



NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

30 November 2006

Time of Meeting

11.00am

Place of Meeting

The University Club of WA
Hackett Drive
Entrance 1, Carpark 3
Crawley WA 6009

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West Perth WA 6005
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PLATINUM AUSTRALIA LIMITED
ACN 093 417 942

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Platinum Australia Limited (“**Company**”) will be held at The University Club of WA, Hackett Drive, Entrance 1, Carpark 3, Crawley, Western Australia on Thursday, 30 November 2006 at 11.00am for the purpose of transacting the following business.

AGENDA

BUSINESS

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Meeting.

Annual Accounts

To receive and consider the Financial Report, the Directors’ Report and the Independent Audit Report of the Company for the year ended 30 June 2006 in accordance with the Corporations Act 2001.

Resolution 1. Remuneration Report

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

“To adopt the Remuneration Report for the year ended 30 June 2006 in the Company’s Financial Report for the same period.”

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2. Re-election of Mr Eric Edward Hughes

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Mr Eric Edward Hughes, who retires by rotation in accordance with Rule 13.2 of the Company’s Constitution and being eligible, offers himself for re-election, be re-elected as a Director.”

Resolution 3. Ratification of Share Issues

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 of the Listing Rules of the Australian Stock Exchange Ltd and for all other purposes, the Company ratifies the allotment and issue of 22,235,393 fully paid ordinary shares.”

Resolution 3. Ratification of Share Issues Cont.

For the purposes of Resolution 3:

- (1) The shares issued are fully paid ordinary shares which rank pari passu with existing shares.
- (2) The Company will disregard any votes cast on this Resolution 3 by any person who participated in the issue or any associate of that person. However, the Company need not disregard a vote if:
 - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4. Grant of Options to Managing Director, Mr John Lewins

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and for all other purposes, the Company approves and authorises the grant to Mr John Lewins (or his nominee) of 3,000,000 options, each option having an exercise price of \$1.25 and an expiry date being five years from the date of grant and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 4 by Mr John Lewins and any associates of Mr Lewins. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution;
- and it is not cast on behalf of Mr Lewins or an associate of Mr Lewins.

For the purpose of the Resolutions:

“**Company**” means Platinum Australia Limited ACN 093 417 942;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Share**” means an ordinary fully paid share issued in the capital of the Company.

Other Business

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act 2001 (Cth).

By order of the Board



GILLIAN SWABY
Company Secretary

Dated: 24 October 2006

PROXIES

A shareholder entitled to attend and vote at the above Annual General Meeting of shareholders may appoint not more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. A proxy may, but need not be, a shareholder of the Company. Proxy forms must reach the Registered Office of the Company at least 48 hours prior to the Annual General Meeting.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares at the close of business on 28 November 2006 will be entitled to attend and vote at the Annual General Meeting.

PLATINUM AUSTRALIA LIMITED
ACN 093 417 942

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting (“**Notice**”) of the Company.

The Directors of the Company (“**Directors**”) recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

ANNUAL ACCOUNTS

Appropriate time will be devoted to the consideration of the Financial Statements and Reports of the Company for the year ended 30 June 2006.

RESOLUTION 1. REMUNERATION REPORT

The Board is submitting its Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution.

The Remuneration Report forms part of the Directors’ Report, included in the 2006 Annual Report, which Remuneration Report is incorporated by reference herein. The Report:

- (a) explains the Board’s policy for determining the nature and amount of remuneration of the executive director of the Company;
- (b) explains the relationship between the Board’s remuneration policy and the Company’s performance;
- (c) sets out remuneration details for each Director of the Company; and
- (d) details and explains any performance conditions applicable to the remuneration of the executive director and non-executive directors of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

RESOLUTION 2. RE-ELECTION OF MR ERIC EDWARD HUGHES AS A DIRECTOR

The Company’s constitution requires that one third of directors retire by rotation at each Annual General Meeting. Mr Eric Edward Hughes retires by rotation, and being eligible, offers himself for re-election.

RESOLUTION 3. RATIFICATION OF SHARE ISSUES

The shares referred to in Resolution 3 were issued to the following parties in the period 29 to 31 May 2006:

Table 1.

Registration Details	No. of Shares
Citicorp Nominees Pty Limited	5,000,000
Anglo Pacific Group Plc	4,000,000
Macquarie Bank Limited	1,500,000
JP Morgan Nominees Australia Ltd	364,726
National Nominees Limited	2,807,993
Westpac Custodian Nominees Ltd	2,812,674
Invia Custodian Pty Ltd	500,000
Vanmar Holdings Pty Limited	100,000
ANZ Nominees Limited	100,000
Providence Gold & Minerals Pty Ltd	50,000
JM Finn Nominees Limited	311,000
Winterflood Securities Limited	375,000
Hargreave Hale Nominees Limited	700,000
London Wall Nominees Limited	450,000
Pershing Keen Nominees Limited	312,500
Pershing Keen Nominees Limited	250,000
Puma Nominees Limited	250,000
Cost Nominees Limited	250,000
Jefferies International (Nominees) Limited	100,000
London Wall Nominees Limited	200,000
Pershing Keen Nominees Limited	1,801,500
Total	22,235,393

Listing Rule 7.4

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Information for Shareholders

Listing Rule 7.5 requires the following information to be provided to shareholders for the purpose of seeking approval under Listing Rule 7.4:

- (a) Resolution 3 has been included so that shareholders may approve and ratify pursuant to Listing Rule 7.4 the issue of a total of 22,235,393 Shares to those parties detailed in Table 1.
- (b) The Shares were issued at \$0.95 per Share.
- (c) The Shares issued rank pari passu with, and on the same terms as, the existing Shares on issue.

- (d) The funds raised by reason of the allotment were used to advance the Smokey Hills, Kalahari Platinum (Kalplats) and Panton projects, together with providing general working capital.

The Company wishes to ratify the issues pursuant to Listing Rule 7.4 in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months. The terms of the Shares issued are the same as the existing ordinary shares on issue and, accordingly, rank equally in all respects with the existing ordinary shares on issue.

RESOLUTION 4. GRANT OF OPTIONS TO MANAGING DIRECTOR, MR JOHN LEWINS

Resolution 4 seeks Shareholder approval for the proposed grant of 3,000,000 Options with an exercise price of \$1.25 and an expiry date being five years from the date of grant to Mr John Lewins, who is the Managing Director. The terms of the 3,000,000 Options to be granted to Mr Lewins are set out in Annexure A.

These Options may only be exercised as follows:-

- (a) 500,000 Options at the time the Company completes a bankable feasibility study on the Kalplats project and the high grade (+2.5g/t) resource reaches a minimum of 2.5 million ounces of platinum group metals;
- (b) an additional 500,000 Options at the time construction of the Kalplats project commences;
- (c) an additional 1,000,000 Options at the time the first commercial concentrate is shipped from Kalplats project or the Company sells all of its interest in the Kalplats project;
- (d) an additional 500,000 Options at the time when the Company identifies or acquires a further 1 million ounces of platinum group metals outside of Smokey Hills and Kalplats project (or within an extended area of the Kalplats project or the Smokey Hills project or on another project or a combination of projects); and
- (e) a further 500,000 Options when the Company commences production from the Panton project or any other project which the company acquire.

The grant of Options is designed to encourage Mr Lewins to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The combination of higher exercise price and long dated options were designed as an incentive to perform for the longer term.

In 2004 Mr Lewins was granted 2,500,000 options exercisable at 20 cents. There were 3 milestones associated with these options and two of these three milestones have already been met, given the progress achieved to date with the Smokey Hills project. The third milestone which relates to production from or sale of a platinum deposit is expected to be met at the time the Smokey Hills project commences production.

Given the success which the Company has experienced over the past two years the directors believe it is vital to ensure the Company continues to enjoy the drive and energy which Mr Lewins has provided to the Company.

Under the Company's current circumstances, the Directors consider that the incentive to Mr Lewins, represented by the issue of the Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation. The Company considers that it is far better for Mr Lewins to be compensated by way of securities in the Company, rather than by way of cash.

The number and terms of Options proposed to be issued to Mr Lewins was negotiated by the Directors and is considered by the Directors to be appropriate remuneration for Mr Lewins in light of his skill, experience and reputation.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

The giving of a financial benefit includes the issue of securities to a related party.

In accordance with section 219 of the Corporations Act, the following information is provided to Shareholders:

- (a) The related parties to whom the proposed resolution would permit the financial benefit to be given are as follows:

Mr Lewins, being the Managing Director of the Company, is a related party of the Company to whom the financial benefit will be given.

- (b) The nature of the financial benefit proposed to be given:

The nature of the financial benefit proposed to be given under Resolution 4 is the grant to Mr Lewins (or his nominee) of 3,000,000 Options.

- (c) Directors' recommendation:

All Directors were available to consider Resolution 4.

Messrs Peter Allchurch, William Hansen, Michael Blakiston and Eric Hughes (who do not have any interest in Resolution 4) recommend that Shareholders approve the grant of Options under Resolution 4 to Mr Lewins as they consider that the grant of Options is a cost effective means of giving an incentive to Mr Lewins to advance the Company's interests in accordance with the directions given from time to time by the Company. Mr Lewins declined to make a recommendation to Shareholders in respect of Resolution 4 as he has a material personal interest in the outcome of Resolution 4 by virtue of the proposed grant of Options to him.

(d) Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

(i) The Black and Scholes option pricing model (the “**B&S Model**”) has been applied in providing valuation information in respect to the options to be issued to Mr Lewins.

The B&S Model is based on a number of assumptions, including an assumption that the Options being valued are American call options, in that they can be exercised at any time on or before the expiry date (subject to any vesting conditions). In addition, the B&S Model assumes that there is a liquid market for the Options. Because the B&S Model assumes a liquid market, the amount calculated by the B&S Model represents a maximum theoretical value. In assessing the indicative fair value of the Options, no discount factors have been applied to take into account that the Options are unlisted.

The following values have been calculated for the Options using the B&S Model based on the following assumptions and variables:

Assumptions

- that the Options are American call options (i.e. they can be exercised at any time during the period);
- there are no transaction costs, options and Shares are infinitely divisible, and information is available to all without cost;
- short selling is allowed without restriction or penalty;
- the risk free interest rate is known and constant throughout the duration of the Option contract;
- the underlying Shares do not currently pay a dividend; and
- Share prices behave in a manner consistent with a random walk in continuous time.

Variables

- Share price of \$1.08 (based on the Company’s closing share price on 13 October 2006)
- a risk free interest rate of 5.75 based on the Reserve Bank of Australia’s cash rate;
- expiry date of 5 years from the date of grant; and
- exercise price of \$1.25.

Volatility Factor	Options
40%	\$0.2759
60%	\$0.3745
80%	\$0.4599

Any change in the variables applied in the B&S Model between the date of the valuation and the date the Options are granted would have an impact on their value.

The Company believes that a volatility factor of 60% based on the Company's historical volatility is the most appropriate indicator of future price volatility. In addition the Company has calculated the Option value using a volatility of 40% and 80% as a measure of the sensitivity to changes in volatility. Applying a mileage volatility factor of 60% and applying a discount factor of \$0.35 on account of the Options being unlisted the indicative value of the 3,000,000 Options proposed to be issued to Mr Lewins is as follows:

	Options
Value per Option	\$0.3745
Number of Options	3,000,000
Value of Options	\$1,123,500

Shareholders should be aware that it could be argued that the Options currently have no minimal value due to the fact that the milestones have not been met and it is not possible to determine whether or not all or any of the hurdles will be met.

- (ii) As at the date of this Notice, the total issued capital of the Company comprises of 179,715,353 Shares, 3,581,776 listed options exercisable at 20 cents on or before 30 November 2006 and the following unlisted options,

Number	Exercise Price	Expiry Date
15,000	43.5 cents	14 March 2007
270,000	22.5 cents	5 November 2008
5,000,000	35 cents	10 December 2009
2,500,000	20 cents	11 December 2009
730,000	37 cents	30 November 2009
650,000	37.3 cents	24 May 2011
100,000	83 cents	30 April 2010
400,000	70 cents	6 June 2010
100,000	83 cents	30 April 2010
400,000	70 cents	6 June 2010

At the date of this Notice, if all of the 3,000,000 Options the subject of Resolution 4 are exercised, the effect would be to dilute the shareholdings of existing Shareholders. Assuming all of the 3,000,000 Options the subject of Resolution 4 are exercised and the existing options remain unexercised, the total dilution caused by the exercise of the 3,000,000 Options would be approximately 1.67%.

(iii) As at the date of this Notice, Mr Lewins' interests in the Company are as follows:

Shares held directly	Shares held indirectly	Options held directly	Options held indirectly
2,000 ⁽¹⁾	1,230,000 ⁽²⁾	2,500,000 ⁽³⁾	1,350,000 ⁽⁴⁾

Notes:

- (1) *These Shares are held in the name of Mr Lewins on behalf of his sons Aidan and Jason Lewins.*
(2) *All of these Shares are held in the name of Mr Lewins' spouse.*
(3) *These options are exercisable at 20 cents and expire on 11 December 2009.*
(4) *All of these options are held in the name of Mr Lewins' spouse. They are exercisable at 35 cents and expire on 10 December 2009.*

The market price of the shares during the term of an option will normally determine whether or not the option holder exercises the option. At the time any options are exercised and shares issued pursuant to the exercise of the options, shares may be trading on the ASX at a price which is higher than the exercise price of the options.

(iv) The following table gives details of the highest, lowest and latest price of the Company's Shares trading on the ASX over the past 12 months ending on 13 October 2006:

Highest Price	Date of Highest Price	Lowest Price	Date of Lowest Price	Last Price on 13 October 2006
\$1.10	15 May 2006	\$0.195	19 October 2005	\$1.08

- (v) The options will not be quoted on ASX and as such have no actual market value.
- (vi) Mr Lewins is entitled to a salary of \$24,806 per month together with statutory superannuation contributions payable by the Company for acting as the Managing Director.
- (vii) The base salary (excluding superannuation) and the total financial benefits to be received by Mr Lewins in this current period as the result of the grant of Options the subject of Resolution 4 is set out below:

Director	Base Salary p.a. plus Superannuation	Value of Options*	Total Financial Benefit
John Lewins	\$295,639	\$1,123,500	\$1,419,139

**Based on the preferred value of the Options calculated in paragraph (d)(i) of this Resolution.*

- (viii) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options the subject of Resolution 4 to Mr Lewins.
- (ix) The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity-based compensation will be recognised as an expense in respect of the services received.
- (x) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 4.

Listing Rule 10.11

Listing Rule 10.11 requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the grant of the Options to Mr Lewins under Resolution 4.

For the purposes of Listing Rules 10.13, the following information is provided to Shareholders:

- (a) the Options will be granted to Mr John Lewins (or his nominee);
- (b) the maximum number of Options to be granted pursuant to Resolution 4 is 3,000,000;
- (c) the Options will be granted on a date which will be no later than one month after the date of this Meeting or on such other date as approved by ASX; and
- (d) the Options will be granted for no cash consideration.

If approval is given for the grant of options to Mr John Lewins under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

GLOSSARY

“**ASX**” means the Australian Stock Exchange Limited;

“**Company**” or “**Platinum Australia**” means Platinum Australia Limited Ltd ACN 093 417 94942;

“**Corporations Act**” means Corporations Act 2001 (Cth);

“**Director**” means a director of the Company;

“**Listing Rules**” means the Listing Rules of ASX;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Memorandum;

“**Options**” means the options to subscribe for ordinary fully paid shares at \$1.25 per Share;

“**Shareholders**” means the holders of Shares; and

“**Shares**” means fully paid ordinary shares in the Company.

ANNEXURE A

Terms of Options to be granted to Mr John Lewins under Resolution 4.

- 1.1 No monies will be payable for the issue of the Options.
- 1.2 A certificate will be issued for the Options.
- 1.3 The Options shall expire 5 years after the date on which they are granted.
- 1.4 The Option may only be exercised as follows:-
 - (a) 500,000 Options at the time the Company completes a bankable feasibility study on the Kalplats project and the high grade (+2.5g/t) resource reaches a minimum of 2.5 million ounces of platinum group metals;
 - (b) an additional 500,000 Options at the time construction of the Kalplats project commences;
 - (c) an additional 1,000,000 Options at the time the first commercial concentrate is shipped from Kalplats project or the Company sells its interest in the Kalplats project;
 - (d) an additional 500,000 Options at the time when the Company identifies or acquires a further 1 million ounces of platinum group metals outside of Smokey Hills and Kalplats project (or within an extended area of the Kalplats project or the Smokey Hills project or on another project or a combination of projects); and
 - (e) an additional 500,000 Options when the Company commenced production from the Panton project or any other project which the Company may acquire.
- 1.5 Each Option shall carry the right in favour of an Option holder to subscribe for one Share.
- 1.6 Options may be exercised in whole or in part. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.
- 1.7 The issue price of Shares the subject of the Options of \$1.25 per Share shall be payable in full on exercise of the Options.
- 1.8 Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option holder to exercise all or a specified number of Options held by him accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares.
- 1.9 The Company shall allot the resultant Shares and cause the holding sheet to be delivered within five (5) business days of the exercise of the Option.
- 1.10 Options shall not be listed for Official Quotation on Australian Stock Exchange.

- 1.11 An Option holder may not, except with the approval of the Board of Directors (in its sole and absolute discretion), sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Options. The approval of the Board of Directors may be given subject to satisfaction of certain conditions in which event such approval will be deemed not to occur until any such conditions have been satisfied.
- 1.12 Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 1.13 The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation.
- 1.14 If the Options are exercised before the record date of an entitlement, the Option holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the Option holder of the proposed issue at least nine (9) business days before the record date. Option holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.
- 1.15 In the event of any reorganisation of capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the listing rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
- 1.16 The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
- 1.17 In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

- 1.18 The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.
- 1.19 The Company shall notify each Option holder and the Australian Stock Exchange Limited within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.