) Loans advanced by Platinum Australia Limited; and
- (b) The charging of time by Platinum Australia Limited to the wholly owned controlled entities to recover costs.

	Parent	
	2005	2004
	\$	\$
Aggregate amounts receivable from entities in the wholly-owned group at balance date		
Non-current receivables	19,054,305	16,180,194
Less provision for non-recovery of loan	(16,545,847)	(16,169,748)
	2,508,458	10,446

20. CASH FLOW INFORMATION

RECONCILIATION OF NET CASH INFLOWS FROM OPERATING ACTIVITIES TO LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX

	Consolidated		Parent	
	2005	2004	2005	2004
	\$	\$	\$	\$
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Loss from ordinary activities after income tax	(2,484,954)	(2,121,960)	(2,484,954)	(2,121,960)
Depreciation and amortisation	75,259	149,455	71,931	149,455
Provision for non-recovery of loan	-	-	376,099	718,242
Profit on disposal of plant and equipment	(900)	(6,717)	(900)	(6,717)
Loss on disposal of investment	-	892	-	892
Net exchange differences	272,133	-	272,133	-
Change in operating assets and liabilities:				
Decrease/(Increase) in receivables	(75,718)	217,722	(24,229)	5,119
Increase/(Decrease) in creditors and borrowings	97,363	(612,357)	85,432	(543,491)
Increase in provisions	17,204	13,524	17,204	13,524
GST Liability	(33,989)	54,679	(33,989)	11,043
Net cash outflows from operating activities	(2,133,602)	(2,304,762)	(1,721,273)	(1,773,893)

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

21. JOINT VENTURES

At 30 June, 2005 the Consolidated Entity has interests in unincorporated joint ventures as follows:

Joint Venture	Percentage Interest	Principal Activities
Melville	25%	Mineral Exploration – Free Carried
Kalplats	12-49%	Mineral Exploration – Earning in
24 Rivers	30-74%	Mineral Exploration – Earning in

There are no assets held in these joint ventures.

22. EARNINGS PER SHARE

	Consolidated	
	2005	2004
	Cents	Cents
Basic loss per share	(2.7)	(2.8)
	Number	Number
Weighted average number of ordinary shares on issue during the year used in calculation of basic earnings per share	91,386,790	75,494,641
	\$	\$
Numerator used in calculating basic earnings per share	(2,484,954)	(2,121,960)

- (a) Options
Options as disclosed in Note 13 are considered to be potential ordinary shares, however, they are not considered to be dilutive in nature as their exercise will not result in a diluted earnings per share that shows an inferior view of earnings performance of the Consolidated Entity than is shown by basic earnings per share.
- (b) Diluted Earnings per Share
Diluted earnings per share has not been disclosed as it is not materially different from the basic earnings per share.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

23. FINANCIAL INSTRUMENT DISCLOSURES

- (a) The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities, is as follows:

2005

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN:			NON INTEREST BEARING	TOTAL
			1 YEAR OR LESS	OVER 1 TO 5 YEARS	MORE THAN 5 YEARS		
			2005 %	2005 \$	2005 \$		
FINANCIAL ASSETS							
Cash and deposits	5.25	-	2,500,168	-	-	45,225	2,545,393
Receivables (Trade Debtors)	-	-	-	-	-	143,700	143,700
		-	2,500,168	-	-	188,925	2,689,093
FINANCIAL LIABILITIES							
Trade creditors and accruals	-	-	-	-	-	(322,786)	(322,786)
		-	-	-	-	(322,786)	(322,786)
Net Financial Assets		-	2,500,168	-	-	(133,861)	2,366,307

2004

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN:			NON INTEREST BEARING	TOTAL
			1 YEAR OR LESS	OVER 1 TO 5 YEARS	MORE THAN 5 YEARS		
			2004 %	2004 \$	2004 \$		
FINANCIAL ASSETS							
Cash and deposits	4.81	-	1,477,735	-	-	132,481	1,610,216
Receivables (Trade Debtors)	-	-	-	-	-	33,994	33,994
		-	1,477,735	-	-	166,475	1,644,210
FINANCIAL LIABILITIES							
Trade creditors and accruals	-	-	-	-	-	(153,088)	(153,088)
		-	-	-	-	(153,088)	(153,088)
Net Financial Assets		-	1,477,735	-	-	13,387	1,491,122

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

23. FINANCIAL INSTRUMENT DISCLOSURES (CONT'D)

(b) Credit Risk

The Consolidated Entity's maximum exposure to credit risk, excluding the value of any collateral or other security, in relation to each class of recognised financial assets, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statements of Financial Position and Notes to the Financial Statements.

The Consolidated Entity does not have any material credit risk to any single debtor group or group of debtors under financial arrangements entered into by the Consolidated Entity.

(c) Net Fair Values

The net fair values of all monetary financial assets and liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the Statements of Financial Position and Notes to the Financial Statements.

24. CONTINGENT LIABILITIES

(a) Native Title Claims

Legislative developments and judicial decisions (in particular the uncertainty created in the area of Native Title rights by the High Court's decisions in the "Mabo", "Wik" and "Miriuwung-Gajerrong" cases and native title legislation) may have an adverse impact on the Consolidated Entity's exploration and production activities and its ability to fund those activities. It is impossible at this stage to quantify the impact (if any) which these developments may have on the Consolidated Entity's operations.

The Company is aware of native title claims in respect of areas in which the Consolidated Entity currently has an interest. It is possible that further claims could be made in the future. However, the Company cannot determine whether any current or future claims, if made, will succeed and if so, what the implications would be for the Consolidated Entity. In the case of the Panton project, however, as these leases were granted prior to January 1994 there are no native title implications.

(b) Performance Bonds

As disclosed in Note 5(i), the Consolidated Entity has provided performance bonds amounting to \$106,500 (2004: \$106,500) to the Department of Industry and Resources in respect of compliance with environmental conditions in relation to certain tenements.

(c) South African Bank Guarantee

As disclosed in Note 5(ii) the Consolidated Entity has provided a bank guarantee amounting to ZAR12,000,000 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.

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

25. INTEREST IN ASSOCIATE

Name: PlatTech Pty Ltd
 Balance date: 30 June
 Ownership interest held by parent entity: 50%
 Principal Activity: The associated company holds the intellectual property rights subsisting in the Leachate Process.

26. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Consolidated Entity in subsequent financial years except :

AIM Listing

On 1 September 2005 the Company announced it anticipated completing the compliance procedure for admission to the Alternative Investment Market (AIM) in London in the December quarter of 2005.

Issue of Fully Paid Shares

On 14 July the Company placed 25 million fully paid shares at an issue price of 11cents per share to raise \$2.75M. The funds raised will be applied to pre-feasibility work on the Kalplats and Smokey Hills PGM projects in South Africa, together with ongoing working capital.

On 2 August 2005 the Company issued the following fully paid shares in connection with the recent acquisition of platinum projects in South Africa:-

- 300,000 fully paid shares – part consideration for establishing the 24 Rivers Farmin and Exploration Joint Venture Agreement.
- 100,000 fully paid shares – success fee for assistance in establishing the Kalplats Joint Venture.
- 50,000 fully paid shares – success fee for the introduction to the Smokey Hills Project.

The deemed issue price of the above shares is 14c.

Smokey Hills PGM Project

The Company released initial results from the diamond drilling program under way at the Smokey Hills Project in two separate announcements on 25 August and 6 September 2005. The table below summarises the results reported.

TABLE 1 - SMOKEY HILLS DIAMOND RESULTS

TABLE Hole No	UG2 Intersection		Width	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E PGM ¹ g/t
	From	To						
SHDD005	39.45	40.14	0.69	3.78	4.76	0.78	0.11	8.82
SHDD006	24.56	25.18	0.62			Results Awaited		
SHDD007	28.25	28.86	0.61	3.88	3.52	0.81	0.1	8.32
SHDD008	62.37	63.04	0.67	3.57	3.22	0.81	0.06	7.67
SHDD009	143.69	144.23	0.54			Results Awaited		
SHDD010	153.52	154.1	0.58			Results Awaited		
SHDD011	No Reef Intersected – Mafic Intrusive/ Dyke							

1 4E PGM - Pt + Pd + Rh + Au

Assays are fire assays with nickel sulphide collection and ICP- OES element determination Assay by SGS Lakefield, Johannesburg, South Africa, a SANAS registered laboratory No T0169

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

27. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

(a) Impact on the Statements of Financial Performance for the year ended 30 June 2005.

	CONSOLIDATED			PARENT ENTITY		
	Existing GAAP \$	Effect of change \$	AIFRS \$	Existing GAAP \$	Effect of change \$	AIFRS \$
Revenue from ordinary activities	126,484	-	126,484	64,905	-	64,905
Other income						
Depreciation and Amortisation	(75,259)	-	(75,259)	(71,931)	-	(71,931)
Exploration expenditure	(670,201)	-	(670,201)	(431,901)	-	(431,901)
Other expenses from ordinary activities	(1,865,978)	(657,100)	(2,523,078)	(1,669,928)	(657,100)	(2,327,028)
Provision for non-recovery of loan to controlled entity	-	-	-	(376,099)	-	(376,099)
Loss from ordinary activities before income tax	(2,484,954)	(657,100)	(3,142,054)	(2,484,954)	(657,100)	(3,142,054)
Income tax expense	-	-	-	-	-	-
Loss from ordinary activities after income tax	(2,484,954)	(657,100)	(3,142,054)	(2,484,954)	(657,100)	(3,142,054)
Total changes in equity other than those resulting from transactions with owners as owners	(2,484,954)	(657,100)	(3,142,054)	(2,484,954)	(657,100)	(3,142,054)
Basic and diluted earnings per share	Cents (2.7)		Cents (3.4)			

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

27. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONT'D)

(b) Impact on the Statements of Financial Position as at 30 June 2005.

	CONSOLIDATED			PARENT ENTITY		
	Existing GAAP \$	Effect of change \$	AIFRS \$	Existing GAAP \$	Effect of change \$	AIFRS \$
<u>Current assets</u>						
Cash	2,545,393	-	2,545,393	142,599	-	142,599
Receivables	143,700	-	143,700	80,238	-	80,238
Total current assets	2,689,093	-	2,689,093	222,837	-	222,837
<u>Non-current assets</u>						
Receivables	47,660	-	47,660	2,556,118	-	2,556,118
Property, plant and equipment	121,497	-	121,497	65,838	-	65,838
Other	-	152,475	152,475	-	152,475	152,475
Total non-current assets	169,157	152,475	321,632	2,621,956	152,475	2,774,431
Total assets	2,858,250	152,475	3,010,725	2,844,793	152,475	2,997,268
<u>Current liabilities</u>						
Payables	(250,451)	-	(250,451)	(236,994)	-	(236,994)
Provisions	(72,335)	-	(72,335)	(72,335)	-	(72,335)
Total current liabilities	(322,786)	-	(322,786)	(309,329)	-	(309,329)
Total liabilities	(322,786)	-	(322,786)	(309,329)	-	(309,329)
Net assets	2,535,464	152,475	2,687,939	2,535,464	-	2,687,939
<u>Equity</u>						
Contributed equity	26,387,002	-	26,387,002	26,387,002	-	26,387,002
Reserves	-	809,575	809,575	-	809,575	809,575
Accumulated losses	(23,851,538)	(657,100)	(24,508,638)	(23,851,538)	(657,100)	(24,508,638)
Total Equity	2,535,464	152,475	2,687,939	2,535,464	152,475	2,687,939

PLATINUM AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

27. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONT'D)

- (c) Notes explaining the impacts on the Statements of Financial Performance for the year ended 30 June 2005 and the Statements of Financial Position as at 30 June 2005.

- (i) Equity-based payment transactions

Under AASB 2 Share-based Payment, from 1 July 2004 the Consolidated Entity and Company are required to recognise an expense for those options that were issued to employees under the Company Employee Share Incentive Option Plan after 7 November 2002 but that had not vested by 1 January 2005.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based payment transactions to employees.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, options to the value of \$809,575 would have been recognised as an increase in the Consolidated Entity and Company share-based payment reserve as at 30 June 2005. This valuation has been determined using the Binomial Tree Model. A corresponding increase of \$657,100 would occur to accumulated losses at 30 June 2005 to reflect the current year expense portion of the issued options. In addition, as a result of vesting conditions of the options issued to employees, at 30 June 2005 \$152,475 would remain deferred in other non-current assets, to be expensed in future periods.

For the year ended 30 June 2005, the Consolidated Entity and Company employee benefits expense would have been \$657,100 higher, with a corresponding increase in the net movement in the share-based payment reserve.

DIRECTORS' DECLARATION

The Directors declare that the Financial Statements and notes set out on pages 35 to 59:

- (a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the financial year ended on that date of the Company and Consolidated Entity.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) 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 has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2005.

This declaration is made in accordance with a resolution of the directors.



JD LEWINS
Managing Director

Perth, Western Australia
20 September 2005

INDEPENDENT AUDIT REPORT

To the members of
PLATINUM AUSTRALIA LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Platinum Australia Limited ("the company") and the consolidated entity for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report 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.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects, the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

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

The Directors' Report attached to the financial statements includes a copy of the Independence Declaration dated 20 September 2005 given to the Directors by the lead auditor for the audit. That Declaration would be in the same terms if it had been given to the Directors at the time this audit report was made.

Audit Opinion

In our opinion, the financial report of Platinum Australia Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year then ended; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

L Di Giallonardo

L DI GIALLONARDO
Partner

PERTH, WESTERN AUSTRALIA
20 September 2005

MINING TENEMENTS AT 02 SEPTEMBER 2005

WESTERN AUSTRALIA:

TENEMENT TYPE AND NUMBER	PROJECT NAME	MINERAL	OWNERSHIP
M 80/103	Panton	PGM	100% Platinum Exploration NL
M 80/104	Panton	PGM	100% Platinum Exploration NL
M 80/105	Panton	PGM	100% Platinum Exploration NL
ELA 70/2729	Katanning	PGM	100% Platinum Australia Limited
M 59/282	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/283	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/284	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/285	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/322	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/323	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/324	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/329	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/408	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/428	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)
M 59/429	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – Manager)

Notes:

- E - Exploration Licence
- ELA - Exploration Licence Application
- M - Mining Lease
- PGM - Platinum Group Metals
- PLA - Platinum Australia Limited
- PENL - Platinum Exploration NL (a wholly owned Subsidiary of PLA)

SOUTH AFRICA:

24 Rivers	Prospecting permit No: 18/2004 Vier-en-Twintig Rivier 49 KS Pruissen 48 KS
Smokey Hills	Mineral lease No: K498/1986RM Prospecting permit No: P22/2003 Maandagshock 254 KT
Kalplats	Groot Gewaagd 270 portion 6 and 8 Gemsbok Dan 309 portion 2,3,RE4,9 and 13 Koodoosrand 321 portion 13,14,15,16 and 18 Papiessvlarte A323 portion RE, 1 and 2

SHAREHOLDER INFORMATION AT 15 SEPTEMBER 2005

Twenty Largest Shareholders	Number of Shares	%
Ordinary Shares		
1. CITICORP NOMINEES PTY LIMITED	18,923,100	15.13%
2. J P MORGAN NOMINEES AUSTRALIA LIMITED	6,166,666	4.93%
3. MERRILL LYNCH (AUSTRALIA) NOMINEES LTD	5,080,659	4.06%
4. ANGLO PACIFIC GROUP PLC	5,000,000	4.00%
5. ANGLO PACIFIC GROUP PLC	4,768,575	3.81%
6. MR PETER DONALD ALLCHURCH	4,000,000	3.20%
7. STARMONT HOLDINGS PTY LTD	2,897,107	2.32%
8. NATIONAL NOMINEES LIMITED	2,578,426	2.06%
9. HAIFA PTY LTD	2,333,334	1.87%
10. ANZ NOMINEES LIMITED	2,326,285	1.86%
11. INDIAN OCEAN RESOURCES LIMITED	2,313,773	1.85%
12. HOOPER BAILIE INDUSTRIES PTY LTD	2,250,000	1.80%
13. EPICURE CAPITAL PTY LTD	2,200,000	1.76%
14. INVIA CUSTODIAN PTY LIMITED	1,825,000	1.46%
15. BELL POTTER NOMINEES LTD	1,783,140	1.43%
16. HOSTYLE PTY LTD	1,600,000	1.28%
17. MR MAXWELL JAMES DEASON	1,500,000	1.20%
18. UCAN NOMINEES PTY LTD	1,400,000	1.12%
19. ACCBELL NOMINEES PTY LTD	1,065,000	0.85%
20. MR NIK MOHAMED DIN	1,050,000	0.84%
Total	<u>71,061,065</u>	<u>56.83%</u>

Distribution of Shareholdings	Number of Shareholders	Number of Shares Held
1 - 1000	63	34,842
1001 - 5000	245	751,944
5001 - 10000	225	1,952,507
10001 - 100000	523	18,386,885
100001 - 9,999,999,999	121	103,936,345
Total	<u>1,177</u>	<u>125,062,523</u>

Substantial Shareholders	Number of Shares	
Newsmith Opportunities fund	18,750,000	fully paid shares
Anglo Pacific Group Plc	27,986,683	fully paid shares
Mr PD Allchurch	7,222,335	fully paid shares
Holding less than a marketable parcel	<u>230</u>	<u>424,487</u>

SHAREHOLDER INFORMATION AT 15 SEPTEMBER 2005

Twenty Largest Optionholders	Number of Options	%
(Listed Options expiring 30 November 2006 and exercisable at 20 cents)		
1. MERRILL LYNCH AUSTRALIA NOMINEES LTD	1,423,262	24.54%
2. H WALLACE-SMITH AND CO PTY LTD	619,733	10.69%
3. MR OWEN JOHN + MRS MONIQUE RENEE COOTE	440,451	7.60%
4. HOSTYLE PTY LTD	400,000	6.90%
5. MR DAVID NEATE	372,711	6.43%
6. SECOND NAREMI PTY LTD	282,556	4.87%
7. MR GRAHAM ROBERT FOREMAN	208,000	3.59%
8. STARMONT HOLDINGS PTY LTD	206,937	3.57%
9. MR PETER GEOFFREY RICHARDS	200,000	3.45%
10. HAIFA PTY LTD	166,667	2.87%
11. MR COLIN LUDWIG	150,000	2.59%
12. MR DAVID NEATE	125,000	2.16%
13. ANZ NOMINEES LIMITED	108,195	1.87%
14. MS SARAH ELIZABETH GROVES	100,000	1.72%
15. KAISER HOLDINGS PTY LTD	100,000	1.72%
16. J P MORGAN NOMINEES AUSTRALIA LIMITED	83,333	1.44%
17. MR LUKE REINEHR	70,000	1.21%
18. OVERLAND ENTERPRISE PTY LTD	54,845	0.95%
19. MR BRUNO SURACE	50,191	0.87%
20. THE AUSTRALIAN 1900 STEAMSHIP CO PTY LTD	50,000	0.86%
Total	5,211,881	89.90%

Distribution of Option holdings	Number of Option holders	Number of Options Held
1 - 1000	123	54,715
1001 - 5000	74	166,397
5001 - 10000	14	103,863
10001 - 100000	21	770,726
100001 - 9,999,999,999	13	4,703,512
Total	245	5,799,213

Voting Rights

Voting rights of members are governed by the Constitution. In summary, on a show of hands every member present in person or by proxy shall have one vote and in the event of a poll, every such member shall be entitled to one vote for each ordinary fully paid share held. Partly paid shares carry voting rights pro-rata to the amount paid up.