

# **PLATINUM AUSTRALIA LTD**

(ABN 99 093 417 942)

## **Half Year Report**

**31 December 2009**

**PLATINUM**

**AUSTRALIA**

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## DIRECTORS' REPORT

### Financial Results: Half Year to 31<sup>st</sup> December 2009

The loss for the half year of \$10,558,722 (2008: \$4,909,409) represents the first full half year of operation of the Smokey Hills Mine. During the half, open pit mining was completed and consequently all of the overburden removal costs (\$8,070,809) were written off as part of cost of sales during the period.

The result was also influenced by the purchase of an interest in the Rooderand exploration property on the western limb of the Bushveld in South Africa. The company's policy in regard to exploration properties is to write off all amounts relating to the purchase and exploration of properties until such time as there is a positive Definitive Feasibility Study in relation to the area in question. As a consequence, included in exploration expenses of \$2,921,109 for the period is the write off of the purchase price of \$2,025,536.

During the period, the platinum and palladium hedge book associated with Smokey Hills project debt provided by Standard Bank was closed, realising \$18,959,593, which funds together with funds raised from equity raisings and a loan facility from Macquarie Bank were utilised to retire the project debt. In accordance with the hedge accounting standard the amount realised has not been reflected in income, but is retained in the Hedge Accounting Reserve and transferred to income over the period of time that the hedge contracts would have matured had they not have been terminated early.

## Review of Operations

### Smokey Hills Platinum Project

#### Mining

The New Order Mining Right was granted in November 2007 and construction commenced the same month. Open pit mining commenced in January 2008 and underground mining commenced in September 2008.

During the period under review a total of 170,045 tonnes of ore were mined from the open pit and 136,035 tonnes of ore from underground operations. Mining of the open pit was completed on December 18<sup>th</sup>. Underground mining operations focus on the development of the six main access adits, while stoping production commenced in September 2009.

Ramp up of underground production and especially stoping production was slower than planned, due to a pothole being encountered between adits 4 and 5 over a strike length of approximately 125 metres. This will continue to impact on stope tonnage during the 3<sup>rd</sup> quarter; however modifications of the design in this area will enable approximately 80% of the ore affected by the pothole to be recovered in the second half of the year.

#### Processing

The ramp up of production continued during the period and 310,552 tonnes of ore, equating to ~86% of design capacity was processed through the plant. Due to the slower ramp up of underground mining, a higher proportion of oxidised material from the open pit was processed which negatively affecting recoveries and production during the period.

#### Production Statistics

Throughput	310,552t
Head Grade	3.56 g/t 4E
Recovery	62.7 %
4EPGM shipped	20,675 ozs
Cash Costs	ZAR 421/tonne milled

### Kalahari Platinum Project

The Pre Feasibility Study for the Kalplats Project was completed during the half and showed the project to be commercially and technically viable and able to generate a return of 25% on the Base Case assumptions. The key results from the study were as follows:

- The Project would deliver a return of 25%;
- The Project would achieve a pre tax NPV10 of US\$50 Million;
- The Project would generate a net cash flow (undiscounted) of US\$145 Million;
- Initial Capital Cost of the Project would be US\$91 Million;
- Cash Operating Cost of US\$340/oz 4E (platinum + palladium + rhodium + gold) concentrate produced (net of base metal credits);
- The Project would produce over 1 Moz 4E over a 9 year operating life from open pit mining of four deposits, Crater,

Orion, Crux and Vela.

A full summary of the results of the PFS are provided in Table 1 below and the underlying assumptions relating to the metal process and exchange rates are provided in Table 2.

**Table 1 Summary of Results from Kalplats PFS**

<b>Production</b>	4E	~115,000 oz/annum
<b>Ave Plant Recovery</b>		73%
<b>Operating Life</b>		9 years
<b>Cash Costs</b>	4E	US\$340/oz
<b>Basket Price</b>	4E	US\$740/oz
<b>Capital Cost</b>		
<b>Initial</b>	US\$	\$91 Million
<b>Deferred</b>	US\$	\$3 Million
<b>NPV (Pre Tax)</b>		
<b>5%</b>	US\$	\$86 Million
<b>10%</b>	US\$	\$50 Million
<b>IRR (Pre Tax)</b>		25%
<b>Cashflow (Pre Tax)</b>	US\$	\$145 Million

**Table 2 Metal Price and Exchange Rate Assumptions**

<b>Exchange Rate</b>	<b>ZAR/US\$</b>	<b>9.0</b>	
<b>Metal Prices</b>		<b>US\$</b>	<b>ZAR</b>
<b>Platinum</b>	Per oz	1250	11,250
<b>Palladium</b>	Per oz	275	2,475
<b>Rhodium</b>	Per oz	1550	13950
<b>Gold</b>	Per oz	900	8,100
<b>Copper</b>	Per tonne	6,000	54,000
<b>Basket Price</b>	<b>Per oz 4E</b>	<b>740</b>	<b>6,660</b>

### **Kalahari Platinum Project Cont.**

Following the completion of the Pre Feasibility Study work commenced on the Definitive Feasibility Study (“DFS”). The DFS will be based on an expanded resource, with open pit mining on seven of the eight identified deposits

DRA has been appointed as the Lead Engineer for the DFS, other consultants involved in the study include Coffey Mining, Lower Quartile Solutions, Africa Geo-Active Services and Digby Wells and Associates.

It is anticipated that the DFS will be completed in March 2010.

## Rooderand Project

The Prospecting Right for the Rooderand Project was issued in late November and by the end of the month PLA had commenced the resource definition diamond drilling program.

PLA currently has two diamond drill rigs working on the property and expects this to increase to three during the March Quarter. A program of approximately 100 diamond drill holes is planned and it is expected that this will be completed in the September Quarter 2010.

A Pre Feasibility Study on the project will commence in the March Quarter with DRA as the Lead Engineer.

## Stellex North Project

The Stellex North Project is located immediately to the north of the Kalplats Area of Influence ("Aoi") Project and covers approximately 26 kms of strike length of the Kraaipan Greenstone belt. PLA and its BEE partner, Batsalani Mining and Resources were awarded a Prospecting Right covering the project in June 2008. PLA as the manager of the project has to date undertaken regional mapping and some soil geochemical survey work.

The partners have now signed an agreement with JOGMEC under which JOGMEC will earn an initial 35% interest in the project by providing US\$3.5 million for exploration over a four year period.

## Panton Platinum Palladium Project

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

PLA completed a detailed feasibility study in August 2003 which found that the project was technically feasible but not commercially viable at the prevailing metal prices and US\$ exchange rate.

The Project has been placed on hold pending a significant improvement in PGM prices.

## Corporate

In July 2009 PLA completed a placement of 24,667,171 fully paid ordinary shares at \$1.02 for \$25,160,516. As part of this placement PLA were to place a further 30,000,000 fully paid ordinary shares at \$1.02 to a Chinese investor. As the Chinese investor did not receive its Chinese regulatory approvals in a timely manner, this tranche of the placement did not proceed.

The funds from the above placement were to be utilised partly to repay the Smokey Hills project debt with Standard Bank of South Africa and close the associated hedge book. Due to the non receipt of funds from the Chinese investor, in August 2009 PLA entered into a A\$15m Bridging Facility with Macquarie Bank Ltd on the following substantive terms.

The Facility is repayable in full by 31 August 2011, with no penalty for early repayment and carries an interest rate of 8% per annum with a Facility Fee of 1.75%. The Facility is secured by a floating charge over the assets of PLA.

In addition, PLA will issue to MBL 1,428,571 options over ordinary shares in PLA, exercisable at \$1.05 per share. Should the Facility not be repaid by the following dates, then additional tranches of options over ordinary shares in PLA exercisable at \$1.05 will be issued to MBL as detailed below:-

31 December 2009	1,428,571 options
31 March, 2010	1,428,571 options
30 June, 2010	1,428,571 options
30 September, 2010	1,428,571 options

All the above options will have an expiry date of 31 August 2011. This results in options being issued for a minimum of 10% of the Facility value and a maximum of 50% of the Facility value.

In October 2009 PLA completed a further placement of 37,500,000 fully paid ordinary shares at 81cents per share for \$30,375,000.

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 8 and forms part of this Directors' Report for the half-year ended 31 December 2009.

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



J. Lewins

**Managing Director**

Dated this 26<sup>th</sup> February 2010.



Accountants | Business and Financial Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Platinum Australia Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Platinum Australia Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'W M Clark'.

Perth, Western Australia  
26 February 2010

**W M CLARK**  
Partner, HLB Mann Judd

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Notes	Consolidated	
		2009 \$	2008 \$
Revenue from ordinary activities		31,171,685	2,798,494
Cost of sales		(33,519,090)	-
Exploration expenses		(2,921,109)	(4,434,971)
Depreciation and amortisation expense		(10,902,520)	(139,797)
Share based payments expense		389,336	(396,070)
Finance costs		(3,073,112)	-
Other expenses from ordinary activities		(2,028,770)	(3,134,032)
<b>Loss before income tax expense</b>	2	<b>(20,883,580)</b>	<b>(5,306,376)</b>
Income tax benefit		6,368,162	554,668
<b>Loss after tax</b>		<b>(14,515,418)</b>	<b>(4,751,708)</b>
<b>Other comprehensive income/(expense)</b>			
Exchange differences on translation of foreign operations		(5,671,395)	8,627,152
Changes in fair value of cash flow hedges		(748,771)	32,755,732
Income tax relating to components of other comprehensive income		209,656	(9,171,605)
<b>Other comprehensive income/(expense) for the period, net of tax</b>		<b>(6,210,510)</b>	<b>32,211,279</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>(20,725,928)</b>	<b>27,459,571</b>
Profit/(loss) attributable to:			
Owners of the parent		(10,558,722)	(4,909,409)
Non-controlling interest		(3,956,696)	157,701
		(14,515,418)	(4,751,708)
Total comprehensive income/(expense) for the period is attributable to:			
Owners of the parent		(16,563,378)	18,277,286
Non-controlling interest		(4,162,550)	9,182,285
		(20,725,928)	27,459,571
Basic loss per share (cents per share)		(3.63)	(2.23)
Diluted loss per share (cents per share)		(3.63)	(2.23)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2009**

	Notes	Consolidated	
		31 Dec 2009 \$	30 June 2009 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		22,794,410	7,295,561
Receivables		10,367,631	5,411,969
Inventories		1,857,132	6,525,696
Other financial assets		-	6,610,844
<b>Total Current Assets</b>		<b>35,019,173</b>	<b>25,844,070</b>
<b>Non-Current Assets</b>			
Receivables		12,916,992	12,571,398
Other financial assets		524,661	17,054,873
Development costs capitalised		40,749,245	46,237,108
Property, plant and equipment		73,129,360	80,578,075
Deferred tax asset		8,580,198	7,209,746
<b>Total Non-Current Assets</b>		<b>135,900,456</b>	<b>163,651,200</b>
<b>Total Assets</b>		<b>170,919,629</b>	<b>189,495,270</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		12,507,358	16,966,594
Provisions		615,783	567,641
Interest bearing liabilities		-	8,917,676
Current taxation payable		1,785,879	1,497,328
<b>Total Current Liabilities</b>		<b>14,909,020</b>	<b>27,949,239</b>
<b>Non-Current Liabilities</b>			
Payables		975,436	59,172
Provisions		3,179,620	3,030,757
Interest bearing liabilities		15,000,000	45,845,674
Deferred tax liability		10,675,650	18,614,709
<b>Total Non-Current Liabilities</b>		<b>29,830,706</b>	<b>67,550,312</b>
<b>Total Liabilities</b>		<b>44,739,726</b>	<b>95,499,551</b>
<b>Net Assets</b>		<b>126,179,903</b>	<b>93,995,719</b>
<b>Equity</b>			
Contributed Equity	3	198,201,699	142,442,989
Reserves		7,957,201	16,187,501
Accumulated losses		(75,047,186)	(64,488,464)
Parent entity interest		131,111,714	94,142,026
Non-controlling interest		(4,931,811)	(146,307)
<b>Total Equity</b>		<b>126,179,903</b>	<b>93,995,719</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

		Consolidated							
		Issued Capital	Accumulated Losses	Employee Benefit Reserve	Hedge Accounting Reserve	Foreign Currency Translation Reserve	Minority Contribution Reserve	Non-controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2008	\$	123,321,128	(50,088,343)	2,773,744	(3,137,015)	(11,654,704)	5,749,226	-	66,964,036
Loss after tax	\$	-	(4,909,409)	-	-	-	-	157,701	(4,751,708)
Exchange differences on translation of foreign operations	\$	-	-	-	-	8,375,131	-	252,021	8,627,152
Changes in fair value of cash flow hedges	\$	-	-	-	20,571,617	-	-	12,184,115	32,755,732
Income tax relating to components of other comprehensive income	\$	-	-	-	(5,760,053)	-	-	(3,411,552)	(9,171,605)
<b>Total comprehensive income for the period</b>	<b>\$</b>	<b>-</b>	<b>(4,909,409)</b>	<b>-</b>	<b>14,811,564</b>	<b>8,375,131</b>	<b>-</b>	<b>9,182,285</b>	<b>27,459,571</b>
Consolidation adjustment	\$	-	1,573,039	-	2,658,601	-	(2,397,073)	(1,834,567)	-
Share issue expense	\$	(4,895)	-	-	-	-	-	-	(4,895)
Exercise of options	\$	4,500	-	-	-	-	-	-	4,500
Transfer to issued capital on exercise of employee options	\$	2,440	-	(2,440)	-	-	-	-	-
Employee options share based payment expense	\$	-	-	396,070	-	-	-	-	396,070
		<b>2,045</b>	<b>(3,336,370)</b>	<b>393,630</b>	<b>17,470,165</b>	<b>8,375,131</b>	<b>(2,397,073)</b>	<b>7,347,718</b>	<b>27,855,246</b>
<b>Balance at 31 December 2009</b>		<b>123,323,173</b>	<b>(53,424,713)</b>	<b>3,167,374</b>	<b>14,333,150</b>	<b>(3,279,573)</b>	<b>3,352,153</b>	<b>7,347,718</b>	<b>94,819,282</b>

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

		Consolidated							
		Issued Capital	Accumulated Losses	Employee Benefit Reserve	Hedge Accounting Reserve	Foreign Currency Translation Reserve	Minority Contribution Reserve	Non-controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2009	\$	142,442,989	(64,488,464)	3,480,351	11,623,243	(4,665,319)	5,749,226	(146,307)	93,995,719
Loss after tax	\$	-	(10,558,722)	-	-	-	-	(3,956,696)	(14,515,418)
Exchange differences on translation of foreign operations	\$	-	-	-	-	(5,650,188)	-	(21,207)	(5,671,395)
Changes in fair value of cash flow hedges	\$	-	-	-	(492,317)	-	-	(256,454)	(748,771)
Income tax relating to components of other comprehensive income	\$	-	-	-	137,849	-	-	71,807	209,656
<b>Total comprehensive income for the period</b>	<b>\$</b>	<b>-</b>	<b>(10,558,722)</b>	<b>-</b>	<b>(354,468)</b>	<b>(5,650,188)</b>	<b>-</b>	<b>(4,162,550)</b>	<b>(20,725,928)</b>
Share placements	\$	55,535,516	-	-	-	-	-	-	55,535,516
Share issue expense	\$	(2,314,935)	-	-	-	-	-	-	(2,314,935)
Exercise of options	\$	1,836,150	-	-	-	-	-	-	1,836,150
Transfer to issued capital on exercise of employee options	\$	701,979	-	(701,979)	-	-	-	-	-
Employee options share based payment expense	\$	-	-	(389,336)	-	-	-	-	(389,336)
Finance charges share based payment expense	\$	-	-	61,560	-	-	-	-	61,560
Transfer of hedge expense	\$	-	-	-	(1,195,889)	-	-	(622,954)	(1,818,843)
		<b>55,758,710</b>	<b>(10,558,722)</b>	<b>(1,029,755)</b>	<b>(1,550,357)</b>	<b>(5,650,188)</b>	<b>-</b>	<b>(4,785,504)</b>	<b>32,184,184</b>
<b>Balance at 31 December 2009</b>		<b>198,201,699</b>	<b>(75,047,186)</b>	<b>2,450,596</b>	<b>10,072,886</b>	<b>(10,315,507)</b>	<b>5,749,226</b>	<b>(4,931,811)</b>	<b>126,179,903</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Note	Consolidated	
		2009 \$	2008 \$
Inflows/(Outflows)			
<b>Cash flows from operating activities</b>			
Receipts from customers		24,340,428	170,641
Payments to suppliers and employees		(3,066,047)	(1,770,258)
Payments for exploration activities		(858,326)	(5,546,363)
Payments for mining activities		(21,506,468)	-
Payments in relation to inventories		(72,106)	(4,197,095)
Interest received		353,568	2,542,511
Finance charges		(1,286,341)	-
Income tax payments		(1,142,367)	-
Net cash (used in) operating activities		(3,237,659)	(8,800,564)
<b>Cash flows from investing activities</b>			
Payment for purchase of non-current assets		(40,380)	(153,260)
Proceeds on sale of non-current assets		-	918
Payments for development costs		(18,601,262)	(28,557,319)
Payments for purchase of exploration tenements		(2,025,536)	-
Loans to related parties		(17,111)	-
Net cash (used in) investing activities		(20,684,289)	(28,709,661)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		57,371,666	6,940
Costs associated with issue of shares		(2,303,735)	(4,895)
Funding from financial institutions		15,000,000	6,091,491
Repayments of loans from financial institutions		(48,662,210)	-
Receipt on closeout of hedges relating to project financing		18,959,593	-
Net cash provided by financing activities		40,365,314	6,093,536
Net increase (decrease) in cash held		16,443,366	(31,416,689)
Effects of exchange rate changes on cash		(944,517)	1,573,139
Cash and cash equivalents at the beginning of the period		7,295,561	41,379,159
<b>Cash and cash equivalents at the end of the period</b>		<b>22,794,410</b>	<b>11,535,609</b>

The accompanying notes form part of these financial statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Platinum Australia Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

#### Basis of preparation

The interim report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

#### Inventories

Inventories are valued at the lower of cost and net realizable value: Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### Significant accounting judgments and key estimates

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2009.

#### Impairment testing

The recoverability of the carrying amount of development costs and property, plant and equipment has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher or "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction.
- Estimated production and sales levels.
- Estimate future commodity prices.
- Future costs of production
- Future capital expenditure
- Future exchange rates

Variations to the expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

#### Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by all AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009. During the current period, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Segment reporting – new AASB 8 *Operating Segments*

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### **Segment Reporting**

The Group has applied AASB8 Operating Segments from 1<sup>st</sup> July 2009. AASB8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Managing Director of Platinum Australia Limited.

### NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	<b>Consolidated</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>\$</b>	<b>\$</b>
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Interest received	1,242,319	2,767,847
Sale of concentrate	27,371,390	-
Hedge income	2,513,797	-
Cost of Sales	33,519,090	-
Overburden removal	8,070,809	-
Treatment charges	4,897,930	-
Mining	10,722,138	-
Plant	7,827,581	-
Other operating expenditure	2,000,632	-
Exploration expenditure (including purchase of new tenements)	2,921,109	4,434,971
Depreciation and amortisation	10,902,520	139,797

### NOTE 3: CONTRIBUTED EQUITY

#### *Ordinary shares*

Issued and fully paid	198,201,699	142,442,989
	<b>No.</b>	<b>\$</b>
<i>Movements in ordinary shares on issue</i>		
Opening balance at 1 July 2009	252,418,350	142,442,989
Placement	62,167,171	55,535,516
Options exercised	6,295,000	1,836,150
Value of Unlisted Options transferred to Share Capital	-	701,979
Share issue costs	-	(2,314,935)
Balance at 31 December 2009	320,880,521	198,201,699

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

### NOTE 4: SEGMENT REPORTING

#### Operating segments by business activity

Reporting information presented to the Managing Director is categorized by the following business activities; Corporate, Exploration, and Mining and Production.

#### Segment Information

The following table presents the revenue and result information regarding the segment information provided to the Managing Director for the half-year periods ended 31 December 2009 and 31 December 2008.

	Continuing operations			Consolidated
	Corporate	Exploration	Mining and Production	
	\$	\$	\$	\$
<b>31 December 2009</b>				
Segment revenue	1,286,498	-	29,885,187	<b>31,171,685</b>
Segment result	(3,347,154)	(2,921,109)	(8,247,155)	<b>(14,515,418)</b>
Segment assets	47,365,812	17,399	123,536,418	<b>170,919,629</b>
Segment liabilities	(25,656,687)	(46,287)	(19,036,752)	<b>(44,739,726)</b>
Included within segment result:				
Depreciation	(74,857)	(1,776)	(10,825,887)	<b>(10,902,520)</b>
Interest revenue	1,097,398	-	144,921	<b>1,242,319</b>
Income tax benefit /(expense)	(337,528)	-	6,705,690	<b>6,368,162</b>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 4: SEGMENT REPORTING (continued)**

	Continuing operations			
	Corporate	Exploration	Mining and Production	Consolidated
	\$	\$	\$	\$
<b>31 December 2008</b>				
Segment revenue	2,798,494	-	-	<b>2,798,494</b>
Segment result	(681,871)	(3,514,940)	(554,897)	<b>(4,751,708)</b>
Segment assets	39,615,955	-	134,782,121	<b>174,398,076</b>
Segment liabilities	(7,784,030)	-	(71,794,764)	<b>(79,578,794)</b>
Included within segment result:				
Depreciation	(138,091)	(1,706)	-	<b>(139,797)</b>
Interest revenue	2,760,309	7,538	-	<b>2,767,847</b>
Income tax benefit	191,064	-	363,604	<b>554,668</b>

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009****NOTE 5: COMMITMENTS AND CONTINGENT LIABILITIES****Performance Bonds**

Included in cash is a term deposit for performance bonds amounting to \$116,500 provided as security to various parties.

**Smokey Hills Project Development**

Development of the concentrator plant and underground mine for the Smokey Hills project has continued through 2009. Orders for further work not recorded in liabilities were placed by the Consolidated entity and amounted to R21,391,157 (2008: R50,288,227) or A\$3,229,050 (2008: A\$7,692,389).

**DIRECTORS' DECLARATION**

In the opinion of the directors of Platinum Australia Limited ("the Company"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors, made pursuant to s.303(5) of the Corporations Act 2001.



.....  
J. Lewins

**Managing Director**

Dated this 26<sup>th</sup> day of February 2010

**PLATINUM**

**AUSTRALIA**



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

***To the members of***

**PLATINUM AUSTRALIA LIMITED**

### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report, which comprises the condensed statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Platinum Australia Limited and the entities it controlled during the half-year ended 31 December 2009 ("consolidated entity").

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Platinum Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Platinum Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB MANN JUDD**  
Chartered Accountants



**W M CLARK**  
Partner

**Perth, Western Australia**  
**26 February 2010**