

PLATINUM AUSTRALIA

ACN 093 417 942

Annual Report **2004**



COMPANY DIRECTORY

Directors

Peter Donald Allchurch

John Derek Lewins

Michael Gerrard Blakiston

Eric Edward Hughes

William Alexander Hansen

Secretary

Gillian Swaby

Registered Office

3rd Floor

18 Richardson Street

West Perth WA 6005

Telephone: (08) 9324 1491

Facsimile: (08) 9226 4259

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

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

CONTENTS

Chairman's Report	2
Review of Company Activities	3
Corporate Governance Statement	13
Directors' Report	17
Statements of Financial Position	21
Statements of Financial Performance	22
Statements of Cash Flows	23
Notes to the Financial Statements	24
Directors' Declaration	44
Independent Audit Report	45
Mining Tenements Australia At 15 September 2004	46
Shareholder Information	47



CHAIRMAN'S REPORT



Since the shelving of the Panton platinum-palladium deposit in late 2003, the company has made good progress with its South African platinum strategy. In August 2004, Platinum Australia announced its first venture in South Africa with the signing of a memorandum of understanding to acquire up to a 49% interest in the Kalahari Platinum ("Kalplats") project by managing and funding a feasibility study and providing the right to use the panton process without charge.

Kalplats is a new platinum-palladium project, currently at the pre-feasibility stage of exploration. Kalplats is an exciting project for the company because of its potential to become a major high-grade, open pit mining operation.

Geologically the Kalplats mineralization occurs as a consistent layer within a layered gabbro, in seven deposits over a 12 kilometre strike length. The deposits have been drilled from surface to an average depth of 150 metres and all are open at depth and along strike.

Present resource is 3.4 million ounces of 3E PGM (platinum plus palladium plus gold) in the Indicated plus Inferred category. Most importantly this resource includes a coherent high-grade (3.6 grams per tonne 3E PGM) resource of 1.4 million ounces, over a width of around 7 metres. This high-grade resource should be amenable to low cost open pit mining. There is clear potential for substantial high-grade resource increase with further drilling.

The Kalplats high-grade resource is comparable to the grade mined underground in many of the current South African underground operations where mining widths are typically one metre or less.

Metallurgical recoveries from Kalplats ores by flotation alone tend to be relatively poor, particularly on low head grades. However, early test work by PLA indicates that recoveries are significantly improved using our patented Panton (calcine-cyanide leach) Process.

The interest in Kalplats is being acquired from the African Rainbow Minerals group, ("ARM") which, with a market capitalization of some \$1 billion, is the largest Black Economic Empowerment company in South Africa. ARM is the operator of two large Platinum Group Metal (PGM) projects and one nickel-PGM mine in South Africa.

After finalization of joint venture documents, the feasibility study will start with a major drilling program, to both extend the present resource and upgrade it to Measured and Indicated status.

The full bankable feasibility study is anticipated to cost some \$7.5 million and take about 18 months.

PLA has also entered into an arrangement to acquire a 75% interest in the 24 Rivers PGM exploration prospect in the Northern Limb of the Bushveldt Igneous Complex, by carrying out an exploration program and feasibility study if warranted. Open cut, Platreef PGM mineralization is the principal target in this prospect area.

Kalplats and 24 Rivers are the first two projects in our South African strategy to use our Panton Process and in-house PGM expertise to obtain a balanced portfolio of near production, advanced exploration and targeted exploration projects, leading to significant PGM production in as short a time as is practicable.

The Board believes that this strategy will give PLA the best chance of achieving its aim of becoming a significant and profitable producer of PGM's in the shortest time.

Studies will continue on the Panton Project, with the objective of bringing that project into production. Although the project was found to be not economically viable in 2003, due principally to low palladium price and adverse US\$ exchange rate, there is little doubt that at some time in the future, the Panton Project will generate value for shareholders.

Additional funding will be required to carry out our strategies. The Board is considering a number of funding routes including a possible listing and fund raising on the London AIM market in 2005. The Board is confident that the high quality of the Company's development assets and the expected continuing strength of the PGM market will assist any funding efforts.

I would like to thank our dedicated staff for their work throughout the year and particularly our Managing Director, John Lewins, for his outstanding efforts in implementing our South African strategy. I thank our shareholders for their support during this year of change for the company.

PD Allchurch

Chairman

REVIEW OF COMPANY ACTIVITIES

The past year has seen Platinum Australia focus on seeking advanced Platinum Group Metals (PGM) projects in South Africa, which has led to the recently announced acquisition of interests in the following two projects:

The Kalahari Platinum ("Kalplats") Project which is an advanced potentially open cut project owned by African Rainbow Minerals Platinum (Proprietary) Limited ("ARMplatinum") and contains a total resource of 3.4 million ounces.

The Company is earning an interest of up to 49% in the project by completing a Bankable Feasibility Study ("BFS") and providing the right for the project to use the Panton Metallurgical Process at no cost. The Company expects to commence drilling and other feasibility related work immediately following the signing of the final joint venture agreement.

The 24 Rivers Project located on the northern limb of the Bushveld Complex covering a fault displaced section of the complex approximately 2 kilometres strike length.

Platinum Australia has the right to acquire up to 74% in the project from 24 Rivers Mining (Pty) Ltd ("24RM") by spending approximately \$900,000 on the project and completing a Full Feasibility Study.

Platinum Australia has been active in evaluating numerous projects in South Africa and has also carried out testwork on the application of the Panton Process on a number of projects with some success.

In Australia, the Company has initiated a review of the Panton Project to examine possible alternate strategies, which could allow the project to be developed under the current PGM prices and exchange rate.

Exploration activity in Australia has focused on the Imagi Well and Byro Regional Projects.

CORPORATE

During December, Platinum Australia successfully completed a 1 for 6 Non-Renounceable Entitlement Issue which raised approximately \$2.3 million. The issue was at 20 cents and included a free attaching option on a 1:2 basis.

As a result of the Rights Issue, the Anglo Pacific Group Plc. increased its holding in Platinum Australia to approximately 18.5% and the Lonmin holding has been diluted to 38%.

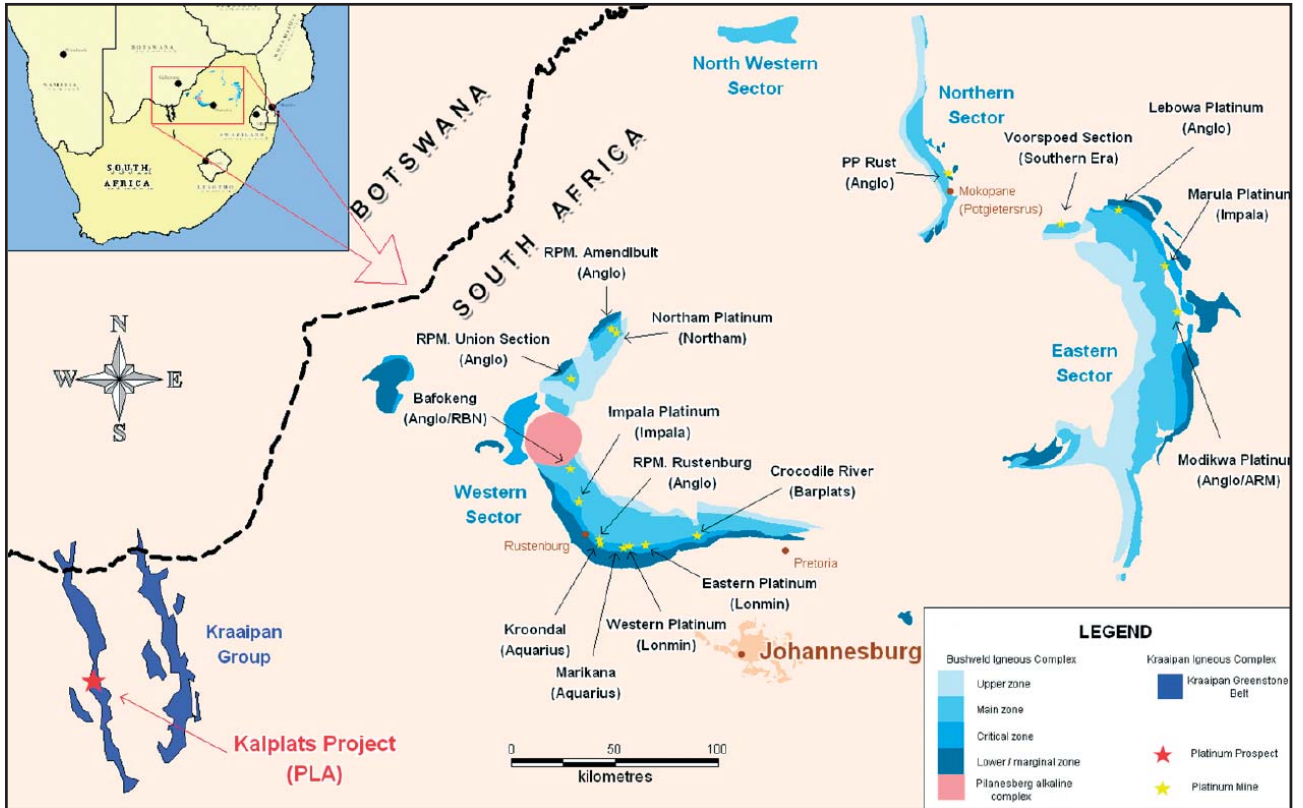
Mr. William Alexander (Lex) Hansen joined the Board of Platinum Australia as a non-executive Director in November 2003, representing the interests of Anglo Pacific Group Plc.

On the 30 September 2004, Lonmin Plc nominee Directors, Messrs Christopher John Davies, Geoffrey John Fenner and Alan Ewald Mulligan resigned from the Board of Platinum Australia Limited.



REVIEW OF COMPANY ACTIVITIES

Kalahari Platinum Project



The Kalahari Platinum ("Kalplats") Project is located in the North West Province of South Africa, 330 kilometres west of Johannesburg and 45 kilometres west of the Kalgold Gold Mine on the Kraaipan greenstone belt.

In August 2004, Platinum Australia Limited signed a Memorandum of Understanding with ARMPlatinum to acquire up to 49% of the Kalplats Project by completing a Bankable Feasibility Study ("BFS") and providing the right for the project to use the Panton Process at no cost.

The Kalplats Project has a combined Indicated and Inferred Resource of 3.4 million ounces of platinum plus palladium plus gold ("3E PGM"), including a high-grade resource of 12 million tonnes @ 3.6 grams per tonne(g/t) 3E PGM for 1.4 million ounces 3E PGM.

The Company believes that subject to the completion of the BFS, the Kalplats Project has the potential to be developed initially as a major open cut mine producing 160,000 to 200,000 ounces 3E PGM per annum with a life of +10 years. This could be followed by a similar sized underground operation more than doubling the life of the project.

REVIEW OF COMPANY ACTIVITIES

Kalahari Platinum Project

Geology and Mineralisation

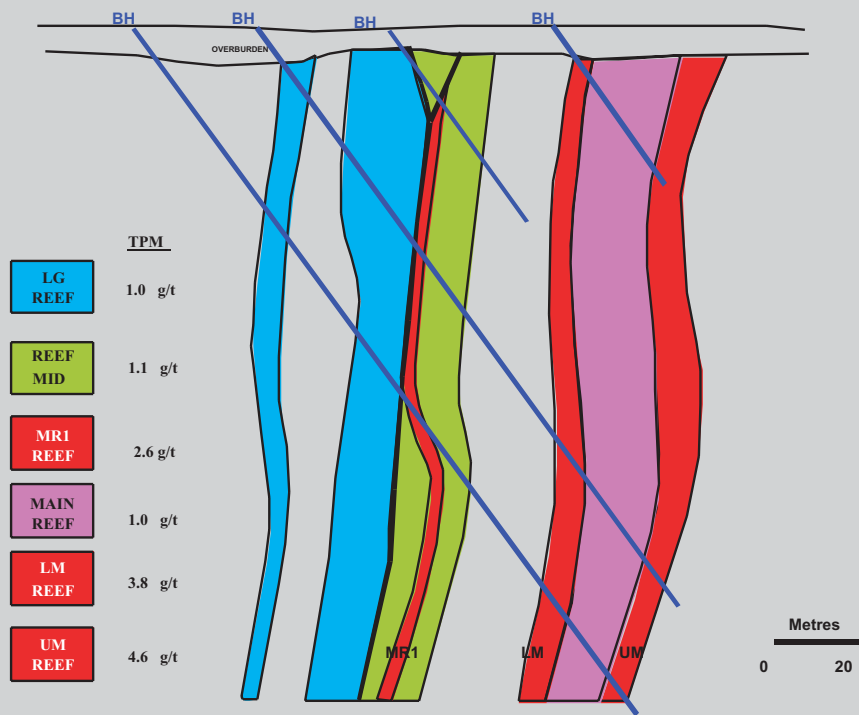
The PGM mineralisation is hosted by magnetite rich gabbros and magnetites, within the sub vertically dipping Stella Layered intrusion and close to the contact with the Kraaipan Greenstones to the west. The extent of the intrusion is estimated from airborne and ground magnetics to be in the order of 14 kilometres long by 1.5 kilometres wide.

A total of seven deposits have been identified (Crater, Orion, Vela, Sirius, Serpens North, Serpens South and Crux), together with a further three prospects (Scorpio, Tucana and Pointer). Mineralisation

has not been closed off at depth in any of the deposits and the deepest intersection is at 220 metres below surface. The deposits and prospects are thought to be part of a once continuous reef zone, which has been offset by fault and intrusive dykes.

PGM mineralisation occurs in a 50 metre wide envelope containing three 10 to 20 metre wide reef packages, the LG, Mid and Main Reef packages, with an average grade of 1 to 2.5 g/t 3E PGM. A total of four high-grade reefs have been identified within the envelope, the MR1 and MR2 reefs in the Mid Reef package and the LM and UM reefs in the Main Reef package.

KALPLATS TYPICAL CROSS SECTION



The average grade and thickness of the high-grade reefs are as follows:

UM Reef	4m	@ 4-5 g/t 3E PGM	Pt : Pd ratio	1.2 : 1
LM Reef	2m	@ 3-4 g/t 3E PGM	Pt : Pd ratio	1 : 1
MR1 & MR2 Reefs	2-4m	@ 2-3 g/t 3E PGM	Pt : Pd ratio	0.25 : 1



REVIEW OF COMPANY ACTIVITIES

Kalahari Platinum Project

Resource

The resource estimate is based on over 800 drill holes totalling 46,000 metres of drilling and is contained within the seven identified deposits.

A summary of the Kalplats mineral resource is provided in the following Table.

DEPOSIT	Total Resource			Main Reef Resource			High Grade Reefs		
	Tons	Grade g/t 3E PGM	Ounces	Tons	Grade g/t 3E PGM	Ounces	Tons	Grade g/t 3E PGM	Ounces
CRATER	9 867 055	1.62	513 404	4 695 224	2.18	329 382	2 484 428	3.55	283 858
ORION	12 182 415	1.69	661 845	7 185 857	2.02	467 760	2 907 442	3.71	346 657
Sub Total	22 049 470	1.66	1 175 249	11 881 081	2.09	797 142	5 391 870	3.64	630 515
CRUX	13 583 403	1.33	582 798	6 061 521	1.64	319 755	1 667 431	3.47	185 917
VELA	10 129 037	1.22	397 969	2 432 664	1.96	153 151	1 130 769	3.22	116 936
SIRIUS	9 765 877	1.33	418 607	2 567 807	2.00	164 912	1 483 692	3.22	153 650
SERPENS N	8 940 474	1.37	393 591	3 581 947	1.73	198 149	1 515 466	3.43	166 318
SERPENS S	10 762 228	1.34	462 071	5 890 324	1.71	324 262	848 289	5.09	138 993
Sub Total	53 181 019	1.32	2 255 036	20 534 263	1.76	1 160 229	6 645 647	3.57	761 814
TOTAL	75 230 489	1.42	3 430 285	32 415 344	1.88	1 957 371	12 037 517	3.60	1 392 329

REVIEW OF COMPANY ACTIVITIES

Kalahari Platinum Project

Project Development

Platinum Australia intends to commence a Pre Feasibility Study on the project in late 2004 comprising a drilling program of approximately 15,000 metres, a metallurgical testwork program and preliminary engineering and mining studies.

It is anticipated that a full Bankable Feasibility Study will be commenced by June 2005 which will include a further 30,000 metres of drilling, an extensive metallurgical testwork program including pilot plant testwork and detailed engineering and mining studies.

The focus of the Feasibility Study will be on the development of an open cut operation with an anticipated life of +10 years to be followed at a later date by the development of an underground mine.

The Company believes that the majority of the current resource could be mined by open cut means and that the above drilling has the potential to significantly increase this shallow high-grade resource, as well as extending it at depth.

The application of the Panton Process has already been shown from preliminary testwork to have the potential to improve the overall recovery of PGM's from the ore and significantly increase the grade of final concentrate. A comprehensive testwork program to fully evaluate the potential application of the process to the Kalplats Project will be completed as part of the Feasibility Study.



Aerial view of bulk sample pit at Kalahari Platinum Project.



REVIEW OF COMPANY ACTIVITIES

Kalahari Platinum Project

African Rainbow Minerals Platinum (Proprietary) Limited

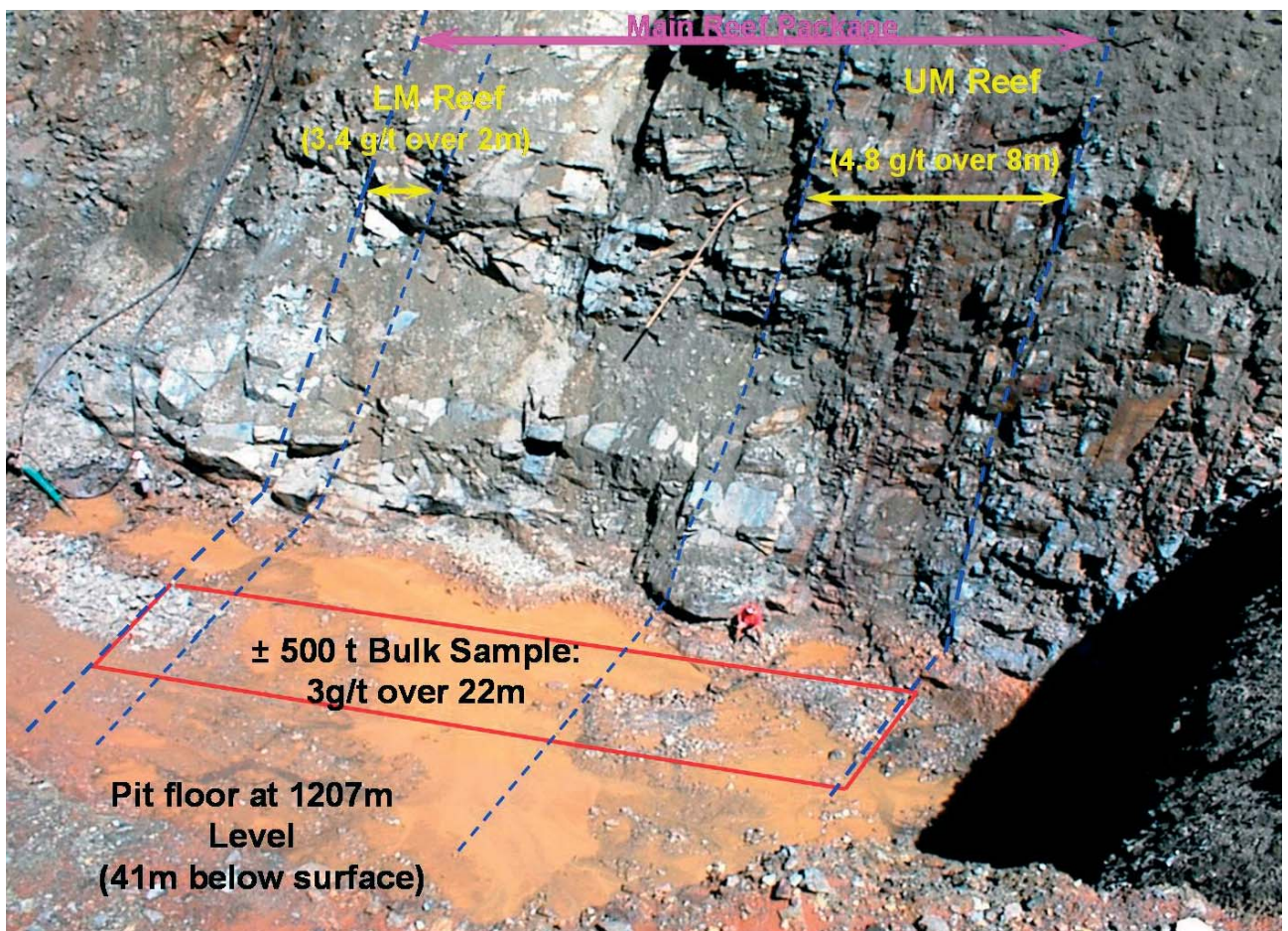
African Rainbow Minerals Platinum ("ARMplatinum") is a wholly owned subsidiary of African Rainbow Minerals ("ARM"), which is listed on the Johannesburg Stock Exchange and London Stock Exchange.

ARMplatinum manages the Modikwa Platinum Mine, a 50:50 joint venture with Anglo Platinum, and which has a design capacity of 360,000 ounces PGM per annum. In addition ARMplatinum is the manager in developing the Two Rivers Platinum Mine, a 55:45 joint venture with Impala Platinum, which has a design capacity of 240,000 ounces PGM per annum. ARMplatinum also produced 39,000 ounces of PGM's in 2003 from its wholly owned Nkomati Nickel Mine.

Black Economic Empowerment in South Africa

The South African Black Economic Empowerment ("BEE") legislation requires that existing mining operations have a 15% BEE ownership within five years, increasing to 26% within 10 years. New mining projects that are established are required to have a minimum of 15% increasing to 26% within 10 years. There is no specific requirement for an exploration project to have participation with a BEE partner, but in order to move into development and acquire the necessary licenses the minimum 15% participation level is required.

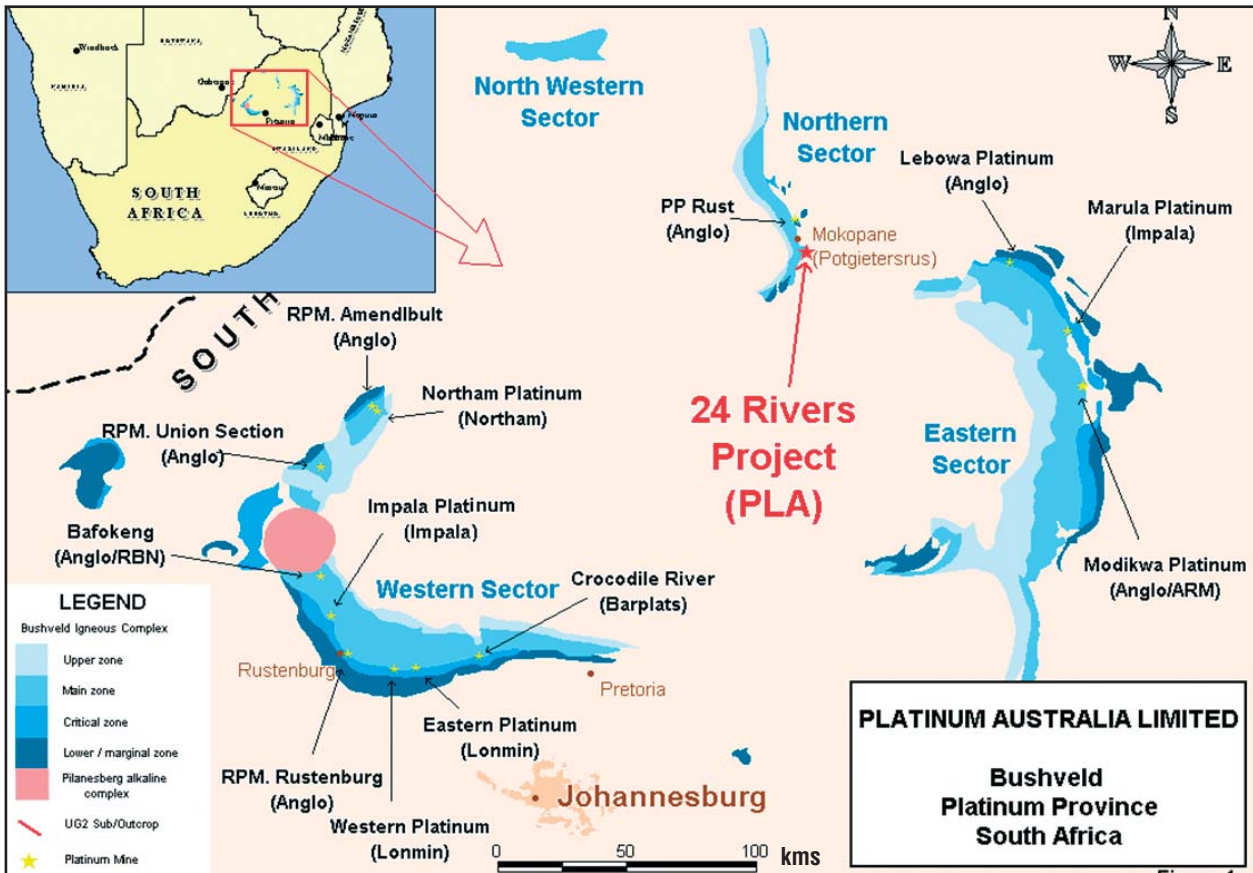
ARM is the largest BEE resource company and as it will retain at least 51%, the Kalplats Project more than meets all required BEE legislation.



Kalahari Platinum Project bulk sample location in deepest part of the pit.

REVIEW OF COMPANY ACTIVITIES

24 River PGM Project



The 24 Rivers PGM Project is located on the northern limb of the Bushveld Complex and covers a fault displaced section of the complex with a strike length of approximately 2 kilometres.

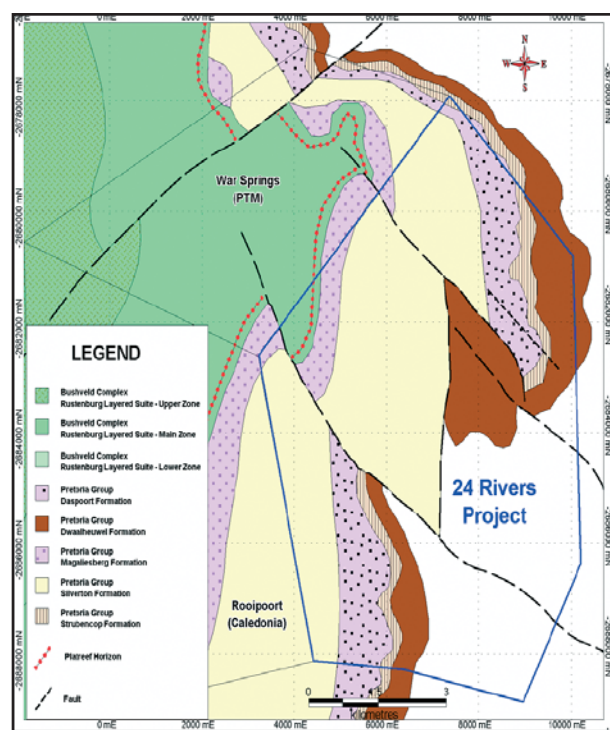
The part of the Bushveld Complex present on the project, known as the Rustenburg Layered Suite, hosts the Platreef which is mined by Anglo Platinum at its PPRust mine north of the 24 Rivers Project. The Platreef is known to extend along strike to the north and south of the PPRust mine, having been identified in numerous prospects currently under evaluation and the Company is confident that it should be present on 24 Rivers.

The Platreef varies in thickness from a few metres to approximately 30 metres 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 24 Rivers

Platinum Australia is in the process of acquiring aeromagnetic data that is available for the project area and will undertake soil sampling and mapping immediately upon completion of the finalization of the agreement.

It is anticipated that this will be followed up with a drilling program in late 2004. Depending on the results from this work, a more comprehensive drilling program will then be undertaken in 2005.



REVIEW OF COMPANY ACTIVITIES

Business Development

Platinum Australia believes that the PGM industry in South Africa provides the best opportunity for acquiring and developing advanced PGM projects. The Company plans to build on its success in acquiring an interest in the Kalplats and 24 Rivers Projects by identifying and acquiring further projects in South Africa.

A major part of Platinum Australia's strategy will be to continue to look to combine the project evaluation and development skills inherent in the Company with the application of the "Panton Process" to acquire equity positions in suitable projects. The acquisition of our interest in the Kalplats Project represents a tangible success for this strategy.

In support of this strategy Platinum Australia has recruited a senior manager to manage the South African office and is in the process of recruiting other senior personnel. These personnel in conjunction with the Perth office will be responsible for managing the Feasibility Study on the Kalplats Project, the exploration program on the 24 Rivers Project and identifying new opportunities in South Africa.

The Company completed some preliminary testwork on the application of the Panton Process to an undeveloped project on the northern limb of the Bushveld complex. The results from this work, on a very low grade (<10 g/t PGM) concentrate, are considered extremely promising with the following recoveries achieved:

Platinum	–	76.4%;
Palladium	–	87.6%;
Gold	–	96.7%;
Copper	–	86.8%;
Nickel	–	66.7%; and
Cobalt	–	67.4%.

The Company believes this and other work being carried out on the application of the "Panton Process" will provide further opportunities to acquire interests in other PGM projects.



Underground drilling during trial mining operations at the Panton Project.

REVIEW OF COMPANY ACTIVITIES

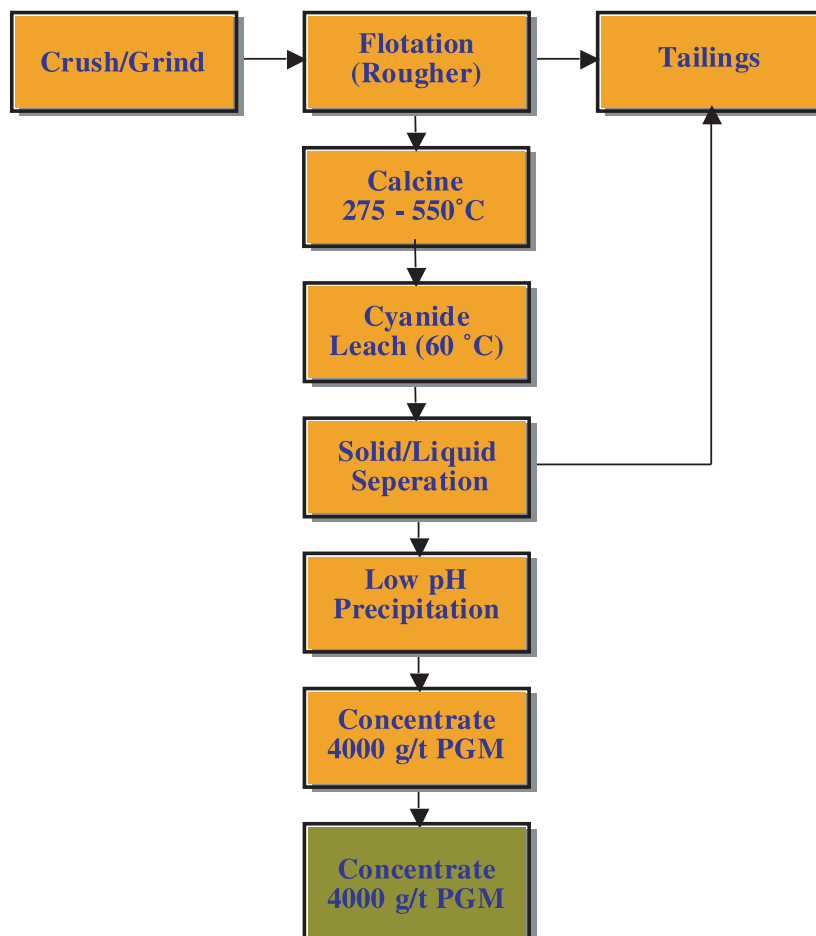
Panton PGM Recovery Process

As part of the Feasibility Study undertaken on the Panton Project, the Company in conjunction with Lonmin Plc, developed a new metallurgical process for the recovery of PGM + Au.

This new "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 the PGM's, gold and base metals; and 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.

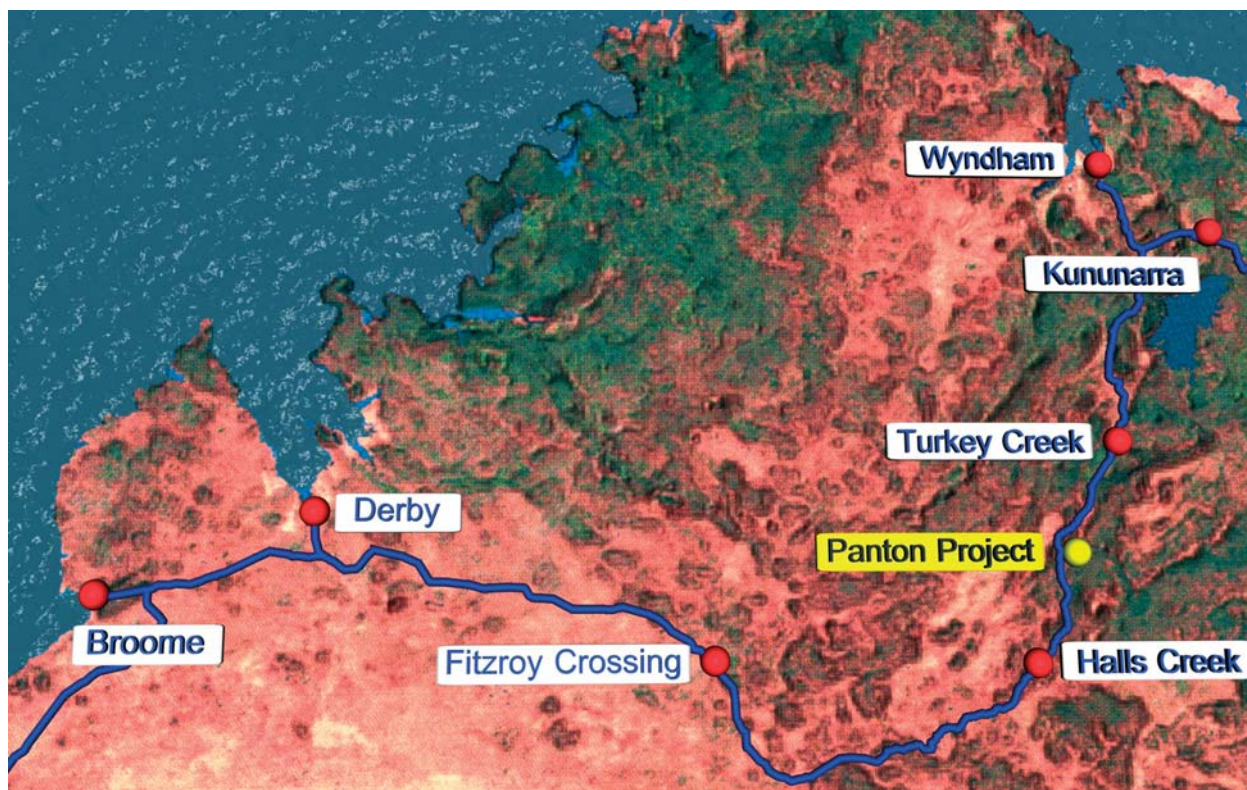
The Company believes that the "Panton Process" which has been tested at a pilot plant scale over a continuous 24 day period can offer significant benefits over the traditional smelter route, including:

- Increased or comparable recoveries;
- Reduced concentrate transport costs;
- Shorter processing pipeline and therefore more rapid payment for products;
- Increased payment for products by up to 20%;
- Reduced environmental impact.



REVIEW OF COMPANY ACTIVITIES

Panton Platinum Palladium Project



The Company completed a Bankable Level Feasibility Study on the Panton Platinum Palladium Project in August 2003. The BFS showed that the project was technically sound but not commercially viable at the prevailing palladium price and US\$ exchange rate.

The Company is in the process of evaluating development alternatives for the project, which could involve a smaller initially open cut project, and/or the use of plant and infrastructure from other regionally located operations. It is believed that these options could offer the potential for the project to be developed at prevailing prices and exchange rate.

OTHER PGM PROJECTS

Imagi Well Project

Platinum Australia 60%

The results from the follow up exploration work have been disappointing and the Company is reviewing its participation in the project.

Byro Regional Project

Platinum Australia 100%

Results from follow up exploration work on this project have been disappointing and the Company is in the process of withdrawing from the project.

McGowan's Bore Project

Platinum Australia 100%

The Company is currently reviewing the project.

Loadstone Hill Project

Platinum Australia 100%

The Company has withdrawn from this project.

GOLD AND BASE METALS

Ajana and Eurardy Project

Platinum Australia 50% diluting

Following the withdrawal of Red 5 Limited from the project the Company has withdrawn from the project.

Melville Project

Platinum Australia 25% free carry

The project was acquired by Prosperity Resources during the year and they have completed a number of drilling programs.

The results of the programs have been successful in extending the known mineralisation and an updated resource is expected in the near future.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors of Platinum Australia Limited 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 DISCLOSURES

During the year ended 30 June 2004 (the Reporting Period) the ASX Corporate Governance Council developed a set of guidelines, Principles of Good Corporate Governance and Best Practice Recommendations. This document articulates 10 core principles that the ASX Corporate Governance Council believes underlie good corporate governance, together with best practice recommendations. The Company has complied with each of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council, other than in relation to the matters specified below.

Independence of Board

The recommendations state a majority of the Board should be independent Directors.

No member of the Board 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".

Independence of Chairman

The Chairperson does not satisfy paragraph 3 of the Independence Test set out in the recommendations. Notwithstanding this, the Board considers Peter Allchurch to be independent for the reasons set out below under the heading "Identification of Independent Directors".

Nomination Committee

There was no formal Nomination Committee prior to 11 May 2004. Prior to this date the full Board considered those matters and issues that would usually fall to a Nomination Committee.

Written Code of Conduct

Prior to 11 May 2004 there was no written Code of Conduct. Although there was no written policy the Board considered the business practices and ethics exercised by individual Board members and key executives was of the highest standards. On 11 May 2004 the Company certified and disclosed its practices as a Code of Conduct.



CORPORATE GOVERNANCE STATEMENT

Written Securities Trading Policy

The Company adopted a written Securities Trading Policy on 11 May 2004. Although prior to this date there was no written policy, all directors and employees were aware of existing legislative restrictions regarding trading in the companies securities. The Company has now adopted and disclosed a policy and provided further educational information in this regard to employees and directors alike.

Audit Committee

Prior to 11 May 2004, the Audit Committee comprised of two members. This was one member less than recommended as best practice and, as of 11 May 2004, a third member joined the committee.

Written Policies and Procedures Designed to Ensure ASX Listing Rule Disclosure Requests

Until 11 May 2004 there were no written policies and procedures designed to ensure ASX Listing Rule disclosure requests. Although there was no written policy or procedure such policies and procedures did in fact exist and have now been documented and were formally implemented by the Board on 11 May 2004.

Shareholder Communication Strategy

Until 11 May 2004 there was no formal communication strategy to promote shareholder communication. Although there were no written policies or procedures the Company had a positive strategy to communicate with and actively promote shareholder involvement in the Company. The strategy included making information about the Company available on its website. The policy has now been documented and disclosed on 11 May 2004.

Code of Conduct

A Code of Conduct was adopted 11 May 2004. Although until 11 May 2004 there was no Code of Conduct documented or disclosed the Board considered its business practices as led by the example of the Board and key executives were the equivalent of a Code of Conduct, which has now been documented, approved and disclosed.

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

A profile of each director containing the applicable information is set out in the Directors' Report.

IDENTIFICATION OF INDEPENDENT DIRECTORS

All directors other than Mr Lewins and Mr Mulligan are independent, subject to the comments set out below.

Mr Allchurch is a founder of Platinum Australia Limited ("PLA"). 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 2002 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 role as executive chairman 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 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 chairman. In these circumstances the Board considers Mr Allchurch to be independent.

Mr Hughes is a non-executive director of PLA. From 11 August 2000 until 28 June 2002 Mr Hughes was responsible for all financial affairs of the Company in an executive capacity. He also took on the role of company secretary during the period the previous company secretary was incapacitated.

CORPORATE GOVERNANCE STATEMENT

As a result of his role as an executive as described above Mr Hughes does not fit within paragraph 2 of the Independence Test. Mr Hughes passes all other aspects of the Independence Test. The Board of PLA (in the absence of Mr Hughes) 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. In these circumstances the Board considers Mr Hughes to be independent except when matters regarding past financial performance of the Company (during the time he acted in an executive capacity) are concerned.

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.

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.

Mr Davies is a representative of major shareholder Lonmin Australia Pty Ltd and as a result does not fit within paragraph 1 of the Independence Test. The Board of PLA (in absence of Mr Davies) 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 Lonmin Australia Pty Ltd are involved and recognises that in such circumstances Mr Davies 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.

Mr Fenner is a representative of major shareholder Lonmin Australia Pty Ltd and as a result does not fit within paragraph 1 of the Independence Test. The Board of PLA (in absence of Mr Fenner) 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 Lonmin Australia Pty Ltd is involved and recognises that in such circumstances Mr Fenner 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.

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.



CORPORATE GOVERNANCE STATEMENT

NOMINATION COMMITTEE

The nomination committee comprises Messrs Allchurch, Blakiston and Lewins and is chaired by Mr Peter Allchurch. As the committee was only formed on 11 May 2004 it did not meet during the Reporting Period.

NAMES AND QUALIFICATIONS OF AUDIT COMMITTEE MEMBERS

The following directors are members of the Audit Committee: Messrs Eric Hughes, Christopher Davies and Allan Mulligan. Two members are considered independent by the Board. Mr Hughes is the Chair of the Audit Committee and has 17 years experience as an accountant. Mr Davies' experience in Platinum Group Metals gives him the requisite industry knowledge. Mr Mulligan has both industry and financial knowledge to assist on this Committee.

NUMBER OF AUDIT COMMITTEE MEETINGS AND NAMES OF ATTENDEES

During the Reporting Period the Audit Committee held six meetings. All members of the Audit Committee attended all meetings.

CONFIRMATION WHETHER PERFORMANCE EVALUATION OF THE BOARD AND ITS MEMBERS HAVE TAKEN PLACE AND HOW CONDUCTED

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.

COMPANY'S REMUNERATION POLICIES

Messrs Hughes, Blakiston, Allchurch 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 receives a salary and an entitlement to options. The options will 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.

Messrs Allchurch, Hughes and Blakiston received a one off issue of options on the float of the Company. All requisite shareholder approvals were obtained in relation to these options. These options expired on 1 September 2004.

No Director of the Company is eligible to receive bonus payments.

NAMES OF REMUNERATION COMMITTEE MEMBERS AND THEIR ATTENDANCE AT COMMITTEE MEETINGS

The Remuneration Committee comprises Messrs Blakiston and Hughes and is chaired by Mr Michael Blakiston. The committee met twice during the year and was attended by both members.

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 entity (collectively "the Consolidated Entity") for the financial year ended 30 June 2004.

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)

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 30 years experience in mineral exploration, mining and petroleum exploration, development and production.

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

Mr John Derek Lewins (Managing Director)

B.Sc. (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 John Lewins was appointed as a Director on 3rd May 2001.

Mr Michael Gerrard Blakiston (Non Executive Director)

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 Australian Development Capital Limited, CollTech Australia Limited, Rox Resources Ltd, Tony Barlow Australia Limited and Vulcan Resources Limited and is an alternate director of Paladin Resources Ltd.

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

Mr Christopher John Davies (Non Executive Director)

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 Christopher Davies was appointed as a Director on 24 August 2001.

Mr Eric Edward Hughes

(Non Executive Director) 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 Eric Hughes was appointed as a Director on 21 June 2000.

Mr Geoffrey John Fenner (Non-Executive Director)

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 Geoffrey Fenner was appointed as a Director on 2nd December 2002.



DIRECTORS' REPORT

Mr Allan Ewald Mulligan (Non-Executive Director)

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 Allan Mulligan was appointed as a Director on 28 February 2003.

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

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

At the date of this report, the directors' share and option holdings and relevant interests therein are:

Name of Director	Fully Paid Shares	Options
P D Allchurch	2,450,001	175,001
J D Lewins	2,000	1,000,000
M G Blakiston	100,000	-
C J Davies	*	-
G J Fenner	*	-
E E Hughes	23,334	1,667
A E Mulligan	*	-
W A Hansen	**	**

* Messrs Davies, Fenner and Mulligan are Directors appointed as representatives of Lonmin Plc, which holds 30,843,971 shares in Platinum Australia Limited.

** Mr W A Hansen is appointed as representative of Anglo Pacific Group Plc which holds 15,063,033 shares and 225,021 options in Platinum Australia Limited.

During the financial year 13 directors' meetings were held. The number of meetings attended by each director (or his alternate) and the number of meetings held during each director's term of office during the financial year are shown below.

	Attended	Possible to Attend
P D Allchurch	13	13
J D Lewins	13	13
M G Blakiston	13	13
E E Hughes	10	13
C J Davies	11	13
G J Fenner	9	13
A E Mulligan	13	13
W A Hansen (appointed 21 January 2004)	6	6

2. PRINCIPAL ACTIVITIES

The principal activities of the entities within the Consolidated Entity during the financial year were as follows:

Platinum Australia Limited

Platinum Exploration NL

Platinum, palladium, gold and base metal exploration and development

3. FINANCIAL RESULTS

The operating loss after income tax of \$Nil (2003: income tax \$Nil) of the Consolidated Entity for the financial year ended 30 June 2004 totalled \$2,121,960 (2003: \$17,644,306).

DIRECTORS' REPORT

4. DIVIDEND

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.

5. OPTIONS

During the year ended 30 June 2004, 180,945 options were exercised into fully paid shares.

Options on issue at the date of this report are set out as follows:

Number of Options	Exercise Price	Expiry Date
<i>Listed Options</i>		
5,799,465	20 cents	30.11.2006
<i>Unlisted Options</i>		
20,000	47 cents	03.04.2005
1,000,000	20 cents	29.10.2005
120,000	43.5 cents	14.03.2007

None of the above options entitle the holders to participate in a share issue of any other body corporate.

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-palladium exploration and development and lesser gold and base metal exploration.

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.

8. ENVIRONMENTAL COMPLIANCE

The Company is subject to a range of environmental laws and regulations, with the most significant being:

- The Western Australian Environmental Protection Act, 1986; and
- The Western Australian Mining Act 1978.

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.

9. REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

Disclosures relating to directors' and executives' emoluments have been included in Note 18 of the financial report.

10. 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.

The Company pays monthly instalments for an insurance premium of \$34,650 for a period of 1 year commencing 10 April 2004 in respect of a contract insuring each of the directors against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.



DIRECTORS' REPORT

11. 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.

12. 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 27 to the Financial Statements.

Signed in accordance with a resolution of directors.



P D ALLCHURCH

Chairman

West Perth, Western Australia

29 September 2004

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2004

	Consolidated		Parent		
	NOTE	2004 \$	2003 \$	2004 \$	2003 \$
CURRENT ASSETS					
Cash assets	5	1,610,216	1,488,063	1,610,216	1,488,063
Receivables	6	33,994	306,394	22,021	38,183
Total Current Assets		1,644,210	1,794,457	1,632,237	1,526,246
NON-CURRENT ASSETS					
Receivables	6	-	-	10,446	197,820
Other Financial Assets	7	-	90,000	-	90,000
Property, Plant and Equipment	8	134,368	380,610	134,368	380,610
Deferred Exploration Expenditure	9	-	-	-	-
Total Non-Current Assets		134,368	470,610	144,814	668,430
TOTAL ASSETS		1,778,578	2,265,067	1,777,051	2,194,676
CURRENT LIABILITIES					
Payables	10	153,088	765,444	151,561	695,053
Provisions	11	55,132	41,608	55,132	41,608
Total Current Liabilities		208,220	807,052	206,693	736,661
TOTAL LIABILITIES		208,220	807,052	206,693	736,661
NET ASSETS		1,570,358	1,458,015	1,570,358	1,458,015
EQUITY					
Contributed Equity	12	22,936,942	20,702,639	22,936,942	20,702,639
Accumulated Losses	13	(21,366,584)	(19,244,624)	(21,366,584)	(19,244,624)
TOTAL EQUITY		1,570,358	1,458,015	1,570,358	1,458,015

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



STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	Consolidated		Parent	
		2004 \$	2003 \$	2004 \$	2003 \$
Revenue from ordinary activities	2	278,014	133,965	278,014	133,965
Depreciation and amortisation expenses	3	(149,455)	(164,278)	(149,455)	(164,278)
Exploration expenditure written off/expensed	3 (c)	(930,078)	(16,415,624)	(211,836)	(824,376)
Provision for non-recovery of loan to controlled entity	3 (c)	-	-	(718,242)	(15,451,506)
Provision for diminution in value of investment in controlled entity	3 (c)	-	-	-	(500,000)
Other expenses from ordinary activities	3 (d)	(1,132,628)	(1,198,369)	(1,132,628)	(838,090)
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		(2,121,960)	(17,644,306)	(2,121,960)	(17,644,285)
Income tax expense	4	-	-	-	-
Loss from ordinary activities after income tax attributable to members of Platinum Australia Limited	13	(2,121,960)	(17,644,306)	(2,121,960)	(17,644,285)
Total changes in equity other than those resulting from transactions with owners as owners		(2,121,960)	(17,644,306)	(2,121,960)	(17,644,285)
		Cents	Cents		
Basic earnings per share	23	(2.8)	(26.9)		
Diluted earnings per share	23	(2.8)	(26.9)		

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2004

	Consolidated		Parent		
	NOTE	2004 \$ Inflows/ (Outflows)	2003 \$ Inflows/ (Outflows)	2004 \$ Inflows/ (Outflows)	2003 \$ Inflows/ (Outflows)
Cash flows from operating activities					
Receipts from customers		242,348	-	26,097	-
Payments to suppliers and employees		(1,522,725)	(1,787,607)	(1,752,170)	(368,204)
Interest received		75,669	110,962	75,669	110,962
Interest paid		-	-	(1,087)	-
Other income		-	22,803	-	22,803
Net GST received		147,925	421,402	69,742	167,365
Payments for exploration expenditure		(1,247,979)	(3,037,456)	(192,144)	(2,596)
Proceeds from sale of exploration tenements		-	60,000	-	60,000
Net cash (outflows) from operating activities	21	(2,304,762)	(4,209,896)	(1,773,893)	(9,670)
Cash flows from investing activities					
Proceeds from sale of investments		89,108	-	89,108	-
Payments for property, plant and equipment		(1,026)	(103,160)	(1,026)	(103,160)
Proceeds from sale of plant and equipment		104,530	-	104,530	-
Loans to related parties		-	-	(530,869)	(4,420,702)
Net cash inflows/(outflows) from investing activities		192,612	(103,160)	(338,257)	(4,523,862)
Cash flows from financing activities					
Proceeds from issue of shares		2,356,091	3,095,547	2,356,089	3,095,547
Share issue costs paid		(121,788)	(119,071)	(121,786)	(119,071)
Net cash inflows from financing activities		2,234,303	2,976,476	2,234,303	2,976,476
Net increase/(decrease) in cash held					
Cash at the beginning of the financial year		1,488,063	2,824,643	1,488,063	3,045,119
Cash at the end of the financial year	5	1,610,216	1,488,063	1,610,216	1,488,063

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report that 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. This 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 2004 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 of 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.

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. In the financial year ended 30 June 2003, there was a change in accounting policy from previous years, where exploration and evaluation expenditure related to an area of interest was carried forward to the extent that:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

(d) Exploration and Evaluation Expenditure (Cont'd)

- (i) Such costs were expected to be recouped through successful development of and production from the area or by its sale; or
- (ii) Exploration and/or evaluation activities in the area had not reached a stage which permitted a reasonable assessment of the existence of economically recoverable reserves.

The Board changed its accounting policy in line with international practice, irrespective of whether or not the Board believed expenditure could be recouped from either successful development and commercial exploitation or sale of the respective assets.

Effect of Change in Accounting Policy

Had the new accounting policy in relation to exploration and evaluation expenditure always been applied, the items in the Statements of Financial Position and Statements of Financial Performance for the year ended 30 June 2003 would have been stated as follows:

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
Accumulated Losses				
Accumulated losses at the beginning of the financial year	-	(14,529,242)	-	(2,422,119)
Loss from ordinary activities	-	(4,715,382)	-	(16,822,505)
Accumulated losses at the end of the financial year	-	(19,244,624)	-	(19,244,624)
Deferred Exploration Expenditure				
Costs carried forward in respect of areas of interest in the exploration and/or evaluation phase	-	-	-	-
Statements of Financial Performance				
Exploration expenditure expensed	-	3,486,700	-	2,596

(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 current pay rates 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 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

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

(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

Foreign currency transactions during the year are recorded in Australian currency using the rate of exchange prevailing at the date of transaction. At balance date, amounts receivable and payable in foreign currency are translated at the exchange rate prevailing at that date. Exchange differences are brought to account in the Statements of Financial Performance in the year in which the exchange rates change.

The accounts of self-sustaining foreign operations are translated into Australian currency using the current rate method.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

(m) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial periods commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The Consolidated Entity's management is assessing the significance of these changes and preparing for their implementation. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised. The directors are of the opinion that the key differences in the Consolidated Entity's accounting policies which will arise from the adoption of IFRS are:

Impairment of Assets

The Consolidated Entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

Income Tax

Currently, the Consolidated Entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the Consolidated Entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

The Consolidated Entity also has carried forward income tax losses which have not been recognised as deferred tax assets as they do not satisfy the "virtually certain" test under current Australian Accounting Standards. Under AASB 112, it will be easier to recognise these tax losses as deferred tax assets due to the recognition test being based on whether it is "probable" that the losses will be recovered.

Share-based Payment

Share based compensation forms part of the remuneration of employees of the Consolidated Entity as disclosed in the notes to the financial statements. The Consolidated Entity currently does not recognise an expense for any share-based compensation granted. Under AASB 2: Share-Based Payment, the Consolidated Entity will be required to recognise an expense for such share-based compensation. Share-based compensation is measured at the fair value of the share options determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent that non-market based vesting conditions such as service are not met.

Extractive Industries

The International Accounting Standards Board is yet to release an IFRS based on Exposure Draft 6 "Exploration for and Evaluation of Mineral Resources". There remains uncertainty as to whether or not deferred exploration expenditure can continue to be capitalised, however as the Company's accounting policy is to expense all exploration and evaluation expenditure in the year in which it is incurred, the directors do not believe that this will have a major impact on the Company.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

2. REVENUE

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
Operating activities:				
Sales revenue	-	-	-	-
Interest received	75,669	111,162	75,669	111,162
Other	8,707	22,803	8,707	22,803
	84,376	133,965	84,376	133,965
Non-operating activities:				
Proceeds on disposal of property, plant and equipment	104,530	-	104,530	-
Proceeds on disposal of investments	89,108	-	89,108	-
	193,638	-	193,638	-
TOTAL REVENUE	278,014	133,965	278,014	133,965

3. LOSS FROM ORDINARY ACTIVITIES

The loss from ordinary activities before income tax is arrived at after charging and crediting the following specific items:

(a) Charges:

Auditors' remuneration:

Auditors of the parent entity

- Audit and review of financial statements
- Other services

Depreciation of property, plant & equipment

Write down of investment

Loss on disposal of investment

Rental expense

	24,000	20,106	24,000	20,106
	-	3,500	-	3,500
	149,455	164,278	149,455	164,278
	-	30,000	-	30,000
	892	-	892	-
	59,982	90,848	59,982	90,848

(b) Credits:

Interest received - other persons

Profit on disposal of plant and equipment

	75,669	111,162	75,669	111,162
	6,717	-	6,717	-

(c) Significant items:

Prior period exploration expenditure written off

Current period exploration expenditure expensed

Provision for non-recovery of loan to controlled entity

Provision for diminution in value of investment in controlled entity

	-	12,928,924	-	821,780
	930,078	3,486,700	211,836	2,596
	930,078	16,415,624	211,836	824,376
	-	-	718,242	15,451,506
	-	-	-	500,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
(d) Other expenses from ordinary activities:				
Employee remuneration	672,383	560,489	672,383	560,489
Corporate investor relations expenses	195,128	167,580	195,128	167,580
Corporate travel	66,696	42,950	66,696	42,950
Other	198,421	427,350	198,421	67,071
	1,132,628	1,198,369	1,132,628	838,090

4. INCOME TAX

(a) The Consolidated Entity has unconfirmed carried forward income tax losses of approximately \$21,298,353 (2003: \$19,569,393). 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 2003-2004 income tax year (2002-2003: 30%). 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.

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

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
Prima Facie Tax on loss from ordinary activities at 30%	(636,588)	(5,293,292)	(636,588)	(5,293,286)
Future Income Tax Benefit not brought to account	636,588	5,293,292	636,588	5,293,286
Income Tax Expense	-	-	-	-

(c) Tax consolidation

During the previous year, legislation was enacted to allow groups, comprising of a parent entity and its Australian resident wholly-owned entities, to elect to be consolidated and be treated as a single entity for income tax purposes. The legislation, which includes both mandatory and elective elements, is applicable to Platinum Australia Limited.

As at reporting date, the Directors have not made a decision to elect to be taxed as a single entity. In accordance with Urgent Issues Group (UIG) Consensus Views, UIG 39 "Effect of proposed tax consolidation legislation on deferred tax balances", the financial effect of the legislation has therefore not been brought to account in the financial statements for the year ended 30 June 2004, except to the extent that the adoption of the tax consolidation would impair the carrying value of any deferred tax assets.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

5. CASH ASSETS

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
Cash at bank and on hand	130,179	334,408	130,179	334,408
Deposits	1,480,037	1,153,655	1,480,037	1,153,655
	1,610,216	1,488,063	1,610,216	1,488,063

(i) Included in this balance is an amount of \$118,500 (2003: \$33,350) which is used as security for Department of Industry and Resources performance bonds amounting to \$106,500 (2003: \$30,000).

6. RECEIVABLES

<i>(a) (Current)</i>				
Trade debtors and GST refunds	33,994	306,394	22,021	38,183
<i>(b) (Non-current)</i>				
Loan to controlled entity	-	-	16,180,194	15,649,326
Less Provision for non-recovery of loan	-	-	(16,169,748)	(15,451,506)
	-	-	10,446	197,820

7. OTHER FINANCIAL ASSETS (NON-CURRENT)

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)
	-	-	-	-
Shares in listed corporations - at cost (ii)	-	120,000	-	120,000
Less: Write-down in investment	-	(30,000)	-	(30,000)
	-	90,000	-	90,000
	-	90,000	-	90,000

(i) Controlled Entity	2004			2003		
	Country of Incorporation	Class of Share	% Holding	\$ Cost	% Holding	\$ Cost
Controlled Entity of Platinum Australia Limited:						
Platinum Exploration NL	Australia	Ordinary Shares	100	500,000	100	500,000

(ii) The cost of the shares in a listed corporation equates to the market value of those shares at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
Plant, equipment, vehicles and furniture - cost	467,755	663,545	467,755	663,545
Less: Accumulated depreciation	(333,387)	(282,935)	(333,387)	(282,935)
Total Property Plant & Equipment	134,368	380,610	134,368	380,610

Reconciliation:

2004

	Motor Vehicles	Plant & Equipment	Office Furniture	Total
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

2003

Opening written down value	55,357	199,972	186,400	441,729
Additions	545	65,496	37,118	103,159
Disposals	-	-	-	-
Depreciation	(13,306)	(60,276)	(90,696)	(164,278)
Closing written down value	42,596	205,192	132,822	380,610



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

9. DEFERRED EXPLORATION EXPENDITURE

As noted in Note 1(d), the Board changed its accounting policy in the previous financial year in line with international practice to expense exploration expenditure as incurred, irrespective of whether or not the Board believed expenditures could be recouped from either successful development and commercial exploitation or sale of the respective assets.

Reconciliation:

Reconciliations of the carrying amounts of exploration expenditure at the beginning and end of the previous financial year are set out below:

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
Balance at beginning of year	-	12,928,924	-	821,780
Expenditure written off	-	(12,928,924)	-	(821,780)
Balance at end of year	-	-	-	-

10. PAYABLES (CURRENT)

Trade creditors and accruals	153,088	765,444	151,561	695,053
------------------------------	---------	---------	---------	---------

11. PROVISIONS (CURRENT)

Employee leave benefits	55,132	41,608	55,132	41,608
-------------------------	--------	--------	--------	--------

The number of employees of the consolidated entity at balance date was 5 (2003: 10).

12. CONTRIBUTED EQUITY

	Parent	
	2004 \$	2003 \$
Issued:		
81,391,218 ordinary fully paid shares (2003: 69,610,771 ordinary shares)	22,936,942	20,702,639
Movements during the year	No of shares	\$
Fully Paid Shares:		
Balance at 1 July 2002	59,881,030	17,726,164
Options Conversions (1.9.04 @ 20c)	149,741	29,948
Rights Issue (4:25 @ 32c)	9,580,000	3,065,600
Issue costs	-	(119,073)
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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

13. ACCUMULATED LOSSES

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
Accumulated losses at the beginning of the financial year	(19,244,624)	(1,600,318)	(19,244,624)	(1,600,339)
Loss from ordinary activities	(2,121,960)	(17,644,306)	(2,121,960)	(17,644,285)
Accumulated losses at the end of the financial year	(21,366,584)	(19,244,624)	(21,366,584)	(19,244,624)

14. 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
Listed Options:	
1 September 2004 @ 20 cents	34,265,450
30 November 2006 @ 20 cents	5,799,465
Unlisted Options:	
29 October 2005 @ 20 cents	1,000,000
3 April 2005 @ 47 cents	20,000
14 March 2007 @ 43.5 cents	120,000
	41,204,915

During the year 180,945 twenty cent options were exercised for a value of \$36,189 (2003: 149,741 options for a value of \$29,948).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

15. SEGMENT INFORMATION

The Consolidated Entity operates solely in the platinum-palladium, and gold and base metals exploration industry in Australia.

16. 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:

	2004 \$	2003 \$
Platinum Australia Limited	(1,403,717)	(1,692,779)
Platinum Exploration NL	(718,243)	(15,951,527)
	(2,121,960)	(17,644,306)

17. COMMITMENTS FOR EXPENDITURE

There are no outstanding commitments not provided for in the financial statements of the Consolidated Entity as at 30 June 2004 other than:

(a) In order to maintain rights of tenure, the Consolidated Entity is committed to outlay an aggregate amount of approximately \$416,860 in 2004-2005 (2003-2004: \$824,157) 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 2004-2005 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.

(b) Operating Leases

	Consolidated		Parent	
	2004 \$	2003 \$	2004 \$	2003 \$
Commitments for minimum lease payments in Relation to non-cancellable operating leases (rental of premises) are payable as follows:				
Within one year	60,480	48,930	60,480	48,930
Later than one year but not later than 5 years	49,140	4,095	49,140	4,095
Later than 5 years	-	-	-	-
	109,620	53,025	109,620	53,025

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

18. REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent Entity Directors

Mr. P.D Allchurch	Chairman	Non-Executive
Mr. M.G Blakiston	Director	Non-Executive
Mr. E.E Hughes	Director	Non-Executive
Mr. J.D Lewins	Managing Director	Executive
Mr. C.J Davies	Director	Non-Executive
Mr. A.E Mulligan	Director	Non-Executive
Mr. G.J Fenner	Director	Non-Executive
Mr W.A Hansen (appointed 21 January 2004)	Director	Non-Executive

Specified Executives

Due to the size of the Company and its current level of operations, there are no executives other than the Managing Director, Mr J.D Lewins, whose details are included under "Parent Entity Directors".

(b) Parent Entity Directors' Remuneration

2004

	Primary Benefits		
	Salary & Directors' Fees	Superannuation	Total
Mr. P.D Allchurch	22,936	2,064	25,000
Mr. M.G Blakiston	22,936	2,064	25,000
Mr. E.E Hughes	11,468	13,532	25,000
Mr. J.D Lewins	250,000	11,002	261,002
Mr C.J Davies	-	-	-
Mr. A.E Mulligan	-	-	-
Mr. G.J Fenner	-	-	-
Mr W.A Hansen	10,498	945	11,443
	317,838	29,607	347,445

2003

	Primary Benefits		Equity Compensation	
	Salary & Directors' Fees	Superannuation	Equity Compensation	Total
Mr. P.D Allchurch	-	-	-	-
Mr. M.G Blakiston	22,936	2,064	-	25,000
Mr. E.E Hughes	22,936	2,064	-	25,000
Mr. A Jamieson (resigned 17 January 2003)	-	-	-	-
Mr. J.D Lewins	175,000	10,519	32,000	217,519
Mr C.J Davies	-	-	-	-
Mr. A.E Mulligan	-	-	-	-
Mr. R.E.M Vittino (resigned 20 August 2002)	4,167	-	-	4,167
Mr. G.J Fenner	-	-	-	-
	225,039	14,647	32,000	271,686

Amounts disclosed for remuneration of directors exclude insurance premiums of \$34,650 paid by the Consolidated Entity in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out in the directors' report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

18. REMUNERATION OF DIRECTORS AND EXECUTIVES (Cont'd)

(c) Remuneration Options

Options Granted as remuneration during the previous year:

	Number Granted	Grant Date	Value per Option at Grant Date	Exercise Price	Exercise Date
Mr. J.D. Lewins	1,000,000	6.9.02	3.2 Cents	20 Cents	On or before 29.10.05

(d) Option Holdings

Parent Entity Directors

	Balance 1.7.03	Options Lapsed	Net Change Other	Balance 30.6.04	Total Vested Exercisable 30.6.04
Mr. P.D Allchurch	2,225,000	-	-	2,225,000	2,225,000
Mr. J.D Lewins	1,000,000	-	-	1,000,000	2,00,000
Mr. M.G Blakiston	425,000	-	-	425,000	425,000
Mr. E.E Hughes	379,000	-	1,667	380,667	380,667
	4,029,000	-	1,667	4,030,667	3,230,667

(e) Shareholdings

Number of shares held by
Parent Entity Directors

	Balance 1.7.03	Options Exercised	Net Change Other*	Balance 30.6.04
Mr. P.D Allchurch	2,225,000	-	-	2,225,000
Mr. M.G Blakiston	100,000	-	-	100,000
Mr. E.E Hughes	20,000	-	3,334	23,334
Mr. J.D Lewins	2,000	-	-	2,000
Mr C.J. Davies **	-	-	-	-
Mr. A.E Mulligan **	-	-	-	-
Mr. G.J Fenner **	-	-	-	-
Mr. W.A Hansen **	-	-	-	-
	2,347,000	-	3,334	2,350,334

* Refers to shares purchased or sold during the financial year.

** In addition, Messrs Davies, Fenner and Mulligan are directors appointed as representatives of Lonmin Plc, which holds 30,843,971 (2003: 30,844,000) shares in the Company. Mr W A Hansen is appointed as representative of Anglo Pacific Group Plc which holds 15,063,033 shares and 4,667,958 options in the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

(f) Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executive officers.

Messrs Hughes, Blakiston, Allchurch 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 for a period of three years from 1 February 2004 pursuant to which he receives a salary of 225,000 per annum, statutory superannuation contributions of 9% and an entitlement to options. The options will contain performance hurdles which must be achieved before they can be exercised and the issue of options is subject to approval by shareholders (refer Note 19). Therefore enhanced corporate performance will return a financial benefit to Mr Lewins via the options, once they are issued.

Messrs Allchurch, Hughes and Blakiston received a one off issue of options on the float of the Company. All requisite shareholder approvals were obtained in relation to these options.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

19. 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.

Transactions With Related Parties

Directors and Their Director Related Entities:

The Company paid legal fees on normal commercial terms to Blakiston & Crabb, a legal firm of which Mr M G Blakiston, a director of the Company, is a partner. The amount paid by the Company for the year ended 30 June 2004 to Mr Blakiston and related entities was \$50,510 (2003: \$51,906).

During the year an amount of \$11,976 (2003: \$0) was paid to Inverse Activity Pty Ltd of which Mr A E Mulligan, a director of the Company is a director. The amount paid included consultancy fees for services relating to exploration in South Africa.

During the year, an amount of \$18,050 (2003: \$21,876) 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.

Proposed Issue of Options

During the year, the board agreed to issue to Mr J.D Lewins or his nominee a total of 2,500,000 unlisted options exercisable at twenty cents and expiring five years from the date of grant. The options may only be exercised as follows:

- (a) 1,000,000 Options at the time the Company achieves Milestone 1;
- (b) an additional 750,000 Options at the time the Company achieves Milestone 2; and
- (c) 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.

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.

Shareholder approval to the above issue of options will be sought at the 2004 Annual General Meeting of Shareholders to be held by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

20. WHOLLY OWNED GROUP

The wholly-owned group consisted of Platinum Australia Limited and its wholly-owned controlled entity, Platinum Exploration NL. Details of this controlled entity are set out in note 7.

Transactions between Platinum Australia Limited and other entities in the wholly-owned group during the year ended 30 June 2004 consisted of:

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

	Parent	
	2004 \$	2003 \$
Aggregate amounts receivable from entities in the wholly-owned group at balance date		
Non-current receivables	16,180,194	15,649,326
Less provision for non-recovery of loan	(16,169,748)	(15,451,506)
	10,446	197,820

21. CASH FLOW INFORMATION

RECONCILIATION OF NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES TO LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX

	Consolidated		Parent	
	2004 \$ Inflows/ (Outflows)	2003 \$ Inflows/ (Outflows)	2004 \$ Inflows/ (Outflows)	2003 \$ Inflows/ (Outflows)
Loss from ordinary activities after income tax	(2,121,960)	(17,644,306)	(2,121,960)	(17,644,285)
Depreciation and amortisation	149,455	164,278	149,455	164,278
Exploration expenditure written off	-	12,928,924	-	821,780
Write down of investment	-	30,000	-	30,000
Provision for non-recovery of loan	-	-	718,242	15,451,506
Provision for diminution of investment	-	-	-	500,000
Profit on disposal of plant and equipment	(6,717)	-	(6,717)	-
Loss on disposal of investment	892	-	892	-
Reclassification of proceeds from sale of exploration tenements	-	60,000	-	60,000
Change in operating assets and liabilities:				
(Increase) decrease in receivables	217,722	(82,775)	5,119	53,418
Increase (decrease) in creditors and borrowings	(612,357)	248,689	(543,491)	479,410
Increase in provisions	13,524	549	13,524	549
GST Liability	54,679	84,745	11,043	73,674
Net cash outflows from operating activities	(2,304,762)	(4,209,896)	(1,773,893)	(9,670)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

22. JOINT VENTURES

At 30 June, 2004 the Consolidated Entity has interests in unincorporated joint ventures as follows:

Joint Venture	Percentage Interest	Principal Activities
Melville	25%	Mineral Exploration – Free Carried

There are no assets held for this joint venture.

23. EARNINGS PER SHARE

Basic loss per share

Weighted average number of ordinary shares on issue during the year used in calculation of basic earnings per share

Numerator used in calculating basic earnings per share

(a) Options

Options as disclosed in Note 14 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.

Consolidated	
2004 Cents	2003 Cents
(2.8)	(26.9)
Number	Number
75,494,641	65,685,192
\$	\$
(2,121,960)	(17,644,306)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

24. 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:

2004	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE		FIXED INTEREST RATE MATURING IN:			NON INTEREST BEARING	
	FLOATING INTEREST RATE		1 YEAR OR LESS	OVER 1 TO 5 YEARS	MORE THAN 5 YEARS		TOTAL
	2004	2004	2004	2004	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

2003	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE		FIXED INTEREST RATE MATURING IN:			NON INTEREST BEARING	
	FLOATING INTEREST RATE		1 YEAR OR LESS	OVER 1 TO 5 YEARS	MORE THAN 5 YEARS		TOTAL
	2003	2003	2003	2003	2003	2003	2003
	%	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS							
Cash and deposits	3.68	1,488,063	-	-	-		1,488,063
Receivables (Trade Debtors)	-	-	-	-	-	306,394	306,394
		1,488,063	-	-	-	306,394	1,794,457
FINANCIAL LIABILITIES							
Trade creditors and accruals	-	-	-	-	-	765,444	765,444
			-	-	-	765,444	765,444
Net Financial Assets		1,488,063	-	-	-	(459,050)	1,029,013



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

24. 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.

25. 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 (2003: \$30,000) to the Department of Industry and Resources in respect of compliance with environmental conditions in relation to certain tenements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

26. INTEREST IN ASSOCIATE

Name:	PlatTech Pty Ltd
Balance date:	30 June
Ownership interest held by parent entity:	50%
Principal Activity:	The associated company was incorporated for the purpose of it eventually holding the intellectual property rights subsisting in the Leachate Process. The associated company had not commenced operations at balance date.

27. 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 :

Options Expiring 1 September 2004

On 1 September, 2004 34,244,397 listed options exercisable at 20 cents expired.

Kalahari Platinum Project

On 5 August 2004 the Company announced that it has signed a Memorandum of Understanding ("MOU") with African Rainbow Minerals Platinum (Proprietary) Limited ("ARMplatinum") to acquire up to 49% of the Kalahari Platinum ("Kalplats") PGM Project located 250 km west of Rustenburg in South Africa.

Kalplats is an advanced exploration project where drilling has to date has defined a resource of 3.4 million ounces of 3E PGM (platinum + palladium + gold), including a high grade resource of 12 million tonnes @ 3.6 g/t 3E PGM for 1.4 million ounces 3E PGM.

The MOU provides for PLA to earn its interest in the project by completing a Bankable Feasibility Study ("BFS") including further drilling and providing the right for the project to use the Panton metallurgical process. PLA has completed some preliminary testwork on the application of the "Panton Process" to the project and achieved recoveries similar to those achieved at Panton.

24 Rivers Platinum Project

On 10 August 2004 the Company announced that it has signed a Heads of Agreement with South African group, 24 Rivers Mining (Pty) Ltd ("24RM"), to acquire up to 74% of the 24 Rivers Platinum Group Metals (PGM) Project in South Africa.

The 24 Rivers PGM Project is located on the northern limb of South Africa's Bushveld Complex, which produces over 70% of the World's platinum. It is along strike and to the south of Anglo Platinum's operating PPRust open cut platinum mine and adjacent to the War Springs Project of Platinum Group Metals Ltd.

PLA plans to commence exploration work on the project immediately after completion of the due diligence. The target for the project is Platreef disseminated PGM mineralisation similar to that mined at the Anglo Platinum PPRust platinum mine.



DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 21 to 43:

- (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 2004 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 is made in accordance with a resolution of the directors.



PD ALLCHURCH

Chairman

West Perth, Western Australia

29 September 2004

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 statement, and the directors' declaration for both Platinum Australia Limited ("the company") and the consolidated entity for the year ended 30 June 2004. 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 financial position, and of its performance as represented by the results of its 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.

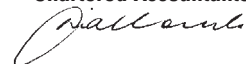
Independence

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

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 financial position of Platinum Australia Limited and the consolidated entity as at 30 June 2004 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**
Chartered Accountants**L DI GIALLONARDO**
Partner**Perth, Western Australia**
30 September 2004

HLB Mann Judd (WA Partnership)

15 Rheola Street West Perth 6005. P O Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08)9481 3686.

Email: hlb@mjwa.com.au. Website: <http://www.hlb.com.au>

Partners: Ian H Barsden, Terry M Blenkinsop, Litsa Christodoulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G. Neill, Peter J Speechley

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

MINING TENEMENTS AUSTRALIA

AT 15 SEPTEMBER 2004

Tenement Type And Number	Project Name	Mineral	Ownership
WESTERN AUSTRALIA:			
M 80/103	Panton	PGM	100% PENL
M 80/104	Panton	PGM	100% PENL
M 80/105	Panton	PGM	100% PENL
E 80/2571	McGowan Bore	PGM	100% PLA
E 09/1091	Byro Regional	PGM	100% PLA
E 09/977	Imagi Well	PGM	PENL 60% (Holder S.R. Bishop)
E 09/1018	Imagi Well	PGM	PENL 60% (Holder S.R. Bishop)
M 59/282	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/283	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/284	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/285	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/322	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/323	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/324	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/329	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/408	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/428	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)
M 59/429	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited – and Managers)

Notes:

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

SHAREHOLDER INFORMATION

AT 15 SEPTEMBER 2004

Twenty Largest Shareholders		Number of Shares	%
Ordinary Shares			
1.	LONMIN AUSTRALIA PTY LTD	30,843,971	37.80%
2.	ANGLO PACIFIC GROUP PLC	5,000,000	6.14%
3.	PLC ANGLO PACIFIC GROUP	3,317,108	4.07%
4.	STARMONT HOLDINGS PTY LTD	2,897,107	3.56%
5.	HAIFA PTY LTD	2,333,334	2.87%
6.	INDIAN OCEAN RESOURCES LI	2,313,773	2.84%
7.	MERRILL LYNCH AUSTRALIA	1,928,477	2.37%
8.	CYRTHA CORPORATION NV	1,366,667	1.68%
9.	NATIONAL NOMINEES LIMITED	1,364,544	1.68%
10.	WESTPAC CUSTODIAN NOMINEE	1,363,751	1.68%
11.	DIN NIK MOHAMED	1,260,000	1.55%
12.	CASSIM SALIM	1,225,000	1.50%
13.	J P MORGAN NOMINEES AUSTRALIA	1,666,666	1.43%
14.	ANZ NOMINEES LIMITED	939,560	1.15%
15.	BB NOMINEES PTY LTD	927,729	1.14%
16.	ADLER RODNEY	750,000	.92%
17.	NEFCO NOMINEES PTY LTD	610,000	.75%
18.	BALENOVIC STIPE	525,000	.64%
19.	YANDAL INVESTMENTS PTY LTD	500,000	.61%
20.	HOPETOUN NOMINEES PTY LTD	400,000	.49%
Total		61,032,687	74.98%

Distribution of Shareholdings	Number of Shareholders	Number of Shares Held
1 - 1000	64	34,894
1001 - 5000	224	664,956
5001 - 10000	186	1,554,951
10001 - 100000	315	9,944,467
100001 -	64	69,213,013
Total	853	81,412,281
Holding less than a marketable parcel	197	305,007

Substantial Shareholders	Number of Shares
Lonmin Plc	30,843,971 fully paid shares
Anglo Pacific Group Plc	15,063,033 fully paid shares



SHAREHOLDER INFORMATION

AT 15 SEPTEMBER 2004

Twenty Largest Optionholders	Number of Options	%
(Listed Options expiring 30 November 2006 and exercisable at 20 cents)		
1. MERRILL LYNCH AUSTRALIA	2,300,000	36.99%
2. SECOND NAREMI PTY LTD	619,733	10.69%
3. ALDER RODNEY	375,000	6.47%
4. NEATE DAVID	372,711	6.43%
5. SECOND NAREMI PTY LTD	282,556	4.87%
6. STARMONT HOLDINGS PTY LTD	206,937	3.57%
7. HAIFA PTY LTD	166,667	2.87%
8. RENEE MANAGEMENT PTY LTD	150,000	2.59%
9. LUDWIG COLIN	150,000	2.59%
10. NEATE DAVID	125,000	2.16%
11. ANZ NOMINEES LIMITED	87,361	1.15%
12. J P MORGAN NOMINEES AUSTRALIA	83,333	1.44%
13. BB NOMINEES PTY LTD	78,844	1.36%
14. OVERLAND ENTERPRISE PTY LTD	54,845	.95%
15. SURACE BRUNO	50,191	.87%
16. BALENOVIC STIPE	37,500	.65%
17. FDFLEX SYSTEMS RTY LTD	32,995	.57%
18. SCHEY HARRY KARL	26,850	.46%
19. CASSIM SALIM	25,001	.43%
20. PALMER KEVIN RAYMOND	21,000	.36%
Total	5,246,524	90.50%

Distribution of Option holdings	Number of Option holders	Number of Options Held
1 - 1000	136	65,131
1001 - 5000	82	181,022
5001 - 10000	20	147,176
10001 - 100000	21	657,280
100001 -	10	4,748,604
Total	269	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.



www.platinumaus.com.au