PLATINUM AUSTRALIA LTD

(ABN 99 093 417 942)

Half Year Report

31 December 2010

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2010.

Directors

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

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

Age 67. B.Sc. FAusIMM, MPESA.

Mr Allchurch is a geologist with more than 40 years experience in mineral exploration, mining and petroleum exploration, development and production. Mr Allchurch has been an executive director of a number of listed Australian mining and oil and gas companies since 1980 and has considerable experience in corporate management.

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

Mr John Derek Lewins **Managing Director**

Age 52. 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 Lewins was appointed as a Director on 3 May 2001.

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

Age 53. B.Juris LLB

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

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

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

Age 48. B.Bus, CPA

Mr Hughes is an accountant with some 20 years experience in both corporate and practice environments. During the last 15 years he has been directly involved in the management of petroleum and mining companies as a senior manager, executive and non-executive director. Mr Hughes is experienced in the evaluation, development and operation of resource projects.

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

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

Age 70. B.Sc (Geology and Metallurgy), MBA, FAusIMM, FAICD

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

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

DIRECTORS' REPORT

Financial Results: Half Year to 31st December 2010

The loss for the half year was $4,695,116 (2009: $10,558,722), which included exploration costs expensed of $2,415,488, in line with the Group's policy of expensing all exploration costs on projects until such time as there is a positive Definitive Feasibility Study in relation to the area in question.

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 was completed in December 2009. Underground mining commenced in September 2008.

During the period under review a total of 161,789 tonnes of ore were mined from underground operations, significantly lower than the tonnages called for.

Due to ongoing concerns with underground production levels, the underground mining contract with Redpath Mining (South Africa) (Pty) Ltd ("Redpath") was terminated on 11 October. Following discussions between Redpath and Phokathaba Platinum (Pty) Ltd, the Group's operating subsidiary, a Settlement Agreement was signed on 29 October 2010, allowing the new contractor JIC Mining Services ("JIC") to mobilise to site. Following the change in contractors a majority of the underground workforce undertook industrial action relating to finalisation of payments and benefits from Redpath. The change in contractors, subsequent industrial action and the December holiday period resulted in a loss of approximately 60% of potential production shifts in the December quarter.

Processing
In order to utilise spare capacity in the plant whilst production is being ramped up from underground, an agreement was entered into to treat approximately 100,000 tonnes of chrome tailings. The tailings are located within approximately 10kms of the plant and are estimated to have an average grade of 5g/t 3EPGM. Under the terms of the agreement the Group recovers its operating costs and receives 55% of revenues in excess of those operating cots. The basket value of the PGM's in the chrome tailings is expected to be approximately 15% higher than Smokey Hills ore, due to higher Platinum and Rhodium content and lower Palladium. It is expected that the operation will recover an additional 6,500oz from treating 100,000 tonnes of the chrome tailings material.

Ramp up of plant throughput during the period was limited by lack of production from underground. Throughput totalled 188,844 tonnes of which 60,566 tonnes was chrome tailings material.

Production Statistics

Throughput	188,844t
Head Grade	4.20g/t 4E
Recovery	60.2%
4EPGM produced	14,390
Cash Costs	ZAR635 / tonne milled

During the period the permanent connection of the Smokey Hills Mine to the national power grid was completed. This is expected to save $500,000 per month in operating costs.

Kalahari Platinum Project

The results of the Definitive Feasibility Study ("DFS") on the project were released during the period and are summarised in Table 1 below. The key results from the study are as follows:

- The Project would deliver a return of 24.5% on the Base Case or 41.6% at January 2011 prices;
- The Project would achieve a pre tax NPV10 of US$79 Million on the Base case or US$170 Million at January 2011 Prices;
- The Project would generate a net cash flow (undiscounted) of US$210 Million on the Base Case or US$390 Million at January 2011 Prices;
- Initial Capital Cost of the Project would be ZAR1,142 Million or US$150 Million;
- Site Cash Operating Cost of US$415/oz 3E (platinum + palladium + gold) concentrate produced on the Base Case or US$440/oz 3E at January 2011 Prices;
- The Project would produce 992 koz 3E over a 9 year operating life from open pit mining of seven deposits, Crater, Orion, Crux, Sirius, Mira, Serpens North and Vela;
- Construction power from the National grid (Eskom) would be available in 2011, permanent power to be available in 2014;

The DFS is based on developing seven of the eight known deposits using only the Measured and Indicated High Grade Resource of 1.55 Moz 3E, the balance of 1.75 Moz 3E of High Grade being in the Inferred category.

Table 1 Summary of Results from Kalplats DFS

		Base Case	January 2011
Throughput	tonnes/annum	1.5 Million	1.5 Million
Plant Feed Grade	g/t 3E	2.90	2.90
Production	3E	~105,000 oz/annum	~105,000 oz/annum
Ave Plant Recovery	%	71.2	71.2
Operating Life		9 years	9 years
Cash Costs	ZAR/t Milled US$/oz 3E	215 415	215 440
Basket Price	US$/oz 3E	1,001	1,300
Initial Capital Cost	ZAR US$	1,142 Million 150 Million	1,142 Million 160 Million
NPV (Pre Tax) 10%	ZAR US$	600 Million 79 Million	1,220 Million 170 Million
IRR (Pre Tax)	%	24.5	41.6
Cashflow (Pre Tax)	ZAR US$	1,600 Million 210 Million	2,815 Million 390 Million

Table 2 Metal Price and Exchange Rate Assumptions

		Base Case		January 2011	
Exchange Rate	ZAR/US$	7.60		7.2	
Metal Prices		ZAR	US$	ZAR	US$
Platinum	Per oz	11,400	1,500	12,960	1,800
Palladium	Per oz	3,800	500	5,760	800
Gold	Per oz	8,360	1,100	9,576	1,330
Basket Price	Per oz 3E	7,607	1,001	9,360	1,300

PLATINUM AUSTRALIA

The Company is now in discussions with our joint venture partner, African Rainbow Minerals Platinum ("ARMplatinum") regarding the development of the project.

Rooderand Project

The resource drilling program for the Pre Feasibility Study was completed during the period with 238 diamond holes drilled.

The updated Measured, Indicated & Inferred Mineral Resource estimates for the Rooderand Project were also completed. The updated Mineral Resource of 28.83 Mt @ 4.55 g/t 4E PGM, which is summarised in Table 3 below, represents a 40% increase on the previous resource estimate for the Rooderand Project.

The Mineral Resource estimates were completed by ExplorMine Consultants with no cut off grades applied and extend to a depth of approximately 500 metres below surface. The Mineral Resource estimates are based on the results from a total of 238 diamond drill holes and detailed high resolution ground magnetic survey interpretation, geological mapping and cross sectional interpretations.

Work on the Pre Feasibility Study ("PFS") continued during the period and will be completed in the March Quarter. It is now anticipated that the project will be developed initially as an open pit, followed by an underground mining operation. The estimated resource (Measured plus Indicated plus Inferred) to a depth of 150 metres of approximately 8.5 Million tonnes at a grade of 5.0 g/t 4E, containing 1.35 Moz 4E, indicates that the initial open pit could have a 4 to 7 year life depending on metal prices and operating costs.

Table 3 Rooderand Resource Estimates

Mineral Resource Category	Reef Type	Tonnes (million)	Grade 4E g/t	4E Kg's ('000)	4E Moz	Pt (g/t)	Pd (g/t)	Rh (g/t)	Au (g/t)	Cu (ppm)	Ni (ppm)
Measured	MR (All Facies)	0.07	14.33	1.04	0.03	9.27	3.88	0.76	0.42	1602	3237
Indicated	MR (All Facies)	0.61	10.46	6.36	0.20	6.91	2.63	0.58	0.34	1288	2565
Meas + Ind	**MR (All Facies)**	**0.68**	**10.88**	**7.40**	**0.24**	7.17	2.76	0.60	0.35	1322	2637
Inferred	MR (All Facies)	2.14	10.93	23.35	0.75	7.37	2.61	0.57	0.38	1449	2909
Sub Total	**MR (All Facies)**	**2.81**	**10.93**	**30.75**	**0.99**	**7.32**	**2.65**	**0.58**	**0.37**	**1418**	**2844**
Measured	Upper Psuedo										
Indicated	Upper Psuedo	0.39	3.86	1.50	0.05	2.19	1.31	0.21	0.14	432	1724
Meas + Ind	**Upper Psuedo**	**0.39**	**3.85**	**1.50**	**0.05**	2.19	1.31	0.21	0.14	432	1724
Inferred	Upper Psuedo	3.46	3.02	10.47	0.34	2.32	0.33	0.22	0.15	561	1393
Sub Total	**Upper Psuedo**	**3.85**	**3.11**	**11.97**	**0.38**	**2.31**	**0.43**	**0.22**	**0.15**	**548**	**1427**
Measured	Lower Psuedo	0.43	2.45	1.06	0.03	1.44	0.75	0.12	0.14	288	1574
Indicated	Lower Psuedo	0.80	2.37	1.89	0.06	1.40	0.72	0.11	0.14	286	1645
Meas + Ind	**Lower Psuedo**	**1.23**	**2.40**	**2.95**	**0.09**	1.42	0.73	0.11	0.14	287	1620
Inferred	Lower Psuedo	7.41	1.79	13.24	0.43	1.05	0.56	0.08	0.09	219	1413
Sub Total	**Lower Psuedo**	**8.64**	**1.87**	**16.19**	**0.52**	**1.10**	**0.58**	**0.08**	**0.10**	**229**	**1443**
Measured	UG2	2.12	5.05	10.74	0.35	3.02	1.38	0.63	0.02	20	1202
Indicated	UG2	4.96	5.25	26.06	0.84	3.09	1.51	0.63	0.03	21	1212
Meas + Ind	**UG2**	**7.08**	**5.19**	**36.80**	**1.18**	3.07	1.47	0.63	0.02	21	1209
Inferred	UG2	6.44	5.52	35.54	1.14	3.19	1.62	0.68	0.02	16	1225
Sub Total	**UG2**	**13.52**	**5.35**	**72.34**	**2.33**	**3.13**	**1.54**	**0.65**	**0.02**	**18**	**1217**
Measured	TOTAL	2.62	4.89	12.84	0.41	2.93	1.35	0.55	0.05	108	1320
Indicated	TOTAL	6.76	5.30	35.81	1.15	3.18	1.50	0.54	0.07	189	1415
Meas + Ind	**TOTAL**	**9.38**	**5.19**	**48.65**	**1.56**	3.11	1.46	0.54	0.07	167	1388
Inferred	TOTAL	19.45	4.25	82.60	2.66	2.68	1.10	0.36	0.11	348	1511
TOTAL	**TOTAL**	**28.83**	**4.55**	**131.25**	**4.22**	**2.82**	**1.21**	**0.42**	**0.10**	**289**	**1471**

Stellex North Project

The Stellex North Project is located immediately to the north of the Kalplats Area of Influence ("Aol") 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 manager for the project completed a soil geochemical survey during the period and commenced an initial drilling program of approximately 3,000 metres of RC drilling. Most of the holes completed have intersected gabbros, magnetic gabbros and magnetite indicating that the Stella Layered Intrusive which hosts the PGM mineralisation at Kalplats is present in the Stellex North project area. This work is funded by Japan Oil, Gas and Metals National Corporation ("JOGMEC") under which JOGMEC will earn an initial 35% interest in the Stellex North Project by providing US$3.5m funding for exploration through to the end of 2014.

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 then prevailing metal prices and US$ exchange rate.

The Group intends to revisit the project's financial feasibility during the second half, following the recent improvement in PGM prices.

Corporate

The Company completed a fully underwritten institutional placement and a 1 for 7 fully underwritten accelerated non-renounceable pro-rata entitlement offer to all eligible shareholders. The institutional placement consisted of 29,501,659 shares at a price of $0.59 per share, while the entitlement offer consisted of 41,797,859 shares at a price of $0.56 per share. The total amount raised net of costs was $39,077,467.

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 2010.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to S.306(3) of the Corporations Act 2001.

JOHN LEWINS
Managing Director
Dated this 28th February 2011

HLB Mann Judd

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 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
28 February 2011

W M CLARK
Partner, HLB Mann Judd

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $
Revenue from ordinary activities		23,581,502	31,171,685
Cost of sales		(19,603,803)	(33,519,090)
Exploration expenses		(2,415,488)	(2,921,109)
Depreciation and amortisation expense		(5,714,609)	(10,902,520)
Share based payments expense		(45,697)	389,336
Finance costs		(1,746,092)	(3,073,112)
Other expenses from ordinary activities		(5,364,299)	(2,028,770)
Loss before income tax expense	2	**(11,308,486)**	**(20,883,580)**
Income tax benefit		4,186,322	6,368,162
Loss after tax		**(7,122,164)**	**(14,515,418)**
Other comprehensive income/(expense)			
Exchange differences on translation of foreign operations		(4,275,846)	(5,671,395)
Changes in fair value of cash flow hedges		-	(748,771)
Income tax relating to components of other comprehensive income		-	209,656
Other comprehensive income/(expense) for the period, net of tax		(4,275,846)	(6,210,510)
Total comprehensive income/(expense) for the period		**(11,398,010)**	**(20,725,928)**
Profit/(loss) attributable to:			
Owners of the parent		(4,695,116)	(10,558,722)
Non-controlling interest		(2,427,048)	(3,956,696)
		(7,122,164)	(14,515,418)
Total comprehensive income/(expense) for the period is attributable to:			
Owners of the parent		(9,213,336)	(16,563,378)
Non-controlling interest		(2,184,674)	(4,162,550)
		(11,398,010)	(20,725,928)
Basic loss per share (cents per share)		(1.41)	(3.63)
Diluted loss per share (cents per share)		(1.41)	(3.63)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSTITION
AS AT 31 DECEMBER 2010

	Notes	Consolidated 31 Dec 2010 $	Consolidated 30 June 2010 $
Assets			
Current Assets			
Cash and cash equivalents		38,261,380	12,366,135
Receivables		8,217,145	8,550,749
Inventories		2,434,222	1,733,867
Total Current Assets		**48,912,747**	**22,650,751**
Non-Current Assets			
Receivables		13,437,064	13,230,862
Other financial assets		1,008,354	769,305
Development costs capitalised		35,836,507	38,749,915
Property, plant and equipment		69,789,997	73,506,223
Deferred tax asset		16,698,492	12,467,132
Total Non-Current Assets		**136,770,414**	**138,723,437**
Total Assets		**185,683,161**	**161,374,188**
Liabilities			
Current Liabilities			
Trade and other payables		13,095,874	12,861,745
Provisions		745,704	693,353
Interest bearing liabilities		15,000,000	-
Current taxation payable		-	772,633
Total Current Liabilities		**28,841,578**	**14,327,731**
Non-Current Liabilities			
Payables		6,709	16,726
Provisions		2,866,192	3,178,119
Interest bearing liabilities		990,715	15,977,738
Deferred tax liability		9,388,591	10,151,859
Total Non-Current Liabilities		**13,252,207**	**29,324,442**
Total Liabilities		**42,093,785**	**43,652,173**
Net Assets		**143,589,376**	**117,722,015**
Equity			
Contributed Equity	3	237,528,314	198,450,847
Reserves		2,594,094	8,085,609
Accumulated losses		(85,470,092)	(80,774,976)
Parent entity interest		154,652,316	125,761,480
Non-controlling interest		(11,062,940)	(8,039,465)
Total Equity		**143,589,376**	**117,722,015**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

		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
Total comprehensive income for the period	**$**	**-**	**(10,558,722)**	**-**	**(354,468)**	**(5,650,188)**	**-**	**(4,162,550)**	**(20,725,928)**
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)
		55,758,710	**(10,558,722)**	**(1,029,755)**	**(1,550,357)**	**(5,650,188)**	**-**	**(4,785,504)**	**32,184,184**
Balance at 31 December 2009		**198,201,699**	**(75,047,186)**	**2,450,596**	**10,072,886**	**(10,315,507)**	**5,749,226**	**(4,931,811)**	**126,179,903**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

		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 2010	$	**198,450,847**	**(80,774,976)**	**2,668,676**	**8,243,369**	**(8,575,662)**	**5,749,226**	**(8,039,465)**	**117,722,015**
Loss after tax	$	-	(4,695,116)	-	-	-	-	(2,427,048)	(7,122,164)
Exchange differences on translation of foreign operations	$	-	-	-	-	(4,518,220)	-	242,374	(4,275,846)
Total comprehensive income for the period	**$**	**-**	**(4,695,116)**	**-**	**-**	**(4,518,220)**	**-**	**(2,184,674)**	**(11,398,010)**
Share issues	$	40,812,780	-	-	-	-	-	-	40,812,780
Share issue expense	$	(1,735,313)	-	-	-	-	-	-	(1,735,313)
Employee options share based payment expense	$	-	-	45,697	-	-	-	-	45,697
Finance charges share based payment expense	$	-	-	591,260	-	-	-	-	591,260
Transfer of hedge revenue	$	-	-	-	(1,610,252)	-	-	(838,801)	(2,449,053)
		39,077,467	**(4,695,116)**	**636,957**	**(1,610,252)**	**(4,518,220)**	**-**	**(3,023,475)**	**25,867,361**
Balance at 31 December 2010		**237,528,314**	**(85,470,092)**	**3,305,633**	**6,633,117**	**(13,093,882)**	**5,749,226**	**(11,062,940)**	**143,589,376**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		20,140,021	24,340,428
Payments to suppliers and employees		(3,555,173)	(3,066,047)
Payments for exploration activities		(2,702,973)	(858,326)
Payments for mining activities		(20,886,440)	(21,506,468)
Payments in relation to inventories		-	(72,106)
Interest received		346,048	353,568
Finance charges		(1,455,389)	(1,286,341)
Income tax and royalty payments		(748,186)	(1,142,367)
Other income		37,651	-
Net cash (used in) operating activities		(8,824,441)	(3,237,659)
Cash flows from investing activities			
Payment for purchase of non-current assets		(62,769)	(40,380)
Proceeds on sale of non-current assets		26,000	-
Payments for development costs		(4,590,936)	(18,601,262)
Payments for purchase of exploration tenements		-	(2,025,536)
Loans to related parties		-	(17,111)
Net cash (used in) investing activities		(4,627,705)	(20,684,289)
Cash flows from financing activities			
Proceeds from issue of shares		40,812,780	57,371,666
Costs associated with issue of shares		(1,752,025)	(2,303,735)
Funding from financial institutions		-	15,000,000
Repayments of loans from financial institutions		-	(48,662,210)
Receipt on closeout of hedges relating to project financing		-	18,959,593
Funding from project participant		558,645	-
Net cash provided by financing activities		39,619,400	40,365,314
Net increase (decrease) in cash held		26,167,254	16,443,366
Effects of exchange rate changes on cash		(272,009)	(944,517)
Cash and cash equivalents at the beginning of the period		12,366,135	7,295,561
Cash and cash equivalents at the end of the period		**38,261,380**	**22,794,410**

The accompanying notes form part of these financial statements

PLATINUM AUSTRALIA

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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 2010 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 realisable value: Net realisable 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 2010.

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 2010, 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 2010.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies. The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no change necessary to Group accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated	
	31 December 2010 $	31 December 2009 $
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Interest received	895,441	1,242,319
Sale of concentrate	16,192,681	27,371,390
Hedge income	3,408,904	2,513,797
Chrome tailings partnership income	3,009,520	-
Cost of Sales	19,603,803	33,519,090
Overburden removal	-	8,070,809
Treatment charges	2,996,438	4,897,930
Mining	9,960,885	10,722,138
Plant	5,197,364	7,827,581
Other operating expenditure	1,449,116	2,000,632
Exploration expenditure (including purchase of new tenements)	2,415,488	2,921,109
Depreciation and amortisation	5,714,609	10,902,520

NOTE 3: CONTRIBUTED EQUITY

		30 June 2010
Ordinary shares		
Issued and fully paid	237,528,314	198,450,847

	No.	$
Movements in ordinary shares on issue		
Opening balance at 1 July 2010	321,130,521	198,450,847
Institutional Entitlement Offer	17,540,075	9,822,442
Institutional Placement	29,501,659	17,405,979
Retail Entitlement Offer	24,257,784	13,584,359
Share issue costs	-	(1,735,313)
Balance at 31 December 2010	392,430,039	237,528,314

PLATINUM AUSTRALIA

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 4: SEGMENT REPORTING

Operating segments by business activity

Reporting information presented to the Managing Director is categorised 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 2010 and 31 December 2009.

	Continuing operations			
	Corporate	Exploration	Mining and Production	Consolidated
	$	$	$	$
31 December 2010				
Segment revenue	855,958	7,668	22,717,876	**23,581,502**
Segment result	770,833	(2,711,732)	(5,181,265)	**(7,122,164)**
Segment assets	51,565,714	1,524,442	132,593,005	**185,683,161**
Segment liabilities	(15,946,032)	(932,263)	(25,215,490)	**(42,093,785)**
Included within segment result:				
Depreciation	(44,155)	(16,665)	(5,653,789)	**(5,714,609)**
Interest revenue	791,154	7,668	96,619	**895,441**
Income tax benefit /(expense)	235,918	-	3,950,404	**4,186,322**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 4: SEGMENT REPORTING (continued)

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

PLATINUM AUSTRALIA

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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. Also included in cash is a term deposit of $16,000,000 held as security over a bank guarantee issued by Macquarie Bank Limited (see Note 6.)

Smokey Hills Project Development

Certain capital expenditure on the Smokey Hills Project is ongoing. Orders for further work not recorded in liabilities were placed by the Group and amounted to R3,980,749 (2009: R21,391,157) or A$589,295 (2009: A$3,229,050).

NOTE 6: CONTINGENT LIABILITIES

A contractor to Phokathaba Platinum (Pty) Limited (a 65.75% subsidiary) has made a claim for additional costs incurred during the period to 30 June 2010 amounting to R45,313,755 (A$6,708,081).

As part of a Termination Agreement with the contractor it was agreed that this claim and Phokathaba Platinum (Pty) Limited's counter claims against the contractor will be arbitrated.

Macquarie Bank Limited has issued a Bank Guarantee to the contractor for R106million, which guarantee covers the claim mentioned above, invoices for mining work carried out prior to termination (which have been accrued, but payment of which have been withheld pending the arbitration process) and South African value added tax on these amounts.

The amount of the contractor's claim that may become payable, if any, and the amount of Phokathaba Platinum (Pty) Limited's counterclaim cannot presently be measured with sufficient reliability and consequently in accordance with *AASB137 Provisions, Contingent Liabilities and Contingent Assets*, no liability has been recognised, nor has any asset been recognised in relation to the counterclaim.

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 Group's financial position as at 31 December 2010 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 28th day of February 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Platinum Australia Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Platinum Australia Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 2010 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.

HLB Mann Judd

Accountants | Business and Financial Advisers

Independence

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

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 2010 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

HLB MANN JUDD
Chartered Accountants

W M Clark

Perth, Western Australia
28 February 2011

W M CLARK
Partner