

**PLATINUM**

**AUSTRALIA**



**08**

**2008**  
annual report





## Corporate Information

### Directors

**Peter Donald Allchurch** – *Chairman*

**John Derek Lewins** – *Managing Director*

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

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

**William Alexander Hansen** – *Non-Executive Director*

### Company Secretary

**Gillian Swaby**

### Platinum Australia Limited

ACN: 093 417 942

### Registered Office

3rd Floor, 18 Richardson Street  
West Perth Western Australia 6005  
Telephone: +61 8 9324 1491  
Facsimile: +61 8 9226 4258  
Email: [pla@platinumaus.com](mailto:pla@platinumaus.com)  
Website: [www.platinumaus.com](http://www.platinumaus.com)

### Principal Place of Business

3rd Floor, 18 Richardson Street  
West Perth Western Australia 6005

### Share Registry

Computershare Investor Services  
Pty Limited  
Level 2, 45 St Georges Terrace  
Perth Western Australia 6000  
Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033

### Solicitors

Blakiston & Crabb  
1202 Hay Street  
West Perth Western Australia 6005

### Auditors

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

### South African Office

Northdowns, Block 3,  
1st Floor, 17 Georgian Crescent  
Bryanston East, Sandton, 2021  
Telephone: +27 11 706 5333  
Facsimile: +27 11 463 8998  
Email: [pla@platinumaus.com](mailto:pla@platinumaus.com)  
Website: [www.platinumaus.com](http://www.platinumaus.com)

### UK Brokers

RBC Capital Markets  
Thames Court  
One Queenhithe  
London EC4V 4DE  
United Kingdom  
Telephone: +44 0 20 7653 4000

### Alternative Investment Market – Nominated Adviser

Ambrian Partners Limited  
Old Change House  
128 Queen Victoria Street  
London EC4V 4BJ  
United Kingdom

**ASX: PLA**     **AIM: PLAA**



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# PLA





## Chairman's Report



I am very pleased to report that construction of our Smokey Hills platinum mine in South Africa is proceeding well and that commissioning of the plant has started. Stripping of overburden in the open pit commenced in January and some 30,000 tonnes of ore had been mined and stockpiled by early September. Production of concentrate is expected in November.

The start-up of the company's first mine is a major milestone in the company's life and I am looking forward to seeing the Smokey Hills mine move to full production and commercial success for the benefit of shareholders, employees and other stakeholders.

The Smokey Hills Project has a resource of one million ounces of 4E PGM (platinum, palladium, rhodium and gold) and is planned to produce 95,000 ounces of PGM per annum from an open pit and shallow underground mining operation of the UG2 Chromitite on the Eastern limb of the Bushveld Complex.

The project has its own electric power generation capacity which can be applied in the event of supply problems from the South African national power grid. This means that our operation will not be subject to un-planned shut-downs due to grid power outages.

The project has an 8 year mine life and the company is presently looking at several options to extend that life.

Our Kalahari Platinum (Kalplats) project is presently in feasibility studies and resource drilling for this purpose is complete. A resource upgrade for the project was announced in May 2008 and final resource upgrades for the deposits under consideration in the feasibility study are well advanced. Including the announced resource upgrade for the Crater, Orion and Crux deposits, the total high grade resource at Kalplats is now 15 million tonnes at 3.24 g/t 3E PGM (platinum, palladium and gold) for 1.56 million ounces of 3E PGM.

The Kalplats mineralisation is much thicker than the UG2 or Merensky reefs in the Bushveld complex and is suited to open pit mining methods. Open pits generally have lower capital and operating costs than underground operations and we anticipate that Kalplats will be a significant scale, low cost PGM producer.



*Smokey Hills Processing Plant nearing completion.*

Although the company's focus has been on Kalplats resource definition drilling, we have been able to secure exploration rights over an additional 64 kilometres of the largely soil covered Kraaipan Greenstone belt, along strike from the Kalplats mineralisation. Exploration is under way, targeting extensions or repetitions of the Kalplats mineralisation.

Finally I would like to thank our employees and Board of Directors and, in particular our managing Director Mr John Lewins for their outstanding work throughout the year. I would also like to thank our loyal shareholders whose support is very much appreciated.

**PETER D ALLCHURCH**

*Chairman*



*Investors and analysts at Kalplats.*



# Review of Company Activities

## Overview

The past twelve months have been the most exciting in the history of Platinum Australia Limited ("PLA") as we completed the transition from explorer/developer to Platinum Group Metal (PGM) producer.

In **South Africa** the Company has successfully completed the construction of the **Smokey Hills Platinum Mine** and commenced commissioning of the Processing Plant. This follows the commencement of on site construction in November 2007 and the start of the open pit mine in January 2008 and the underground mine in September 2008.

In addition at the **Kalahari Platinum Project** we have completed almost 90,000m of drilling and upgraded the previous resource of 3.4 million oz 3E PGM (platinum + palladium + gold) to 4.2 million oz 3E PGM with further updates to the resource estimate due in October 2008. The Definitive Feasibility Study ("DFS") on the project is also due for completion in October with a decision on the development of the project due to be made in early 2009.

In **Australia** significant work has been undertaken on updating the Feasibility Study on the **Panton PGM Project**, however the recent drop in the PGM prices has resulted in this work being put on hold.



South African location map.



## Corporate

The Company completed a placement of 12 million new ordinary shares at \$2.65 to raise \$31.8 million in May 2008. This placement was made to a range of domestic and international institutional, professional and sophisticated investors and was significantly oversubscribed. The funds from the Placement will be used to:

- Acquire an additional stake in the Smokey Hills Project, increasing PLA's direct interest in the project to 69.75%;
- Purchase and install diesel generators to provide complete back up power for the Smokey Hills Mine;
- Provide working capital for the Kalahari Platinum Project and the Panton Project; and
- Provide general working capital.

## Platinum Group Metals

The focus for Platinum Australia in the last twelve months has primarily been in South Africa where we have just completed construction of our Smokey Hills Platinum Mine, the World's newest platinum mine. In addition the Company is about to complete a Bankable Feasibility Study on the Kalahari PGM ("Kalplats") Project which has the potential to be one of the largest open pit platinum mines in the World.

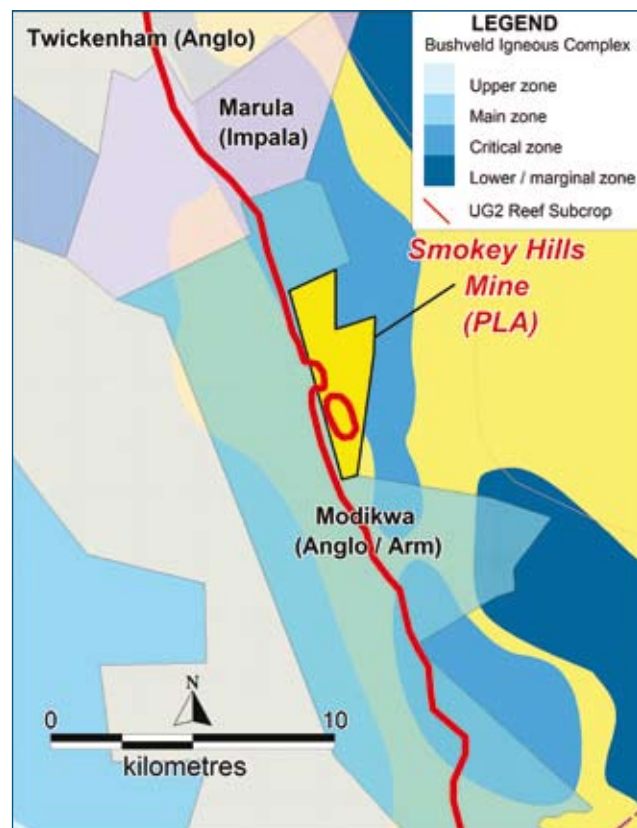
## Smokey Hills Platinum Mine

Platinum Australia moving to 69.75%

The Smokey Hills Project is located on the eastern limb of the Bushveld Complex on the farm Maandagshoek 254 KT, Mineral Portion 4, which is in the Limpopo Province of South Africa, 300 kilometers (km) north-east of Johannesburg.

The Project consists of two adjacent hills rising some 400m above the adjacent 'Steelpoort Valley' floor and has some 6 km of mapped UG2 PGM reef outcropping around the margins of two hills. The Project has a measured and indicated mineral resource of 5.5 million tonnes at a grade of 5.6 g/t 4E PGM (platinum, palladium, rhodium and gold) containing 1 million ozs 4E PGM.

The Project is covered by a Mining Right in the name of PhokaThaba Platinum Pty Ltd ("PTP"), a joint venture company in which PLA is increasing to a 69.75% direct interest and a beneficial interest of approximately 85%. The balance is held by a consortium of Black Economic Empowerment ("BEE") Groups, including the Local Community with just over 9%.



Smokey Hills location map.



## Review of Company Activities



*Milling section of Processing Plant at Smokey.*

PLA commenced construction of the mine, processing plant and related infrastructure in November 2007 following the issuing of the Mining Right. Open pit mining commenced in January 2008 and the processing plant is currently being commissioned and should achieve full production during December 2008. The underground mining operation is currently being established and ore from this will replace that from the open pit which is due to be completed in May 2009.

The Smokey Hills Platinum Mine is designed to produce 95,000 oz 4E PGM per annum at full production and will have one of the lowest operating costs in the industry.

### **Geology and Resource**

Smokey Hills is situated in the Critical Zone of the Eastern Limb of the Bushveld Igneous Complex (BIC). The Critical Zone is divided into Upper and Lower Sub Zones; with the Upper Critical Zone comprising mainly norite, gabbro-norite, anorthosite, and pyroxenite lithologies, hosting a series of chromitite reefs. In total there are three groups of chromitite reefs: the Upper Group (UG); the middle group (MG) and the Lower Group (LG). The UG chromitite reefs are the major source of PGM within the chromitite reefs of the BIC; while the LG and MG reefs are exploited for their chromium content. Within the Upper Group, the UG2 reef is the major economic PGM source, and it is this reef which is present in the Smokey Hills Project.



A resource estimate was completed by Snowden Mining Consultants. The UG2 Reef, as defined for the resource estimate, comprises the UG2 Chromitite Layer, a 15cm footwall cut and a hangingwall cut to the L2 chromitite stringer. The total UG2 Reef Mineral Resource estimated for the Smokey Hills project is 5.5Mt at 5.60g/t 4E PGM. The resource is not reported above a cut-off grade and areas have been classified as either Measured Resource or Indicated Resource, based on the guidelines of the JORC code (December, 2004), as listed in Table 1.

Smokey Hills UG2 Reef <sup>1</sup> Mineral Resources <sup>2</sup> May 2006									
Category	Tonnes* Mt	4E PGM g/t	6E PGM g/t	Pt g/t	Pd g/t	Rh g/t	Au g/t	Ru g/t	Ir g/t
<b>Fresh Grade Domain</b>									
Measured	3.0	5.66	6.67	2.47	2.59	0.52	0.08	0.80	0.21
Indicated	1.4	5.63	6.65	2.47	2.58	0.51	0.08	0.80	0.21
<b>Oxidised Grade Domain</b>									
Measured	0.6	5.26	6.26	2.46	2.27	0.44	0.08	0.80	0.21
Indicated	0.6	5.51	6.52	2.52	2.41	0.49	0.08	0.81	0.21
<b>Total Resources</b>	<b>5.5</b>	<b>5.60</b>	<b>6.60</b>	<b>2.47</b>	<b>2.54</b>	<b>0.51</b>	<b>0.08</b>	<b>0.80</b>	<b>0.21</b>

<sup>1</sup> The UG2 Reef, as defined for this resource estimate, comprises the UG2 Chromitite Layer, a 15 cm Footwall Cut and a Hangingwall Cut to the L2 chromitite stringer.

<sup>2</sup> All tabulated data has been rounded to one decimal place for tonnage and two decimal places for grades.

\* After interpreted geological losses of 21% have been removed. Geological losses include those from potholes, dykes, faults, rolling reef and Iron Rich Ultramafic Pegmatite.

Pt – Platinum; Pd – Palladium;  
Rh – Rhodium; Au – Gold; Ru  
– Ruthenium; Ir – Iridium; 6E  
PGM - (Pt + Pd + Rh + Au +  
Ru + Ir)

Approximately 65% of the  
Mineral Resource has been  
classified as Measured  
Resource and the remaining  
35% has been classified as  
Indicated Resource.



Flotation section of Processing Plant.



# Review of Company Activities

## Mine Development

PLA awarded the Engineering, Procurement and Construction Management (“EPCM”) Contract for the Processing Plant at Smokey Hills to GRD Minproc (Pty) Ltd in July 2007 and commenced on site construction activities on 19th November 2007 following the issuing of the Mining Right earlier that month. Open pit mining commenced in January 2008 and is scheduled to be completed in May 2009. Underground mine development has commenced and the ore mining rate will be built up over the next twelve months to replace the ore from the open pit. The underground mine is a relatively shallow-underground operation with on reef adit access and production by means of conventional breast and up-dip stoping. Blasted stope ore will be scraped down to mucking bays in the reef drives and loaded by Load Haul Dump (LHD) machines into low profile haul trucks for transport to the processing plant.

The ore reserve estimate is shown in Table 2 below:

**Table 2 : Smokey Hills Ore Reserve Estimate (June 2006)**

		Tonnes (M)	4E PGM (g/t)
Open Pit	Proved Reserves	0.22	6.99
	Probable Reserves	0.23	6.99
	<b>Sub-total Open Pit</b>	<b>0.45</b>	<b>6.99</b>
Underground	Proved Reserves	2.91	4.90
	Probable Reserves	1.27	4.90
	<b>Sub-total Underground</b>	<b>4.19</b>	<b>4.90</b>
Total	Proved Reserves	3.13	5.06
	Probable Reserves	1.51	5.23
	<b>Total Smokey Hills</b>	<b>4.64</b>	<b>5.11</b>



*The PLA team at Smokey Hills.*



The Smokey Hills treatment plant has been designed to produce approximately 95,000 ounces of 4E PGM per year from a 720,000 tonnes per annum mining operation over a seven year life. The processing plant is a standard UG2 plant incorporating milling and flotation with the concentrate delivered to Impala Refining Services under a life of mine off take agreement.

At the time of writing, the processing plant was being commissioned and is expected to achieve full production during December 2008.

### **Kalahari PGM Project**

Platinum Australia earning up to 49%.

The Kalahari Platinum Project ("Kalplats") is located 350 km west of Johannesburg in the North West Province and 45 km west of the Kalgold open pit gold operations on the Kraaipan greenstone belt. The project area lies approximately 25km north of the township Stella within a farming area and a local population of approx. 2,500 inhabitants. The N18 national highway linking the towns of Mafikeng and Vryburg locates to the south of the area. The topography is slightly undulating to flat-lying with the average surface elevation variable between 1,245m to 1,275m above mean sea level.

Platinum Australia Limited ("PLA") has a formal Joint Venture Agreement with African Rainbow Minerals Platinum (Proprietary) Ltd ("ARMplatinum") which provides for PLA to earn up to 49% of the Kalplats Project by completing a Bankable Feasibility Study ("BFS") on the project and making the Panton Metallurgical Process available for the project at no cost.

The Kalplats Project is well advanced, with drilling to date having defined a resource of 4.2 million oz 3E PGM and a Definitive Feasibility Study due to be completed in October 2008. PLA believes that subject to the completion of this Study, the Project has the potential to be developed initially as a major open cut mine producing 250,000 to 300,000 ounces of 3E PGM per annum with a life of +10 years. This could be followed by a similar sized underground operation more than doubling the life of the project.

### **Geology and Mineralisation**

The Kraaipan Greenstone lithologies comprise three discontinuous belts and a number of small outliers of deformed and metamorphosed volcano-sedimentary rocks and associated granitoids. The western belt is referred to as the Stella Belt (Kalplats Project area) and the eastern belt as the Goldridge Belt (Kalgold Mine),

The PGM mineralisation is hosted within the 3 billion year old Stella Layered Intrusion ("SLI"). The SLI is composed of gabbros and magnetite rich gabbroic rocks which have been intruded into the Kraaipan lithologies and now forms the footwall to the system. The entire sequence has been overturned and dips at 80° to 85° to the west – southwest.

The fundamental geology of the mineralisation at Kalplats is similar to that of the Bushveld Complex. Both deposits are magmatic with PGM's accumulated in specific layers within a layered gabbro complex. The primary difference between the deposits is that the Bushveld mineralisation is accompanied by chromite (in the UG2 reef) and sulphur (in the Merensky reef), whereas at Kalplats the mineralisation is accompanied by magnetite.



## Review of Company Activities



*Geologists logging RC Chips at Kalplats.*

The PGM mineralisation occurs as magmatic segregation reef deposits that are hosted in magnetite gabbro within the sub-vertically dipping SLI. The mineralised package is approximately 50m thick, but may be up to 100m thick due to duplication caused by faulting and or folding. The mineralisation is enriched in Platinum (Pt), Palladium (Pd) and some Gold (Au), but generally devoid of other PGM's. The mineralisation is offset to various degrees by NNE trending fault structures with the currently identified mineralisation totaling up to ~8 km combined strike length over the known deposits.

The mineralisation occurs in a series of reefs that are continuous both along strike and down dip. The lower most is termed the LG (low grade) reef and is characterised by 3E PGM grades in the 1.0 to 1.2 g/t range and the Pt/Pd ratio is approximately 1.2. The unit is generally magnetite poor with low Cu and Au grades.

The Mid-Reef is the next stratigraphically higher mineralised unit, and the main distinguishing factor for this unit is that it has a Pt/Pd ratio of approximately 0.3. The Mid-Reef is more magnetite rich (up to 20% magnetite). The unit is subdivided into high grade mineralised units called the MR1 and MR2 and a low grade unit between called the Mid-Reef Low Grade (MRLG). While the general average 3E PGM grade for the MRLG is in the 1.5 g/t range, the higher grade units have grades >2.5 g/t.

The MR2 is stratigraphically followed by the Main Low Grade unit (MLG) that contains little if any magnetite, has lower grades, (PGM 0.8 to 1.0 g/t) and a Pt/Pd ratio of 0.8 to 1.0.

The upper unit to the mineralisation is termed the Main Reef and has been subdivided into three sub-units, the Lower Main (LM), Mid-Main (MM) and Upper Main (UM) mineralised units. The LM is characterised by a four to five meter wide zone with average PGM grades of up to 3.5 g/t and up to 20% magnetite. The Pt/Pd ratio is approximately 1.0. The MM has the same Pt/Pd ratio as the LM but the PGM grades are approximately 1.0 g/t. The UM forms the top of the mineralised package and is visually the most distinguishable unit in the mineralised package. The average PGM grade for the UM is approximately 4.0 g/t over about 3 to 5 meters.

PLA believes from the work completed to date that there is an extremely high potential to significantly increase the high grade and total resource as all deposits remain open at depth and along strike and significant mineralisation has already been identified in a number of prospects yet to be fully drilled, including Scorpio, Mira, Sirius South and Pointer.



## Resource

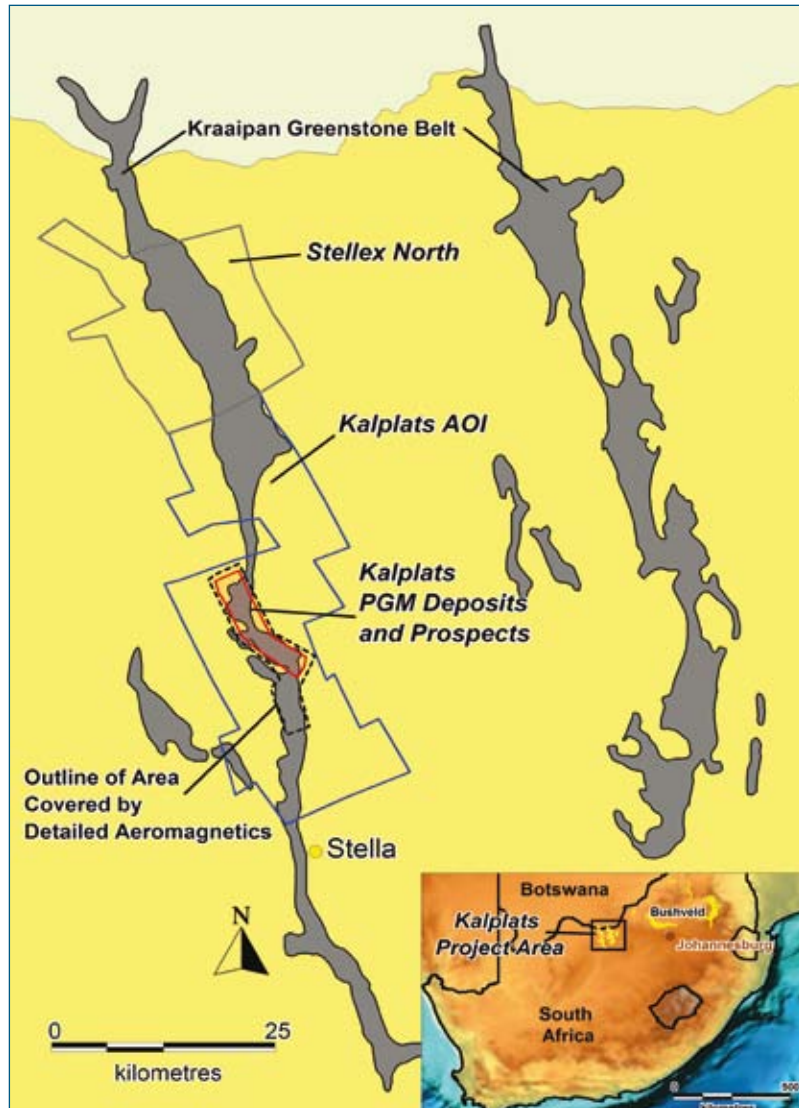
A SAMREC (South African Mineral Resource Committee) and JORC code compliant resource estimate was completed by previous owners over all seven deposits for the full mineralised package.

The Mineral Resource estimates for the Crux, Orion and Crater Deposits have been updated by Snowden Mining Industry Consultants ("Snowden") and are based on a 0.5 g/t 3E PGM cut off and extend to a maximum depth of approximately 200 metres below soil cover. They have been classified as Measured, Indicated and Inferred Mineral Resources and reported in Table 1 according to the guidelines of the JORC Code (2004).

The updated Crux resource estimate has increased the total contained ounces ("ozs") of PGM's by over 100% to 1.24 Moz 3E PGM and the updated Crater resource estimate has increased the total contained ozs by 33% to 680,000 ozs 3E PGM. The Orion resource estimate has decreased by 9% to 602,000 ozs 3E PGM.

At the time of writing, updated Mineral Resource estimates are awaited for a further four deposits, Serpens North and South, Sirius and Vela as well as further updates of the Crux, Orion and Crater deposits. These are expected to be completed in October 2008.

Table 2 summarises the current resource and is a combination of the previous resource estimate for the Serpens North & South, Sirius and Vela deposits, combined with the new resource estimate from Snowden for the Crater, Orion and Crater deposits.



*Kalplats location map.*



# Review of Company Activities

Table 1: Snowden Crater, Orion and Crux Deposits Mineral Resource Estimate Summary

Crater Deposit Mineral Resource Summary							
		<i>Tonnes 1,000 t</i>	<i>3E PGM g/t</i>	<i>Pt g/t</i>	<i>Pd g/t</i>	<i>Au g/t</i>	<i>3E PGM Ozs</i>
<b>High Grade <sup>1</sup></b>	Measured	492	3.43	1.75	1.52	0.16	54,000
	Indicated	612	3.56	1.75	1.65	0.17	70,000
	Inferred	1,729	3.64	1.75	1.77	0.12	202,000
	<b>Total</b>	<b>2,834</b>	<b>3.59</b>	<b>1.75</b>	<b>1.70</b>	<b>0.14</b>	<b>327,000</b>
<b>Main Reef <sup>2</sup></b>	Measured	960	2.36	1.20	1.07	0.10	73,000
	Indicated	1,285	2.34	1.15	1.10	0.09	97,000
	Inferred	3,397	2.45	1.18	1.20	0.07	268,000
	<b>Total</b>	<b>5,642</b>	<b>2.41</b>	<b>1.17</b>	<b>1.16</b>	<b>0.08</b>	<b>437,000</b>
<b>Total Mineral Resource <sup>3</sup></b>	Measured	2,357	1.54	0.72	0.77	0.05	117,000
	Indicated	3,075	1.55	0.71	0.80	0.05	154,000
	Inferred	7,543	1.69	0.76	0.89	0.04	410,000
	<b>Total</b>	<b>12,975</b>	<b>1.63</b>	<b>0.74</b>	<b>0.84</b>	<b>0.04</b>	<b>680,000</b>

Orion Deposit Mineral Resource Summary							
		<i>Tonnes 1,000 t</i>	<i>3E PGM g/t</i>	<i>Pt g/t</i>	<i>Pd g/t</i>	<i>Au g/t</i>	<i>3E PGM Ozs</i>
<b>High Grade <sup>1</sup></b>	Measured	373	3.10	1.58	1.33	0.19	37,000
	Indicated	797	3.09	1.53	1.35	0.21	79,000
	Inferred	1,428	3.07	1.55	1.32	0.20	141,000
	<b>Total</b>	<b>2,598</b>	<b>3.08</b>	<b>1.55</b>	<b>1.33</b>	<b>0.20</b>	<b>257,000</b>
<b>Main Reef <sup>2</sup></b>	Measured	908	1.83	0.92	0.82	0.09	53,000
	Indicated	1,675	2.07	1.02	0.94	0.11	112,000
	Inferred	3,306	1.96	0.98	0.89	0.10	208,000
	<b>Total</b>	<b>5,889</b>	<b>1.97</b>	<b>0.98</b>	<b>0.89</b>	<b>0.10</b>	<b>373,000</b>
<b>Total Mineral Resource <sup>3</sup></b>	Measured	1,888	1.41	0.66	0.70	0.05	86,000
	Indicated	3,708	1.48	0.68	0.73	0.06	176,000
	Inferred	7,458	1.42	0.67	0.70	0.05	341,000
	<b>Total</b>	<b>13,054</b>	<b>1.44</b>	<b>0.67</b>	<b>0.71</b>	<b>0.06</b>	<b>602,000</b>



Crux Deposit Mineral Resource Summary							
		<i>Tonnes 1,000 t</i>	<i>3E PGM g/t</i>	<i>Pt g/t</i>	<i>Pd g/t</i>	<i>Au g/t</i>	<i>3E PGM Ozs</i>
<b>High Grade <sup>1</sup></b>	Measured	532	2.78	1.37	1.24	0.16	48,000
	Indicated	1,828	2.79	1.39	1.24	0.16	164,000
	Inferred	2,192	2.73	1.35	1.25	0.13	192,000
	<b>Total</b>	<b>4,553</b>	<b>2.76</b>	<b>1.37</b>	<b>1.24</b>	<b>0.15</b>	<b>404,000</b>
<b>Main Reef <sup>2</sup></b>	Measured	1,842	1.62	0.78	0.79	0.06	96,000
	Indicated	5,213	1.65	0.81	0.78	0.06	277,000
	Inferred	6,385	1.60	0.78	0.78	0.05	329,000
	<b>Total</b>	<b>13,440</b>	<b>1.62</b>	<b>0.79</b>	<b>0.78</b>	<b>0.06</b>	<b>702,000</b>
<b>Total Mineral Resource <sup>3</sup></b>	Measured	4,775	1.27	0.55	0.69	0.03	195,000
	Indicated	11,712	1.24	0.56	0.65	0.04	468,000
	Inferred	14,841	1.20	0.53	0.65	0.03	574,000
	<b>Total</b>	<b>31,328</b>	<b>1.23</b>	<b>0.54</b>	<b>0.65</b>	<b>0.03</b>	<b>1,238,000</b>

Table 2 : Combined Snowden plus Harmony Resource Estimate

	Total Mineral Resource 3			Main Reef Resource 2			High Grade Reefs 1		
	<i>Tonnes 1,000t</i>	<i>3E PGM g/t</i>	<i>Ounces</i>	<i>Tonnes 1,000t</i>	<i>3E PGM g/t</i>	<i>Ounces</i>	<i>Tonnes 1,000t</i>	<i>3E PGM g/t</i>	<i>Ounces</i>
<b>SNOWDEN <sup>4</sup></b>									
<b>Crater</b>	12,975	1.63	680,000	5,642	2.41	437,000	2,834	3.59	327,000
<b>Orion</b>	13,054	1.44	602,000	5,889	1.97	373,000	2,598	3.08	257,000
<b>Crux</b>	31,328	1.23	1,238,000	13,440	1.62	702,000	4,553	2.76	404,000
<b>Sub Total</b>	<b>57,357</b>	<b>1.37</b>	<b>2,520,000</b>	<b>24,971</b>	<b>1.88</b>	<b>1,512,000</b>	<b>9,985</b>	<b>3.08</b>	<b>988,000</b>
<b>HARMONY <sup>5</sup></b>									
<b>Vela</b>	10,129	1.22	397,969	2,433	1.96	153,151	1,131	3.22	116,936
<b>Sirius</b>	9,766	1.37	418,607	2,568	2.00	164,912	1,484	3.22	153,650
<b>Serpens North</b>	8,940	1.37	393,591	3,582	1.73	198,149	1,515	3.43	166,318
<b>Serpens South</b>	10,762	1.34	462,071	5,890	1.81	324,262	848	5.09	138,993
<b>Sub Total</b>	<b>39,597</b>	<b>1.31</b>	<b>1,672,238</b>	<b>14,473</b>	<b>1.80</b>	<b>840,474</b>	<b>4,978</b>	<b>3.60</b>	<b>575,897</b>
<b>TOTAL</b>	<b>96,955</b>	<b>1.34</b>	<b>4,192,238</b>	<b>39,444</b>	<b>1.85</b>	<b>2,352,474</b>	<b>14,963</b>	<b>3.24</b>	<b>1,563,897</b>

<sup>1</sup> Includes the high grade UM and LM Reefs (and MR1 Reef in the Harmony estimate) <sup>2</sup> Includes the UM, Main Reef Residual and LM which constitute the Main Reef <sup>3</sup> Includes the low grade MR, LG and the Main Reef Residual layers which is the total mineralised width for all seven layers <sup>4</sup> Snowden Mineral Resource estimate of Measured, Indicated and Inferred resources <sup>5</sup> Harmony Mineral Resource estimate of Indicated and Inferred resources.



# Review of Company Activities

## Project Development

PLA continued an extensive resource development drilling program during the year aimed primarily at raising the status of the currently identified resources, although a number of additional prospects and targets were also drilled. To the end of August 2008, approximately 90,000 metres of drilling had been completed on the project. The results to date have extended the known mineralisation in a number of the deposits including Crux and Vela as well as identified new mineralisation in a number of the prospects, including Mira, Scorpio and Pointer.

A DFS on the Project is nearing completion using GRD Minproc as the Lead Engineer, Snowden Mining Consultants responsible for the Resource Estimation, Lower Quartile Solutions for the Mining Study, and Africa Geo-Environmental Services for the Environmental Study. The DFS is focused on the development of an open cut mining operation operating at a rate of up to 3 million tonnes per annum and producing 250 – 300,000 oz per annum 3E PGM in a flotation concentrate for smelting and/or refining by others. The DFS is due to be completed in October 2008.

## Kalplats Area of Influence Project

Platinum Australia 50%.

The Kalplats Area of Influence ("Aol") Project covers an area approximately 20 kilometres to the north and 18 kilometres to the south of the Kalplats Project area along the strike of the Kraaipan Greenstone belt. The Aol Project is covered by a Prospecting Right and increases the total strike length held by the parties to almost 50 kilometres. PLA and ARMplatinum each have a 50 percent contributing interest in the new area and PLA manage the exploration program which is targeting extensions of the known Kalplats style of PGM mineralisation.

The exploration work completed on the Aol Project has included a detailed aeromagnetic survey over the entire strike length. An extensive geochemical sampling program is currently underway and it is anticipated that the first drilling program on the project will commence in the late 2008.

## Stellex North Project

Platinum Australia 49%, earning up to 70%

In June 2008, a Prospecting Right was issued for a further extension to the Kalplats Project covering an area of approximately 26 kilometres of strike length to the north of the Aol Project. The new extension was issued to Stellex Platinum (Pty) Ltd ("Stellex"), a joint venture company owned 49% by PLA and 51% by the BEE group Batsalani Mining and Resources (Pty) Ltd ("Batsalani"). PLA has the right to increase its equity in the project to 70% by funding the initial \$30,000 spending on the project.

A detailed aeromagnetic survey on the project area is planned for the coming year, together with a geochemical sampling survey.



## Panton PGM Project

The Panton Project is located in the Kimberley region of Western Australia, 60 km north of Halls Creek and 60 km south of the Sally Malay nickel mine.

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

The BFS was based upon the following resource:

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

This remains the largest and highest grade known resource in Australia. The Top Reef is of a higher grade than that mined in the average operation in South Africa, while its average width of 1.5 to 2.0 metres is significantly greater than the average 1 metre thickness mined in that country.

PLA has continued to evaluate various options for the development of the Panton Project; however with the current weakness in the PGM prices it is not considered that the project would meet the required financial hurdles to be economically viable. The project has therefore been placed on hold pending a significant improvement in the PGM prices.

## Katanning PGM Project

This Project is covered by a joint venture with Accent Resources NL ("Accent") under which they are currently undertaking exploration for non PGM minerals, primarily Vanadium and Titanium, on the Exploration Licence. The work which they have undertaken, including an aeromagnetic survey, soil survey and limited drilling program provides useful information for the exploration for PGM's. PLA retains 100% of the PGM's and associated minerals and a 1% net smelter royalty on other minerals which may be processed by Accent.

## Gold and Base Metals

### Melville Project

Platinum Australia 25% free carry

A limited program of work was undertaken on the project during the year by Prosperity Resources Pty Ltd who retain a 75% interest in the project.

## Panton PGM Recovery Process

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

Platinum Australia has continued to look for suitable projects which could benefit from the application of the "Panton Process" during the year and a number of projects are being evaluated.



# Corporate Governance Statement



*Eric Hughes, Peter Allchurch, John Lewins, Gillian Swaby and Michael Blakiston.*

## Introduction

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

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

The following information about the Company's Corporate Governance practices is set out on the Company's website at [www.platinumaus.com](http://www.platinumaus.com):

- Statement of Board and management functions (including materiality threshold and description of roles of Chair, Independent Directors and Managing Director);
- Nomination Committee Charter;
- Summary of policy and procedure for selection and appointment of new directors;
- Summary of Code of Conduct for Directors and key executives;
- Summary of Policy on Securities Trading;
- Audit Committee Charter;
- Policy and procedure for selection of external auditor and rotation of audit engagement partners;
- Summary of policy and procedures for compliance with continuous disclosure requirements;



- Description of arrangements regarding communication with and participation of shareholders;
- Summary of Company's Risk Management Policy and internal compliance and control system;
- Summary of process for performance evaluation of the Board;
- Remuneration Committee Charter; and
- Corporate Code of Conduct.

## Corporate Governance Disclosures

The ASX Corporate Governance Council has developed a set of guidelines, Principles of Good Corporate Governance and Best Practice Recommendations. This document articulates ten core principles that the ASX Corporate Governance Council believes underlie good corporate governance, together with Best Practice Recommendations. Companies are required to disclose in their Annual Report the extent to which these recommendations have been complied with. They are not prescriptive and, if certain recommendations are not appropriate for the company given its circumstances, the company may choose not to adopt that particular practice. It must, however, disclose in its Annual Report which recommendations have not been followed and the reasons why. The Company has complied with each of the eight Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the Australian Securities Exchange Corporate Governance Council, other than in relation to the matters referred to below in respect of the independence of the Board. It should be noted that, subsequent to 16 April, 2008, on which date Anglo Pacific Group Plc ceased to be a substantial shareholder, Mr Hansen (who was appointed as their representative) is considered to be an independent director. Accordingly, the Company is in compliance with all Principles from that date.

## Role of the Board

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

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

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

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

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.



# Corporate Governance Statement

## Independence of Board

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

Until 16 April, 2008 only two members of the Board, Messrs Hughes and Allchurch, satisfied the test of independence as set out in the recommendations, however the majority of directors were considered independent by the Board for the reasons set out below under the heading "Identification of Independent Directors".

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

## Identification of Independent Directors

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

Mr Hansen was a representative of a major shareholder Anglo Pacific Group Plc and therefore did not fit within paragraph 1 of the Independence Test. The Board of Platinum Australia Limited (in the absence of Mr Hansen) considered he was capable of and demonstrated that he consistently made decisions and took actions which were designed to be for the best interest of the Company and therefore considered him to possess the characteristics required of a person who would be eligible to take on the role of an independent director. As detailed earlier, Anglo Pacific Group Plc ceased to be a substantial shareholder on 16 April, 2008 and from that date Mr Hansen fulfils the requirements for an independent director.

## Skills, Experience, Expertise and Term of Office of Each Director

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

## Board Committees

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



## Audit Committee

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

The role of the Audit Committee is to:

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

The current members of the Audit Committee are:-

**Eric Hughes - Chairman**

*Non-Executive Director*

**Michael Blakiston**

*Non-Executive Director*

**William A (Lex) Hansen**

*Non-Executive Director*

The members of the Audit Committee by virtue of their professional background experience and personal qualities are well qualified to carry out the functions of the Audit Committee. Mr Hughes has over 20 years experience as an accountant, Mr Blakiston has over 25 years of experience advising on legal, corporate and commercial matters in the resource industry and is therefore well qualified by his industry knowledge and Mr Hansen has financial expertise through his academic qualifications and practical experience in management and executive roles in the resource industry.

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

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



# Corporate Governance Statement

## Nomination Committee

The responsibilities of the Nomination Committee include:-

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

The current members of the Nomination Committee are:-

**Peter Allchurch - Chairman**

*Non-Executive Chairman*

**John Lewins**

*Managing Director*

**Michael Blakiston**

*Non-Executive Director*

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

## Remuneration Committee

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

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

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

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



The current members of the Remuneration Committee are:

**Michael Blakiston - Chairman**

*Non-Executive Director*

**Eric Hughes**

*Non-Executive Director*

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

### Statement Concerning Availability of Independent Professional Advice

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

### Relationship with Shareholders

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

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

Information will be communicated to shareholders by:

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

In addition, the website includes a facility to allow interested parties to subscribe to receive, electronically, public releases and other relevant material concerning the Company. A "user friendly" interactive Annual Report will also be available on the Company's website.



# Corporate Governance Statement

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

## Securities Ownership and Dealings

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

## Board Performance Evaluation

During the Reporting Period an evaluation of the Board and its members was carried out. The evaluation process used a confidential customised questionnaire which was independently analysed by an external specialist consulting group and benchmarked against their database of responses from Australian directors. A report was provided to all Directors which highlighted the self-assessed strengths and weaknesses in the Board's performance and made suggestions for improvement. It was concluded for the present, the existing structure is suitable to the Company's existing operations, however, the matter is to be reviewed regularly and additional appointments to the Board will be considered according to the needs of the Company.

## Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

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

## Risk Management

The Company has established policies on risk oversight and management and has a risk management and internal control system to manage the Company's material business risks. The Company has developed its risk management policy in line with the implementation of the risk management system and a risk management framework.

The Company's Risk Management Policy is to identify, assess, evaluate, monitor and mitigate risks which are considered unacceptable to the Company. Operational business controls have been identified and are in place to ensure unwanted threats to the business are managed. Whilst all personnel have a responsibility to identify and report to management risks which may materially affect the Company, the Managing Director has the overall responsibility for the management of risk in the Company.

The risk management system is designed and implemented by the Managing Director, with assistance from senior executives, and is subject to the review of the Board of Directors.

The Company maintains a Risk Register, which sets out all of the enterprise risks that have been identified and includes an assessment of the risk (risks analysed and evaluated), and treatment plans to mitigate risks. The risk register has been compiled and is subject to periodic review by the Managing Director and senior management to ensure adequate risk control measures have been identified.



## Directors' Report

The directors of Platinum Australia Limited ("Platinum" or "the Company") present their report and financial report of Platinum and its subsidiaries (collectively "the Group") for the financial year ended 30 June 2008.

### 1. Directors

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



**Mr Peter Donald Allchurch** (Non-Executive Chairman – Age 65)

*B.Sc. Fellow of the Australasian Institute of Mining and Metallurgy, Member of the Society of Economic Geologists, Member of the Petroleum Exploration Society of Australia.*

Mr Allchurch is a geologist with more than 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.

*Special Responsibilities*

Chairman of the Board

Member of Nomination Committee



**Mr John Derek Lewins** (Managing Director – Age 50)

*Bsc (Mineral Eng), Grad Dip Management.*

Mr Lewins is an Engineer with more than 20 years experience in senior mining management roles, including development of mining projects from a resource stage through feasibility studies, commissioning of mines and sustained profitable mining operations.

Mr Lewins was appointed as a Director on 3 May 2001.

*Special Responsibilities*

Managing Director

Member of Nomination Committee



## Directors' Report

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**Mr Michael Gerrard Blakiston** (Non-Executive Director – Age 50)

*B.Juris LLB*

Mr Blakiston is a Solicitor in the firm Blakiston & Crabb. For some 25 years he has practised extensively in the field of corporate and resource law and has had considerable experience in commercial and corporate management. Mr Blakiston is a director of Rox Resources Ltd (since 2003), Vulcan Resources Limited (since 2002), Axiom Properties Ltd (2006) and Aurora Oil and Gas Ltd (since 2003).

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

*Former directorships of listed companies in last 3 years*

CollTech Australia Ltd from 2003 to 2005

Energy Ventures Ltd from 2003 to 2005

GFB Ltd from 2002 to 2005

Alcaston Mining NL from 2005 to 2006

Argentina Copper Ltd from 2006 to 2007

*Special Responsibilities*

Chairman of Remuneration Committee

Member of Audit Committee

Member of Nomination Committee

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**Mr Eric Edward Hughes** (Non-Executive Director – Age 46)

*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.

*Special Responsibilities*

Chairman of Audit Committee

Member of Remuneration Committee



**Mr William A (Lex) Hansen** (Non-Executive Director – Age 68),  
*BSc (Geology and Metallurgy), MBA, FAusIMM, FAICD*

Mr Hansen has more than 45 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 is a director of Heemskirk Consolidated Limited and Core Resources Limited.

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

*Special Responsibilities*  
Member of Audit Committee

**Mr. Carel Nicolas van Heerden** (Non-Executive Director – Age 58)  
*B.Com. LLB, LLM*

Mr van Heerden, a resident of South Africa, is a legal practitioner specialising in mining, resource and commercial matters. Mr van Heerden was appointed to the Board on the 13th of September 2007, in fulfilment of the November 2004 agreement under which the Company purchased its interest in the Smokey Hills Platinum project.

Mr van Heerden was not re-elected at the Annual General Meeting held on the 13th of November 2007 and accordingly ceased to be a director on that date.



**Ms Gillian Swaby** (Company Secretary – Age 48)  
*B.Bus, FCIS, FAICD*

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

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



# Directors' Report

## 2. Directors' Meetings

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

	Board of Directors' meetings		Audit Committee Committee		Remuneration Committee meetings		Nomination Committee meetings	
	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Mr PD Allchurch	7	7	-	-	-	-	-	-
Mr JD Lewins	7	7	-	-	-	-	-	-
Mr MG Blakiston	7	7	6	7	3	3	-	-
Mr EE Hughes	5	7	7	7	3	3	-	-
Mr WA Hansen	5	7	7	7	-	-	-	-
Mr CN van Heerden	-	-	-	-	-	-	-	-

## 3. Principal Activities

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

## 4. Financial Results

The operating loss after income tax and minority interest of the Group for the financial year ended 30 June 2008 totalled \$11,141,063 (2007: \$8,894,105).

## 5. Dividends

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

## 6. Review of Operations

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

## 7. Likely Developments

The Group intends to continue exploration, development and the production of Platinum Group Metals.

During the year the Group embarked on the development of the Smokey Hills Platinum Project and will become a producer of Platinum Group Metals during the course of the 2009 financial year.



## 8. State of Affairs

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

## 9. Remuneration Report

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

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

### A Principles used to determine the nature and amount of remuneration

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

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

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

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

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

### Company Performance

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

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



# Directors' Report

## 9. Remuneration Report (continued)

### A Principles used to determine the nature and amount of remuneration (continued)

#### Directors' Fees

Fees payable to Non-Executive Directors, other than the Chairman, are set at \$57,000 per annum, inclusive of any superannuation obligations. The Chairman receives \$78,000 per annum.

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

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

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

#### Base Salary

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

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

#### Company Employee Share Option Plan

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

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



## B Details of Remuneration (this information has been audited)

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

### Directors of the Company

	Year	Primary Salary/Fees \$	Post Employment Superannuation \$	Cash Bonus \$	Equity Options \$	Total \$
<b>Mr PD Allchurch</b> <i>(Non-Executive Chairman)</i>	<b>2008</b>	<b>71,560</b>	<b>6,440</b>	-	-	<b>78,000</b>
	2007	45,872	4,128	-	-	50,000
<b>Mr JD Lewins</b> <i>(Managing Director)</i>	<b>2008</b>	<b>345,000</b>	<b>13,129</b>	<b>35,000</b>	-	<b>393,129</b>
	2007	297,695	12,686	-	618,109	928,490
<b>Mr MG Blakiston</b> <i>(Non-Executive Director)</i>	<b>2008</b>	<b>52,287</b>	<b>4,706</b>	-	-	<b>56,993</b>
	2007	22,936	2,064	-	-	25,000
<b>Mr EE Hughes</b> <i>(Non-Executive Director)</i>	<b>2008</b>	<b>52,287</b>	<b>4,706</b>	-	-	<b>56,993</b>
	2007	22,936	2,064	-	-	25,000
<b>Mr WA Hansen</b> <i>(Non-Executive Director)</i>	<b>2008</b>	<b>52,287</b>	<b>4,706</b>	-	-	<b>56,993</b>
	2007	22,936	2,064	-	-	25,000
<b>Total</b>	<b>2008</b>	<b>573,421</b>	<b>33,687</b>	<b>35,000</b>	-	<b>642,108</b>
	2007	412,375	23,006	-	618,109	1,053,490

### Specified executives of the Company

	Year	Primary Salary/Fees \$	Post Employment Superannuation \$	Cash Bonus \$	Equity Options \$	Total \$
<b>Mr DG Neill</b> <i>(Chief Financial Officer)</i>	<b>2008</b>	<b>246,250</b>	<b>13,129</b>	-	-	<b>259,379</b>
	2007	221,154	12,686	-	117,725	351,565
<b>Mr RA Wallis</b> <i>(General Manager)</i> Platinum Australia SA (Pty) Ltd	<b>2008</b>	<b>171,368</b>	-	<b>13,709</b>	-	<b>185,077</b>
	2007	160,230	-	-	20,130	180,360
<b>Mr W Smart</b> <i>(General Manager)</i> Smokey Hills Platinum (Pty) Ltd	<b>2008</b>	<b>156,288</b>	-	-	-	<b>156,288</b>
	2007	39,676	-	-	-	39,676
<b>Total</b>	<b>2008</b>	<b>573,906</b>	<b>13,129</b>	<b>13,709</b>	-	<b>600,744</b>
	2007	421,060	12,686	-	137,855	571,601

The Company paid legal fees on normal commercial terms to Blakiston & Crabb, a legal firm of which Mr Blakiston, a director of the Company, is a partner. The amount paid by the Company for the year ended 30 June 2008 to Blakiston and Crabb was \$56,688. (2007: \$25,697).

During the year, an amount of \$10,802 (2007: \$54,936) was paid to a director related entity, Allchurch Communications, which is a business operated by the daughter of Mr Allchurch. This amount included, in addition to consultancy fees, reimbursement of associated costs such as graphic design and printing costs.



# Directors' Report

## 9. Remuneration Report (continued)

### C Service Agreements

Remuneration and other terms of employment for the Managing Director are formalised in an employment contract with the Company pursuant to which he received a salary of \$345,000, a cash bonus of \$35,000 and statutory superannuation of \$13,129. Options issued to Mr Lewins contain performance hurdles which must be achieved before they can be exercised, therefore enhanced corporate performance will return a financial benefit to Mr Lewins via those options. Performance hurdles are determined by the Board.

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

Remuneration and other terms of employment for the Specified Executives of the Company are also formalised in an employment contract whereby they are entitled to a base salary inclusive of superannuation, and are entitled to participate in the Company Employee Share Option Plan.

### D Share-based Compensation

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

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

A summary of the performance conditions applicable to the options issued above are as follows:

1. Successful completion of a pre-feasibility study at Kalahari Platinum Project
2. Successful completion of a bankable feasibility study at Kalahari Platinum Project
3. Successful completion of a bankable feasibility study at Smokey Hills Project (condition vested 24 August 2006)
4. Commencement of production at Kalahari Platinum Project
5. Commencement of production at Smokey Hills Project



6. Find a deposit in which the company has an interest and at least 350,000 ounces of platinum or platinum equivalent are attributed to the company's interest in that deposit (condition vested 30 July 2005)
7. Commencement of production or the sale of a commercial deposit of minerals of no less than 500,000 ounces of platinum or the platinum equivalent which is fully owned by the Company or at least 500,000 ounces that can be attributed to the Company's interest in that deposit.
8. First drawdown on a bank facility for Smokey Hills (condition vested 23 April 2008)
9. The definition of 0.5Moz of PGM resource at the Kalahari Platinum Projects Area of Influence
10. The definition of a further 1Moz of high grade (+3g/t) 3E PGM at Kalahari Platinum Project
11. First drawdown on a bank facility for Kalahari Platinum Project
12. Completion of construction at Smokey Hills Project
13. Achievement of 60,000tpm ore production from Smokey Hills underground mine
14. Achievement of "completion" at Smokey Hills (as defined in Standard Bank documents)
15. Successful completion of Bankable Feasibility Study at the Kalahari Platinum Project with a high grade resource greater than 2.5g/t resource = 2.5Moz
16. Commencement of construction at Kalahari Platinum Project
17. First commercial concentrate shipped at Kalahari Platinum Project
18. Additional 1Moz PGM outside of the Smokey Hills and Kalplats Projects is identified or acquired
19. Commencement of production at the Panton Project, or any other project that the Company may acquire.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Performance condition	Exercise price	Value per option at grant date
25 November 2004	10 December 2009	-	35 cents	12 cents
30 November 2004	5 November 2008	1,2,3,4,5	22.5 cents	12.1 cents
10 December 2004	11 December 2009	3,6,7	20 cents	8.5 cents
16 January 2006	30 November 2009	1,2,3,4,5	37 cents	22.5 cents
31 May 2006	30 April 2010	1,2,3,4,5	83 cents	31.7 cents
18 July 2006	30 June 2010	1,2,3,4,5,8	70 cents	39.8 cents
21 December 2006	21 December 2011	15,16,17,18,19	\$1.25	62.9 cents
16 April 2007	6 June 2010	1,2,4,9,10	\$1.29	70.6 cents
30 June 2007	30 June 2011	2,4,5,8,9,10,11,12,13,14	\$1.74	46.7 cents

Options granted under the plan carry no dividend or voting rights.

The exercise price of the options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the week up to and including the date of grant.



# Directors' Report

## 9. Remuneration Report (continued)

### D Share-based Compensation (continued)

Details of options over ordinary shares in the Company provided as remuneration to each Director of Platinum Australia Limited and each of the specified executives of the parent entity and the Group are set out below. When exercisable, each option is convertible into one ordinary share of Platinum Australia Limited.

Name	Number of options granted during the year		Number of options vested during the year		Number of options exercised during the year		
	2008	2007	2008	2007	2008	2007	Date
<b>Directors of Platinum Australia Limited</b>							
Mr JD Lewins	-	3,000,000	-	750,000	-	-	-
Mr MG Blakiston	-	-	-	-	-	1,000,000	-
Mr WA Hansen	-	-	-	-	-	200,000	-
Mr EE Hughes	-	-	-	-	400,000	-	9 June 2008
<b>Specified Executives</b>							
Mr DG Neill	-	650,000	100,000	50,000	-	-	-
Mr RAG Wallis	-	250,000	-	40,000	40,000	-	29 Jan 2008
Mr W Smart	-	200,000	-	-	-	-	-

## 10. Directors' Interests in Shares and Options of the Company

	Fully Paid Shares	Options*	Options**	Options***
Mr PA Allchurch	7,407,753	1,850,000	-	-
Mr JD Lewins	1,232,000	1,350,000	2,500,000	3,000,000
Mr MG Blakiston	1,004,167	-	-	-
Mr WA Hansen	-	200,000	-	-
Mr EE Hughes	425,000	-	-	-

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

\* Unlisted and exercisable at \$0.35 on or before 10 December 2009; all vested at 30 June 2008

\*\* Unlisted and exercisable at \$0.20 on or before 11 December 2009; 2,250,000 vested at 30 June 2008

\*\*\* Unlisted and exercisable at \$1.25 on or before 21 December 2011; None have vested at 30 June 2008



## 11. Shares Under Option

Non-issued ordinary shares of the Company under option at the date of this report are as follows:

<b>Date options granted</b>	<b>Expiry date</b>	<b>Exercise price of options</b>	<b>Number under option</b>
<i>Unlisted Options</i>			
05 November 2004	05 November 2008	\$0.225	135,000
25 November 2005	10 December 2009	\$0.35	3,400,000
25 November 2005	11 December 2009	\$0.20	2,500,000
16 January 2006	30 November 2009	\$0.37	530,000
18 July 2006	30 June 2010	\$0.70	400,000
21 December 2006	21 December 2011	\$1.25	3,000,000
16 April 2007	30 March 2011	\$1.29	100,000
30 June 2007	30 June 2011	\$1.74	900,000
28 July 2008	31 July 2012	\$2.11	250,000
28 July 2008	31 July 2012	\$2.41	100,000
28 July 2008	31 July 2012	\$2.35	215,000
<b>Total</b>			<b>11,530,000</b>

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

## 12. Shares Issued on the Exercise of Options

The following ordinary shares of the Company were issued during the year ended 30 June 2008 on the exercise of options. No amounts are unpaid on any of the shares.

<b>Date options granted</b>	<b>Exercise price of options</b>	<b>Number under option</b>
5 November 2004	\$0.225	25,000
25 November 2005	\$0.35	400,000
16 January 2006	\$0.37	20,000



## Directors' Report

### 13. Environmental Compliance

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

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

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

### 14. Events Subsequent to Balance Date

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

### 15. Non-Audit Services and Auditor Independence

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

During the year ended 30 June 2008, the auditor did not provide any non-audit services.

The Directors received an Independence Declaration from the auditor of the Company and a copy, as required under section 307C of the Corporation Act 2001 is set out on page 35.

### 16. Indemnification of Officers

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

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

Signed in accordance with a resolution of directors.

**JOHN D. LEWINS**

*Managing Director*

Perth, Western Australia  
30 September 2008



## Auditor's Independence Declaration



Accountants | Business and Financial Advisers

As lead auditor for the audit of the financial report of Platinum Australia Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Platinum Australia Limited.

**W M CLARK**

Partner, HLB Mann Judd


**Perth, Western Australia**

30 September 2008

**HLB Mann Judd (WA Partnership)**

15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.  
Email: [hlb@hlbwa.com.au](mailto:hlb@hlbwa.com.au). Website: <http://www.hlb.com.au>

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

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



# Income Statement

## for the year ended 30 June 2008

	Notes	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue	2	2,180,360	1,517,446	2,424,547	1,585,471
Other income	2	708,908	210,091	1,676,902	1,303,709
Exploration expenditure		(8,917,466)	(4,641,400)	(40,367)	(125,549)
Reversal of impairment of loans to subsidiaries		-	-	-	5,148,410
Impairment of investment in subsidiaries		-	-	-	(376,260)
Impairment of loans to subsidiaries		-	-	(10,443,178)	(4,951,492)
Impairment of loan to associated entity		(37,153)	(71,300)	(37,153)	(71,300)
Employee benefits expense	11	(1,451,828)	(826,537)	(1,451,828)	(826,537)
Depreciation and amortisation expense		(129,946)	(89,166)	(42,778)	(42,146)
Other expenses	2	(4,317,502)	(3,241,350)	(3,002,573)	(2,258,468)
<b>Loss before income tax benefit</b>		(11,964,627)	(7,142,216)	(10,916,428)	(614,162)
Income tax benefit	3	823,564	-	-	-
<b>Loss after tax</b>		(11,141,063)	(7,142,216)	(10,916,428)	(614,162)
Loss attributable to minority interest		-	(1,751,889)	-	-
<b>Net loss attributable to members of parent</b>		(11,141,063)	(8,894,105)	(10,916,428)	(614,162)
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		(11,141,063)	(8,894,105)	(10,916,428)	(614,162)
Basic earnings per share (cents per share)	5	(5.3)	(4.7)		
Diluted earnings per share (cents per share)	5	(5.3)	(4.7)		

The accompanying notes form part of these financial statements



# Balance Sheet

## as at 30 June 2008

	Notes	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	6	41,379,159	17,942,454	20,766,936	16,735,502
Receivables	7	2,774,153	1,352,820	329,062	421,260
Other financial assets	8	1,354,450	-	-	-
Other		-	86,716	-	-
<b>Total Current Assets</b>		<b>45,507,762</b>	<b>19,381,990</b>	<b>21,095,998</b>	<b>17,156,762</b>
<b>Non-Current Assets</b>					
Receivables	7	8,909,110	123,096	37,692,380	8,002,682
Other financial assets	8	2,161,283	-	23,734,311	23,734,311
Development costs capitalised	9	36,517,748	31,850,305	-	-
Property, plant and equipment	10	30,675,980	297,576	135,910	65,565
Deferred tax asset	3	2,568,674	-	-	-
<b>Total Non-Current Assets</b>		<b>80,832,795</b>	<b>32,270,977</b>	<b>61,562,601</b>	<b>31,802,558</b>
<b>Total Assets</b>		<b>126,340,557</b>	<b>51,652,967</b>	<b>82,658,599</b>	<b>48,959,320</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other payables		10,420,243	1,289,967	157,351	155,717
Provisions	12	266,752	165,779	207,844	124,024
Current taxation payable	3	7,228	-	-	-
<b>Total Current Liabilities</b>		<b>10,694,223</b>	<b>1,455,746</b>	<b>365,195</b>	<b>279,741</b>
<b>Non-Current Liabilities</b>					
Payables		83,690	85,432	7,900	11,780
Provisions	12	1,885,353	54,452	84,729	54,452
Interest bearing liabilities	13	31,856,946	795,290	-	-
Derivative financial instruments	14	8,027,680	-	-	-
Deferred tax liability	3	6,828,629	9,017,443	-	-
<b>Total Non-Current Liabilities</b>		<b>48,682,298</b>	<b>9,952,617</b>	<b>92,629</b>	<b>66,232</b>
<b>Total Liabilities</b>		<b>59,376,521</b>	<b>11,408,363</b>	<b>457,824</b>	<b>345,973</b>
<b>Net Assets</b>		<b>66,964,036</b>	<b>40,244,604</b>	<b>82,200,775</b>	<b>48,613,347</b>
<b>Equity</b>					
Contributed equity	15	123,321,128	80,057,184	123,321,128	80,057,184
Reserves	15	(6,268,749)	(452,914)	2,773,744	1,533,832
Accumulated losses		(50,088,343)	(38,449,313)	(43,894,097)	(32,977,669)
Parent entity interest		66,964,036	41,154,957	82,200,775	48,613,347
Minority interest	15	-	(910,353)	-	-
<b>Total Equity</b>		<b>66,964,036</b>	<b>40,244,604</b>	<b>82,200,775</b>	<b>48,613,347</b>

The accompanying notes form part of these financial statements





# Statement of Changes in Equity

## for the year ended 30 June 2008

Consolidated	Ordinary Shares	Accumulated Losses	Employee Benefits Reserve	Foreign Currency Translation Reserve	Hedge Accounting Reserve	Minority Contribution Reserve	Minority Interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2006</b>	<b>55,186,805</b>	<b>(29,555,208)</b>	<b>1,193,679</b>	<b>(145,940)</b>	-	-	<b>(2,662,359)</b>	<b>24,016,977</b>
Shares issued during the year	24,876,848	-	-	-	-	-	-	24,876,848
Share issue costs	(6,469)	-	-	-	-	-	-	(6,469)
Employee options share based payment expense	-	-	826,537	-	-	-	-	826,537
Transfer to contributed equity on exercise of employee options	-	-	(157,401)	-	-	-	-	(157,401)
Transfer of portion of reserve previously treated as a current asset	-	-	(328,983)	-	-	-	-	(328,983)
Loss attributable to members of the parent entity	-	(8,894,105)	-	-	-	-	-	(8,894,105)
Profit attributable to minority shareholders	-	-	-	-	-	-	1,752,006	1,752,006
Adjustment from translation of foreign subsidiaries	-	-	-	(1,840,806)	-	-	-	(1,840,806)
Sub-total	24,870,379	(8,894,105)	340,153	(1,840,806)	-	-	1,752,006	16,227,627
<b>Balance at 30 June 2007</b>	<b>80,057,184</b>	<b>(38,449,313)</b>	<b>1,533,832</b>	<b>(1,986,746)</b>	-	-	<b>(910,353)</b>	<b>40,244,604</b>

The accompanying notes form part of these financial statements



# Statement of Changes in Equity

## for the year ended 30 June 2008

Consolidated	Ordinary Shares	Accumulated Losses	Employee Benefits Reserve	Foreign Currency Translation Reserve	Hedge Accounting Reserve	Minority Contribution Reserve	Minority Interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2007</b>	<b>80,057,184</b>	<b>(38,449,313)</b>	<b>1,533,832</b>	<b>(1,986,746)</b>	-	-	<b>(910,353)</b>	<b>40,244,604</b>
Shares issued during the year	44,809,025	-	-	-	-	-	-	44,809,025
Share issue costs	(1,756,997)	-	-	-	-	-	-	(1,756,997)
Employee options share based payment expense	-	-	1,451,828	-	-	-	-	1,451,828
Transfer to contributed equity on exercise of employee options	211,916	-	(211,916)	-	-	-	-	-
Loss attributable to members of the parent entity	-	(11,141,063)	-	-	-	-	-	(11,141,063)
Consolidation adjustment	-	(497,967)	-	-	-	-	497,967	-
Mark to market attributable to members of parent entity	-	-	-	-	(3,137,015)	-	-	(3,137,015)
Mark to market attributable to Minority Shareholders	-	-	-	-	-	-	(1,633,949)	(1,633,949)
Parent entity's share of the equity contribution by minority shareholders	-	-	-	-	-	5,749,226	-	5,749,226
Contribution by minority shareholders	-	-	-	-	-	-	2,046,335	2,046,335
Adjustment from translation of foreign subsidiaries	-	-	-	(9,667,958)	-	-	-	(9,667,958)
Sub-total	43,263,944	(11,639,030)	1,239,912	(9,667,958)	(3,137,015)	5,749,226	910,353	26,719,432
<b>Balance at 30 June 2008</b>	<b>123,321,128</b>	<b>(50,088,343)</b>	<b>2,773,744</b>	<b>(11,654,704)</b>	<b>(3,137,015)</b>	<b>5,749,226</b>	-	<b>66,964,036</b>

The accompanying notes form part of these financial statements



## Statement of Changes in Equity

for the year ended 30 June 2008

Parent	Ordinary Shares \$	Accumulated Losses \$	Employee Benefits Reserve \$	Total \$
<b>Balance as at 1 July 2006</b>	<b>55,186,805</b>	<b>(32,363,507)</b>	<b>1,193,679</b>	<b>24,016,977</b>
Shares issued during the year	24,876,848	-	-	24,876,848
Share issue costs	(6,469)	-	-	(6,469)
Employee options share based payment expense	-	-	826,537	826,537
Transfer to contributed equity on exercise of employee options	-	-	(157,401)	(157,401)
Transfer of portion of reserve previously treated as a current asset	-	-	(328,983)	(328,983)
Loss attributable to members of the parent entity	-	(614,162)	-	(614,162)
Sub-total	24,870,379	(614,162)	340,153	24,596,370
<b>Balance at 30 June 2007</b>	<b>80,057,184</b>	<b>(32,977,669)</b>	<b>1,533,832</b>	<b>48,613,347</b>
Shares issued during the year	44,809,025	-	-	44,809,025
Share issue costs	(1,756,997)	-	-	(1,756,997)
Employee options share based payment expense	-	-	1,451,828	1,451,828
Transfer to contributed equity on exercise of employee options	211,916	-	(211,916)	-
Loss attributable to members of the parent entity	-	(10,916,428)	-	(10,916,428)
Sub-total	43,263,944	(10,916,428)	1,239,912	33,587,428
<b>Balance at 30 June 2008</b>	<b>123,321,128</b>	<b>(43,894,097)</b>	<b>2,773,744</b>	<b>82,200,775</b>

The accompanying notes form part of these financial statements



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 1: Statement of Significant Accounting Policies

#### (a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis and is presented in Australian Dollars.

The Company is a listed public company incorporated in Australia and operating in Australia and South Africa.

#### (b) Adoption of new and revised standards

##### Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2008, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Instruments' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet mandatory for the year ended 30 June 2008. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies, other than:

i) AASB 127-Consolidated and Separate Financial Statements. A revised AASB127 was issued in March 2008 and is applicable for reporting periods beginning on or after 1 July 2009. It requires profit and loss to be attributed to the minority interests even if this results in minority interests having a deficit balance.

#### (c) Statement of Compliance

The financial report was authorised for issue on 12 September 2008, subject to final drafting and audit clearance.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).



**(d) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of Platinum Australia Limited and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

**(e) Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

*i) Share-based payment transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Binomial Tree model, using the assumptions detailed in Note 11.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Binomial Tree formula, taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 11.

*ii) Provision for restoration and rehabilitation and dismantling plant and equipment*

Provision for restoration and rehabilitation and dismantling plant and equipment is estimated taking into account estimates of expenditures based on information available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, after taking into account the time value of money.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 1: Statement of Significant Accounting Policies (continued)

#### (f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### (i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

##### (ii) Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract.

##### (iii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

#### (g) Exploration, evaluation and exploration tenement acquisition expenditure

Exploration, evaluation and exploration tenement acquisition expenditure is expensed in the year in which it is incurred.

#### (h) Development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production of an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units-of-production basis.

#### (i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(j) Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Long-term deposits comprise funds held at call with a maturity date between 3 months and 1 year.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(k) Derivative financial instruments and hedging**

The Group uses derivative financial instruments such as forward commodity price contracts to hedge its risks associated with commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of forward commodity price contracts is calculated by reference to current forward prices for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 1: Statement of Significant Accounting Policies (continued)

#### (k) Derivative financial instruments and hedging (continued)

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

##### *(i) Fair value hedges*

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured to fair value and gains and losses from both are taken to profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

##### *(ii) Cash flow hedges*

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

##### *(iii) Hedges of a net investment*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

**(I) Impairment of financial assets**

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

*(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

*(iii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 1: Statement of Significant Accounting Policies (continued)

#### (m) Foreign currency translation

Both the functional and presentation currency of Platinum Australia Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the foreign operations, Platinum Australia SA (Pty) Ltd, Stella Platinum (Pty) Ltd, Platinum Rivers Project (Pty) Ltd, Stellex Platinum (Pty) Ltd, EL Platinum (Pty) Ltd, Smokey Hills Platinum (Pty) Ltd, Phokathaba Platinum (Pty) Ltd, Limpopo Platinum Holdings (Pty) Ltd, Stella Platinum Mining (Mauritius), Smokey Hills Platinum Mining (Mauritius) and Rivers Platinum Mining (Mauritius), is South African Rand (ZAR).

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Platinum Australia Limited at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**(n) Investment in Associate**

The Group's investment in its associates are accounted for using the equity method of accounting in the consolidated financial statements.

The associates are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture.

Under the equity method, the investment in these associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associates.

Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any changes and discloses this in the consolidated statement of recognised income and expense.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

**(o) Interest in a jointly controlled operation**

The Group has interests in joint ventures that are jointly controlled operations. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

**(p) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 1: Statement of Significant Accounting Policies (continued)

#### (p) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### *Tax consolidation legislation*

Platinum Australia Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Platinum Australia Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

**(q) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(r) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is provided on all fixed assets so as to write off the assets progressively over their useful lives to the Group and is calculated using both the prime cost method and diminishing value method.

The principal depreciation rates used are as follows:

Mining plant and equipment		Units of Production basis over the life of the mine
Motor vehicles	20-22.5%	Prime Cost and Diminishing Value
Plant and equipment	20%	Prime Cost
All other assets	33%	Prime Cost

*(i) Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 1: Statement of Significant Accounting Policies (continued)

**(r) Property, plant and equipment (continued)**

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses are recognised in the income statement.

*(ii) Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**(s) Investments and other financial assets**

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.



*(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

*(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*(iv) Recoverable amount*

Non-current financial assets measured using the cost basis were not carried at an amount above their recoverable amount, and when a carrying value exceeded this recoverable amount, the financial asset was written down to its recoverable amount.

**(t) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 1: Statement of Significant Accounting Policies (continued)

#### (t) Impairment of assets (continued)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### (u) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

#### (v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

#### (w) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.



The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

**(x) Employee leave benefits**

*(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

*(ii) Long service leave*

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

**(y) Share-based payment transactions**

The Group provides benefits to employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently in place an Employee Share Option Plan (ESOP), which provides benefits to directors and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 11.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Platinum Australia Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 1: Statement of Significant Accounting Policies (continued)

#### (y) Share-based payment transactions (continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

#### (z) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (aa) Earnings per share

Basic earnings per share is calculated as net result attributable to members of the parent, adjusted to exclude any costs of servicing equity or loss, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net result or loss attributable to members of the parent, adjusted for:

- costs of servicing equity; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.



## Note 2: Revenues And Expenses

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>(a) Revenue</b>				
Interest received	2,180,360	1,517,446	2,424,547	1,585,471
<b>(b) Other income</b>				
Management fees	26,400	26,400	26,400	26,400
Employee wages recharged to joint venture partners and subsidiaries	682,508	183,691	1,650,502	1,277,309
	708,908	210,091	1,676,902	1,303,709
<b>(c) Other Expenses</b>				
Auditor's remuneration				
- Audit and review of financial statements	89,860	47,690	29,065	34,100
ASX & AIM listing and maintenance fees	300,870	241,149	300,870	241,149
Conferences	84,313	100,384	84,072	98,359
Corporate investor relations expense	139,797	134,079	125,615	128,471
Corporate travel	446,216	352,699	412,202	341,654
Employee remuneration	2,431,727	1,652,970	1,566,913	1,256,628
Insurances	56,320	46,041	44,601	38,284
Network & database costs	120,224	52,390	63,472	30,897
Other	648,175	613,948	375,763	88,926
	4,317,502	3,241,350	3,002,573	2,258,468



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 3: Income Tax

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>The components of income tax benefit comprise:</b>				
Current tax	7,228	-	-	-
Deferred tax	(713,236)	-	-	-
Effect of foreign currency translation	(117,556)	-	-	-
<b>Income tax benefit recognised in profit or loss</b>	<b>(823,564)</b>	<b>-</b>	<b>-</b>	<b>-</b>
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:				
Accounting loss before income tax	(11,964,627)	(7,142,216)	(10,916,428)	(614,162)
Income tax benefit calculated at 30%	(3,589,388)	(2,142,665)	(3,274,928)	(184,285)
Non-deductible expenses	3,058,519	90,669	3,693,289	90,669
Unrecognised tax losses	(292,695)	2,051,996	(418,361)	93,616
Income tax benefit	(823,564)	-	-	-
<b>Deferred tax asset comprises:</b>				
Assessed losses – Current year	144,553	-	-	-
Assessed losses – Prior years	21,426	-	-	-
Deferred exploration expenditure	547,257	-	-	-
Deferred tax asset on derivative financial instruments marked to market	1,855,438	-	-	-
Balance at 30 June 2008	2,568,674	-	-	-
<b>Deferred tax liability comprises:</b>				
Fair value adjustment on acquisition	6,828,629	9,017,443	-	-

The Group has unconfirmed carried forward income tax losses of approximately \$42,132,711 (2007: \$34,860,467) the benefit of which has not been brought to account as an asset in the financial statements.

#### Tax Consolidation

Platinum Australia Limited and its 100% owned Australian resident subsidiaries implemented the tax consolidation legislation from 1 July 2003. The accounting policy for the implementation of the tax consolidation legislation is set out in note 1(p).

The entities in the tax consolidated group entered into a tax sharing agreement on adoption of the tax consolidation legislation which, in the opinion of the directors, limits the joint and several liability of the controlled entities in the case of a default by the head entity, Platinum Australia Limited.



Platinum Australia and its controlled entities have entered into a tax funding agreement under which the 100% owned Australian resident subsidiaries compensate Platinum Australia Limited for all current tax payable assumed and are compensated by Platinum Australia Limited for any current tax receivable and deferred tax assets which relate to unused tax credits or unused tax losses that, under the tax consolidation legislation, are transferred to Platinum Australia Limited. These amounts are determined by reference to the amounts which are recognised in the financial statements of each entity in the tax consolidated group.

The amounts receivable/payable under the tax funding agreement are due on receipt of the funding advice from Platinum Australia Limited, which is issued as soon as practicable after the financial year end. Platinum Australia Limited may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

## Note 4: Segment Reporting

### Segment Information

The Group's primary segment reporting format is geographic, as the Group operates solely in the Platinum Group Metal exploration, development and mining industry.

### Geographical segments

Although the Group's divisions are managed on a global basis they operate in two main geographical areas:

#### Australia

The home country of the parent entity.

#### Africa

Comprises operations carried on in South Africa and Mauritius.

### Geographical segments – primary reporting

Year Ended 30 June 2008	Australia \$	Africa \$	Consolidated \$
Revenue	1,026,315	1,154,045	2,180,360
<b>Total segment revenue</b>	<b>1,026,315</b>	<b>1,154,045</b>	<b>2,180,360</b>
Loss from ordinary activities before income tax benefit	(3,484,697)	(8,479,930)	(11,964,627)
Income Tax benefit	-	823,564	823,564
<b>Loss from ordinary activities after income tax benefit/ segment result</b>	<b>(3,484,697)</b>	<b>(7,656,366)</b>	<b>(11,141,063)</b>



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 4: Segment Reporting (continued)

Year Ended 30 June 2008	Australia \$	Africa \$	Consolidated \$
<b>Assets</b>			
Total assets/segment assets	30,185,455	96,155,102	126,340,557
Segment liabilities	404,185	58,972,336	59,376,521
Acquisitions of non-current assets	113,685	244,154	357,839
<b>Non-cash expenses</b>			
Depreciation and amortisation	42,778	87,168	129,946
Revenue	1,304,492	212,954	1,517,446
<b>Total segment revenue</b>	<b>1,304,492</b>	<b>212,954</b>	<b>1,517,446</b>
Loss from ordinary activities before income tax benefit	(1,501,017)	(5,641,199)	(7,142,216)
Income tax benefit	-	-	-
<b>Loss from ordinary activities after income tax benefit/ segment result</b>	<b>(1,501,017)</b>	<b>(5,641,199)</b>	<b>(7,142,216)</b>
<b>Assets</b>			
Total assets/segment assets	17,345,424	34,307,543	51,652,967
Segment liabilities	345,974	11,062,389	11,408,363
Acquisitions of non-current assets	45,244	200,118	245,362
<b>Non-cash expenses</b>			
Depreciation and amortisation	42,146	47,020	89,166



## Note 5: Loss Per Share

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>Cents per share</b>	<b>Cents per share</b>
<i>Basic loss per share:</i>	(5.3)	(4.7)
<i>Basic loss per share</i>	<b>\$</b>	<b>\$</b>
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Loss (refer (i))	(11,141,063)	(8,894,105)
Weighted average number of ordinary shares for the purposes of basic loss per share	208,551,631	188,904,568
(i) Loss used in the calculation of total basic loss per share reconciles to net loss in the income statement as follows:		
Net loss	(11,141,063)	(7,142,216)
Losses attributable to minority shareholders	-	1,751,889
Loss used in the calculation of basic loss per share	(11,141,063)	(8,894,105)

### *Diluted loss per share*

Diluted earnings per share has not been disclosed as it is not materially different from the basic earnings per share.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 6: Cash and Cash Equivalents

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Cash at bank and on hand	1,133,132	267,814	98,931	56,842
Short-term deposits (b)	40,246,027	10,674,640	20,668,005	9,678,660
Long-term deposits	-	7,000,000	-	7,000,000
	<u>41,379,159</u>	<u>17,942,454</u>	<u>20,766,936</u>	<u>16,735,502</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Long-term deposits are made for periods between 3 months and 1 year, earning interest at the respective long-term rates. As they mature they are reinvested according to the cash requirements of the Group into further short-term and long-term deposits.

#### (a) Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the Cash Flow Statement are reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	<u>41,379,159</u>	<u>17,942,454</u>	<u>20,766,936</u>	<u>16,735,502</u>
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#### (b) Cash balances not available for use

Included in this balance is an amount of \$116,500 (2007: \$116,500) which is used as security for Department of Industry and Resources performance bonds amounting to \$116,500 (2007: \$116,500). A further \$3,264,603 is on deposit with Standard Bank of South Africa as a project over-run facility and can only be used for this purpose until either used or released on completion of the Smokey Hills PMG project. Cash of \$16,357,008 held in the Phokathaba Platinum (Pty) Ltd bank account can only be used for the development of the Smokey Hills PGM Project.



	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>(c) Acquisition of subsidiaries</b>				
During the previous year, the parent entity subscribed for further shares in Smokey Hills Platinum Mining (Mauritius)	-	-	-	549,311
<i>Net cash outflow on acquisition</i>				
During the previous year, the parent entity subscribed for further shares in Smokey Hills Platinum Mining (Mauritius)				
Cash and cash equivalents consideration	-	-	-	(549,311)
Less: cash and cash equivalents acquired	-	-	-	-
	-	-	-	(549,311)
<b>(d) Reconciliation of loss for the year to net cash flows from operating activities</b>				
Loss for the year	(11,141,063)	(7,142,216)	(10,916,428)	(614,162)
Depreciation and amortisation	129,946	89,166	42,778	42,146
Income tax benefit	(823,564)	-	-	-
Impairment of investment in subsidiaries	-	-	-	376,260
Impairment of loan to subsidiaries	-	-	10,443,178	(196,918)
Impairment of loan to associated entity	37,152	71,300	37,152	71,300
Non-cash exploration expenditure	300,000	-	-	-
Employee options	1,451,828	826,537	1,451,828	826,537
Non-cash Income	-	(26,400)	(1,424,688)	(307,379)
Recharges to subsidiaries	-	-	(1,060,108)	(1,277,309)
<i>Change in net assets and liabilities, net of effects from acquisition and disposal of businesses:</i>				
<i>(Increase)/decrease in assets:</i>				
Current receivables	(1,421,333)	(464,903)	92,199	(586,599)
<i>Increase/(decrease) in liabilities:</i>				
Current payables	1,622,905	816,388	(3,882)	16,223
Other current liabilities	56,253	17,525	1,634	35,403
Non-current provisions	30,277	54,452	114,097	47,719
Net cash from operating activities	(9,757,599)	(5,758,151)	(1,222,240)	(1,566,779)



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 7: Receivables

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
<i>Current</i>				
Other receivables & prepayments	2,774,153	1,352,820	329,062	421,260
<i>Non-Current</i>				
Loan to subsidiaries	-	-	70,620,308	30,463,039
Less accumulated impairment	-	-	(32,927,928)	(22,484,750)
	-	-	37,692,380	7,978,289
Loan to associated entity	187,837	175,078	187,837	175,078
Less accumulated impairment	(187,837)	(150,685)	(187,837)	(150,685)
	-	24,393	-	24,393
Loans to Smokey Hills Project participant	8,909,110	98,703	-	-
Less accumulated impairment	-	-	-	-
	8,909,110	98,703	-	-
	8,909,110	123,096	37,692,380	8,002,682

An impairment loss has been recognised against the loans to subsidiaries and the associated entity on the basis that these entities have incurred losses during the year and it is considered prudent to provide for the possibility of these loans not being recoverable. The impairment loss on the loans to subsidiaries has been eliminated on consolidation.



## Note 8: Other Financial Assets

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
<i>Current</i>				
Purchased Platinum and Palladium Put Option Contracts	1,354,450	-	-	-
<i>Non-Current</i>				
Purchased Platinum and Palladium Put Option Contracts	2,161,283	-	-	-
Shares in subsidiaries - at cost (i)	-	-	24,657,210	24,657,210
Less: Accumulated impairment	-	-	(922,899)	(922,899)
	2,161,283	-	23,734,311	23,734,311

An impairment loss has been recognised against the investment in subsidiaries on the basis that these entities have incurred losses during the year and it is considered prudent to provide for the possibility of these investments not being recoverable.

(i) Subsidiaries	Country of Incorporation	2008 % Holding	2007 % Holding
<b>Subsidiaries of</b>			
<i>Platinum Australia Limited:</i>			
Platinum Exploration NL	Australia	100	100
Platinum Australia SA (Pty) Ltd	South Africa	100	100
Rivers Platinum Mining (Mauritius)	Mauritius	100	100
Smokey Hills Platinum Mining (Mauritius)	Mauritius	100	100
Stella Platinum Mining (Mauritius)	Mauritius	100	100
Platinum Rivers Project (Pty) Ltd	South Africa	100	100
Stella Platinum (Pty) Ltd	South Africa	100	100
EL Platinum (Pty) Ltd	South Africa	100	100
Smokey Hills Platinum (Pty) Ltd	South Africa	73.75	93.7
Phokathaba Platinum (Pty) Ltd	South Africa	65.75	74.96
Limpopo Platinum Holdings (Pty) Ltd	South Africa	45	-

All subsidiaries are owned by Platinum Australia Limited except Platinum Rivers Project (Pty) Ltd, which is owned by Rivers Platinum Mining (Mauritius), Stella Platinum (Pty) Ltd which is owned by Stella Platinum Mining (Mauritius), EL Platinum (Pty) Ltd, which is owned by Smokey Hills Platinum Mining (Mauritius), Smokey Hills Platinum (Pty) Ltd and Limpopo Platinum Holdings (Pty) Ltd which are owned by EL Platinum (Pty) Ltd and Phokathaba Platinum (Pty) Ltd which is owned by Smokey Hills Platinum (Pty) Ltd.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 9: Development Costs Capitalised

During the year, the Group incurred development costs on the Smokey Hills Project following the decision by the Board to proceed with the development of the mine.

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Costs carried forward in respect of:				
<b>Development phase – at cost</b>				
Tenement acquisition during development	40,756,803	31,094,630	-	-
Expenditure incurred	989,429	989,429	-	-
Rehabilitation provision capitalised	1,800,624	-	-	-
Exchange differences	(7,029,108)	(233,754)	-	-
Total development expenditure	36,517,748	31,850,305	-	-

The recoupment of costs carried forward in relation to areas of interest in the development phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units-of-production basis.

### Note 10: Property, Plant and Equipment

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Plant, equipment, vehicles and furniture - cost	31,225,776	856,534	659,718	549,312
Less: Accumulated depreciation	(549,796)	(558,958)	(523,808)	(483,747)
Total Property Plant & Equipment	30,675,980	297,576	135,910	65,565



<b>Reconciliation:</b>	<b>Mining Plant &amp; Infrastructure Under Construction</b>	<b>Motor Vehicles</b>	<b>Plant &amp; Equipment</b>	<b>Office Furniture</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2008</b>					
Opening written down value	-	126,428	125,596	45,552	297,576
Additions	30,188,736	133,066	221,068	3,705	30,546,575
Disposals	-	-	-	(626)	(626)
Depreciation	-	(44,523)	(64,615)	(20,808)	(129,946)
Exchange differences	-	(18,093)	(16,574)	(2,932)	(37,599)
Closing written down value	30,188,736	196,878	265,475	24,891	30,675,980
<b>2007</b>					
Opening written down value	-	54,931	45,577	48,283	148,791
Additions	-	94,171	130,097	21,094	245,362
Disposals	-	-	-	-	-
Depreciation	-	(19,157)	(47,655)	(22,354)	(89,166)
Exchange differences	-	(3,517)	(2,423)	(1,471)	(7,411)
Closing written down value	-	126,428	125,596	45,552	297,576

Including in mining plant and infrastructure under construction are capitalised borrowing costs as follows:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Borrowing costs incurred	1,633,482	-	-	-
Investment revenue earned on borrowed funds	(421,237)	-	-	-
Borrowing costs capitalised	1,212,245	-	-	-

The interest rate on the capitalised interest was 15.1%



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 11: Share Based Payment Plans

#### Employee Share Option Plan

Options are granted under the Company Employee Share Option Plan for no consideration. Options are granted for a period of 3 to 5 years and entitlements to the options are vested as soon as performance conditions have been met. Options are exercisable in defined tranches with conditions attaching to each tranche to reflect the Company's development strategy and align the interests of Directors and executives to those of shareholders.

The expense recognised in the income statement in relation to share based payments amounts to \$1,451,828 (2007: \$826,537). The amount assessed at fair value at grant date of the options is allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using the Binomial Tree Model method of valuation that takes into account the exercise price, the terms of the option, the vesting and market related criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and the risk of the underlying share and the risk free interest rate for the term of the option.

The following table illustrates the number and weighted average exercise price of, and movements in, share options issued during the year:

	<b>2008 Number</b>	<b>2008 Weighted average exercise price</b>	<b>2007 Number</b>	<b>2007 Weighted average exercise price</b>
Outstanding at the beginning of the year	11,510,000	68.58	8,615,000	31.14
Granted during the year	-	-	4,400,000	130.20
Exercised during the year	(445,000)	34.38	(1,290,000)	34.80
Expired or cancelled during the year	(100,000)	83.00	(215,000)	32.10
Outstanding at the end of the year	10,965,000	69.69	11,510,000	68.58

The outstanding balance as at 30 June 2008 is represented by:

- 135,000 options over ordinary shares with an exercise price of 22.5 cents each, none of which had vested at 30 June 2008, exercisable by 5 November 2008;
- 3,400,000 options over ordinary shares with an exercise price of 35 cents each, all of which had vested at 30 June 2008, exercisable by 10 December 2009;
- 2,500,000 options over ordinary shares with an exercise price of 20 cents each, 2,250,000 of which had vested at 30 June 2008, exercisable by 11 December 2009;
- 530,000 options over ordinary shares with an exercise price of 37 cents each, 55,000 of which had vested at 30 June 2008, exercisable by 30 November 2009;
- 400,000 options over ordinary shares with an exercise price of 70 cents each, 100,000 of which had vested at 30 June 2008, exercisable by 30 June 2010;



- 3,000,000 options over ordinary shares with an exercise price of \$1.25 each, none of which had vested at 30 June 2008, exercisable by 21 December 2011;
- 100,000 options over ordinary shares with an exercise price of \$1.29 each, none of which had vested at 30 June 2008, exercisable by 6 March 2011 and
- 900,000 options over ordinary shares with an exercise price of \$1.74 each, 50,000 of which had vested at 30 June 2008, exercisable by 30 June 2011.

The following table lists the inputs to the model used for the years ended 30 June 2007 and 30 June 2008:

	<b>2008</b>	<b>2007</b>
Volatility (%)	-	40.74% - 74.99%
Risk-free interest rate (%)	-	6.17% - 6.42%
Expected life of option (years)	-	4 years
Exercise price (cents)	-	\$1.25 - \$1.74
Weighted average share price at grant date (cents)	-	143 cents - 180 cents

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The fair value of the cash-settled options is measured at the grant date using the Binomial Tree option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is re-measured at each reporting date with changes in fair value recognised in profit or loss.

## Note 12: Provisions

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current</b>				
Annual leave	266,752	165,779	207,844	124,024
<b>Non-Current</b>				
Environmental rehabilitation	1,800,624	-	-	-
Long service leave	84,729	54,452	84,729	54,452
	1,885,353	54,452	84,729	54,452
Total Provisions	2,152,105	220,231	292,573	178,476

The number of employees of the Group at balance date was 45 (2007:25).



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 13: Interest Bearing Liabilities

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Bank Loan - secured	31,201,466	-	-	-
Amount payable to non-group project participant	655,480	795,290	-	-
	31,856,946	795,290	-	-

Standard Bank of South Africa Limited has provided a project loan in relation to the development of the Smokey Hills PGM mine and related plant. The approved amount of this loan totalled R260,000,000 (\$33,951,866), plus capitalised interest, at balance date, of which R41,000,000 (\$5,353,948) was undrawn. On 30 July 2008 the approved amount of the loan was increased by R72,000,000 (\$9,402,055) plus capitalised interest to R332,000,000 (\$43,353,921) plus capitalised interest. The Bank has also provided a Hedging Facility in relation to the project. All amounts owing to Standard Bank of South Africa Limited are secured by a charge over the Mining Right and all other assets of Phokathaba Platinum (Pty) Ltd, the owner of the project. The parent entity has also provided an undertaking to Standard Bank of South Africa Limited that if necessary it will provide technical and financial support to ensure that the project is completed.

Interest on the project loan accrues at the Johannesburg interbank acceptance rate plus 2.5% prior to technical and financial completion and at the Johannesburg interbank acceptance rate plus 1.75% thereafter. Repayments on the loans commence in 2010.

### Note 14: Derivative Financial Instruments

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Derivative financial instruments designated and effective as hedge instruments carried at fair value	8,027,680	-	-	-

The Group enters into various derivative financial instruments to hedge part of its future platinum and palladium production as part of the conditions of the financing of the Smokey Hills PGM project.

Any liability arising out of these derivative financial instruments is secured to Standard Bank of South Africa Limited, as part of the security noted in note 13 above.



At balance date, the details of outstanding platinum and palladium forward and option contracts are:

Maturity	Quantity hedged Ounces		Average Price Rand/Ounce	
	2008	2007	2008	2007
<b>Platinum purchased put options</b>				
2009	2,521	-	14,500	-
2010	2,407	-	14,500	-
<b>Palladium purchased put options</b>				
2009	2,593	-	4,000	-
2010	2,614	-	4,000	-
<b>Forward platinum contracts</b>				
2010	3,117	-	16,338	-
2011	6,447	-	16,162	-
2012	6,972	-	15,427	-
2013	5,496	-	14,819	-
<b>Maturity</b>				
<b>Forward palladium contracts</b>				
2010	3,369	-	4,046	-
2011	6,972	-	4,254	-
2012	7,578	-	4,498	-
2013	6,009	-	4,697	-

For further details on the Group's derivative financial instruments and policies relating to them, please refer to note 1(k) and note 16.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 15: Contributed Equity and Reserves

	Parent	
	2008	2007
<b>Issued capital:</b>		
220,065,523 ordinary fully paid shares	\$	\$
(2007: 200,220,523 ordinary shares)	123,321,128	80,057,184
<i>Movements during the Year</i>		
	<b>No. of Shares</b>	<b>\$</b>
Balance at 30 June 2006	179,015,281	55,186,805
Listed options conversions	4,265,242	853,048
Unlisted options conversions	1,200,000	563,520
Purchase payments	15,000,000	23,175,000
Unlisted options conversions	740,000	285,280
Share issue costs	-	(6,469)
Balance at 30 June 2007	200,220,523	80,057,184
Placements	19,300,000	44,356,000
Purchase payments	100,000	300,000
Unlisted options conversions	445,000	153,025
Share issue costs	-	(1,756,997)
Transfer on exercise of options	-	211,916
Balance at 30 June 2008	220,065,523	123,321,128

#### *Terms and Conditions*

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

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

**Reserves:****Consolidated**

	<b>Equity Benefits Reserve</b> \$	<b>Foreign Currency Translation Reserve</b> \$	<b>Hedge Accounting Reserve</b> \$	<b>Minority Contribution Reserve</b> \$	<b>Total</b> \$
At 30 June 2006	1,193,679	(145,940)	-	-	1,047,739
Currency translation differences	-	(1,840,806)	-	-	(1,840,806)
Share based payments	340,153	-	-	-	340,153
At 30 June 2007	1,533,832	(1,986,746)	-	-	(452,914)
Currency translation differences	-	(9,667,958)	-	-	(9,667,958)
Share based payments	1,451,828	-	-	-	1,451,828
Transferred to contributed equity	(211,916)	-	-	-	(211,916)
Mark to market adjustment	-	-	(3,137,015)	-	(3,137,015)
Equity contribution by minority shareholders	-	-	-	5,749,226	5,749,226
At 30 June 2008	2,773,744	(11,654,704)	(3,137,015)	5,749,226	(6,268,749)

**Parent**

	<b>Equity Benefits Reserve</b> \$	<b>Foreign Currency Translation Reserve</b> \$	<b>Hedge Accounting Reserve</b> \$	<b>Minority Contribution Reserve</b> \$	<b>Total</b> \$
At 30 June 2006	1,193,679	-	-	-	1,193,679
Share based payments	340,153	-	-	-	340,153
At 30 June 2007	1,533,832	-	-	-	1,533,832
Share based payments	1,451,828	-	-	-	1,451,828
Transferred to contributed equity	(211,916)	-	-	-	(211,916)
At 30 June 2008	2,773,744	-	-	-	2,773,744

*Employee equity benefits reserve*

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 11 for further details of these plans.

*Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

*Hedge Accounting Reserve*

The reserve records the portion of the gain or loss on hedging instruments in cash flow hedges that are determined to be effective hedges.

*Minority Contribution Reserve*

The reserve records the parent entity's share of the equity contribution by minority shareholders.



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 15: Contributed Equity and Reserves (continued)

#### Minority Interests:

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
<i>Interest in:</i>				
Share Capital	-	(117)	-	-
Accumulated losses	-	910,470	-	-
Reserves	-	-	-	-
	-	910,353	-	-

Losses attributable to minority shareholders have not been recognised, as there is no legal obligation for the minority equity to contribute these losses.

### Note 16: Financial Instrument Disclosures

#### (a) Capital Risk Management:

The Group's total capital is defined as Platinum Australia Limited's shareholders' funds plus amounts attributable to outside equity shareholders plus net debt.

The Group's over-riding objectives when managing capital are to safeguard the business as a going concern and maximise returns to shareholders. The group constantly reviews funding requirements for exploration, project development, working capital and possible acquisitions.

The borrowings of the Group are currently project specific to the development of the Smokey Hills PGM project with the main financial covenants relating to actual and projected project cash flows.

#### (b) Categories of financial instruments:

Financial assets	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Derivative instruments in designated hedge relationships	3,515,733	-	-	-
Held to maturity investments	-	-	23,734,311	23,734,311
Cash and deposits	41,379,159	17,942,454	20,766,936	16,735,502
Loans receivable	8,909,110	123,096	37,692,380	8,002,682
Receivables	2,774,153	1,352,820	329,062	421,260
	56,578,155	19,418,370	82,522,689	48,893,755
<b>Financial liabilities at amortised cost</b>				
Derivative instruments in designated hedge relationships	8,027,680	-	-	-
Loans payable	31,856,946	795,290	-	-
Trade creditors and accruals	10,503,933	1,375,399	165,251	167,497
	50,388,559	2,170,689	165,251	167,497

**(c) Financial risk management objectives**

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group monitors and manages those risks with the use of appropriate derivative financial instruments to hedge those risk exposures, when deemed appropriate, within written policies and principles approved by the board of directors. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**(d) Market risk**

The Group's activities expose it primarily to financial risks of changes in foreign currency exchange rates, commodity prices and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to commodity price risk including bought options and forward exchange contracts to hedge the commodity price risk on its production.

In the prior period the group had no direct exposure to commodity price risk or interest rate risk as the development of the Smokey Hills PGM project (and related borrowings) had not commenced.

Scenarios are run for major interest bearing positions, based on debt outstanding at 30 June 2008. Based on simulations run, the impact on annual post tax profit and shareholders' equity of a 200 base points shift in interest rates would be a maximum increase or decrease of \$458,740 (2007:\$Nil). These balances will not remain consistent and therefore these numbers should be used with care.

Scenarios are run on the impact on the mark to market of commodity derivatives on hand at 30 June 2008, used to hedge the price risk of the Group's future production. A 10% increase in the palladium price, with all other variables held constant, would result in a decrease in equity of \$849,388 (2007:Nil) and a 10% increase in the platinum price would result in a decrease in equity of \$2,866,196 (2007:Nil).

**(e) Foreign currency risk management**

The Group undertakes certain transactions in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2008 \$	2007 \$	2008 \$	2007 \$
South African Rand	49,738,790	2,003,192	35,474,578	2,261,608
US Dollars	271,857	-	-	-
Euro	212,721	-	-	-
	50,223,368	2,003,192	35,474,578	2,261,608



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 16: Financial Instrument Disclosures (continued)

#### (e) Foreign currency risk management (continued)

The following table shows the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in equity where the Australian Dollar strengthens against the respective currency, for a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on equity.

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
South African Rand	933,657	(23,492)	-	-
US Dollars	17,803	-	-	-
Euro	15,164	-	-	-

#### (f) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds currently all at floating interest rates. The Group constantly reviews its exposure to interest rate risk with a view to fixing portions of the exposure as deemed appropriate in line with policies set by the board of directors.

The Group's exposure and sensitivity to interest rates on its financial assets and liabilities are detailed in (d).

#### (g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group considers public data to consider the counterparties it deals with and continuously monitors such data.

The Group's major credit exposures are to its bankers all of which have high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### (h) Liquidity risk management

The Group monitors its short, medium and long term liquidity requirements on an ongoing basis. Borrowings are currently project specific and maturity profiles are carefully matched to forecast project cashflows, with an adequate margin being maintained between projected cashflows and debt service requirements.

#### Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date the Group can be required to pay.



<b>Consolidated</b>	<b>Weighted Average Effective Interest Rate %</b>	<b>1 Year Or Less</b>	<b>1 To 5 Years</b>	<b>More Than 5 Years</b>
<b>2008</b>				
Non-interest bearing		10,420,243	83,690	-
Variable interest rate	15.1	-	50,716,699	1,324,145
		10,420,243	50,800,389	1,324,145
<b>2007</b>				
Non-interest bearing		1,289,967	85,432	-
Variable interest rate	15.0	-	-	1,599,611
		1,289,967	85,432	1,599,611
<b>Parent</b>				
<b>Parent</b>	<b>Weighted Average Effective Interest Rate %</b>	<b>1 Year Or Less</b>	<b>1 To 5 Years</b>	<b>More Than 5 Years</b>
<b>2008</b>				
Non-interest bearing		153,936	-	-
Finance Lease liability		3,415	7,900	-
Variable interest rate		-	-	-
		157,351	7,900	-
<b>2007</b>				
Non-interest bearing		152,302	-	-
Finance Lease liability		3,415	11,780	-
Variable interest rate		-	-	-
		155,717	11,780	-

The following table details the Company's and Group's expected maturity for its non- derivative financial assets. These have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company/Group anticipates that cash flow will occur in a different period.

<b>Consolidated</b>	<b>Weighted Average Effective Interest Rate %</b>	<b>1 Year Or Less</b>	<b>1 To 5 Years</b>	<b>More Than 5 Years</b>
<b>2008</b>				
Non-interest bearing		3,907,285	-	-
Variable interest instruments	10.5	40,550,000	-	17,997,448
		44,457,285	-	17,997,448
<b>2007</b>				
Non-interest bearing		1,620,634	-	24,393
Variable interest instruments		18,171,782	-	198,526
		19,792,416	-	222,919



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 16: Financial Instrument Disclosures (continued)

Parent	Weighted Average Effective Interest Rate %	1 Year Or Less	1 To 5 Years	More Than 5 Years
<b>2008</b>				
Non-interest bearing		427,993	-	-
Variable interest instruments	7.2	20,790,291	-	53,485,993
		21,218,284	-	53,485,993
<b>2007</b>				
Non-interest bearing		478,102	-	24,393
Variable interest instruments	6.2	16,945,519	-	10,831,938
		17,423,621	-	10,856,331

The following table details the Group's liquidity analysis for its derivative financial instruments. The table is based upon the undiscounted net cash inflows/(outflows) on the derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

Consolidated	1 Year Or Less	1 To 5 Years	More Than 5 Years
<b>2008</b>			
Net Settled			
Platinum and Palladium put options	640,609	760,508	-
Platinum and Palladium forward contracts	-	(8,027,680)	-
	640,609	(7,267,172)	-

No derivative financial instruments were held by the Company in 2008 or 2007 or by the Group in 2007.

#### (i) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of other financial assets and liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of a discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives.

The fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

#### Derivatives

Commodity price forward contracts are measured using quoted forward commodity prices and yield curves derived from quoted interest rates matching maturities of the contracts.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.



## Note 17: Commitments and Contingencies

### Commitments

There are no outstanding commitments not provided for in the financial statements of the Group as at 30 June 2008 other than:

#### (a) Capital commitments;

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows;

<i>Mining Property</i>	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Payable within one year	13,560,606	3,714,888	-	-
Later than one year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	13,560,606	3,714,888	-	-

(b) In order to maintain rights of tenure, the Group is committed to outlay an aggregate amount of approximately \$382,846 in 2008/2009, (2007/2008: \$363,325) for mining tenement rentals and shire rates and to meet the statutory minimum expenditure conditions applying to its tenements. Expenditure commitments for the ensuing year and beyond 2008/2009 will vary according to whether:

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

#### (c) Leases

- (i) Operating Leases

Commitments for minimum lease payments in relation to non-cancellable operating Leases (rental of premises) are payable as follows:	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Within one year	184,604	173,284	112,156	93,257
Later than one year but not later than 5 years	586,857	379,444	572,251	302,400
Later than 5 years	180,469	-	180,469	-
	951,930	552,728	864,876	395,657



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 17: Commitments and Contingencies (continued)

#### (ii) Finance Leases

The Group has vehicles under finance lease with a carrying value of \$124,136 (2007: \$121,906) expiring within 5 years. Under the terms of the leases, the Group has the option to acquire the leased assets for the residual balance of the cost of the asset.

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Commitments for minimum lease payments in relation finance leases are payable as follows:				
Within one year	44,323	34,339	3,415	3,415
Later than one year but not later than 5 years	80,586	85,431	7,900	11,780
Later than 5 years	-	-	-	-
	124,909	119,770	11,315	15,195

### Contingencies

#### (a) Native Title Claims

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

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

#### (b) Performance Bonds

As disclosed in Note 6(b) the Group has provided performance bonds amounting to \$116,500 (2007: \$116,500) to the Department of Industry and Resources in respect of compliance with environmental conditions in relation to certain tenements.

### Note 18: Joint Ventures

At 30 June 2008 the Group has interests in unincorporated joint ventures as follows:

Joint Venture	Percentage Interest	Principal Activities
Melville	25%	Mineral Exploration - Carried interest
Kalplats	0%	Mineral Exploration - Earning in 12-49%
Kalplats Area of Influence	50%	Mineral Exploration - Participation and Manager

There are no assets held in these joint ventures.



## Note 19: Interest In Associate

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

Name:	Stellex Platinum (Pty) Ltd
Balance date:	30 June
Ownership interest held by parent entity:	49%
Principal Activity:	The associated company explores for platinum group metals in the North Western Province of South Africa.

## Note 20: Related Party Disclosures

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

### Directors and Specified Executives

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

### Subsidiaries

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

## Note 21: Auditors' Remuneration

The auditors of Platinum Australia Limited are HLB Mann Judd.

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
<i>Amounts received or due and receivable by HLB Mann Judd for:</i>				
An audit or review of the financial report of the Company and any other entity in the Group	29,065	34,100	29,065	34,100
<i>Amounts received or due and receivable by other auditors for:</i>				
An audit or review of the financial report of subsidiaries	60,795	13,590	-	-
	<u>89,860</u>	<u>47,690</u>	<u>29,065</u>	<u>34,100</u>



# Notes to the Financial Statements

## for the year ended 30 June 2008

### Note 22: Key Management Personnel Disclosures

#### (a) Key Management Personnel compensation

The Company has transferred the detailed remuneration disclosures to the Directors' Report in accordance with Corporations Amendment Regulations 2006 (No. 4). These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report under Details of Remuneration and are designated as audited.

#### (b) Shareholdings of Key Management Personnel

Directors	Balance 1.7.07	Net Change	Balance 30.6.08
Mr PD Allchurch	7,407,753	-	7,407,753
Mr JD Lewins	1,232,000	-	1,232,000
Mr MG Blakiston	1,504,167	(500,000)	1,004,167
Mr EE Hughes	25,000	400,000	425,000
Mr WA Hansen	-	-	-
	10,168,920	(100,000)	10,068,920

There were no shares held by other Key Management Personnel during the year.

#### (c) Option holdings of Key Management Personnel

Directors	Balance 1.7.07	Options Granted during the year as remuneration	Other changes during the year	Options Lapsed/ Sold	Balance 30.6.08	Vested and Exercisable 30.6.08
Mr PD Allchurch	1,850,000	-	-	-	1,850,000	1,850,000
Mr JD Lewins	6,850,000	-	-	-	6,850,000	3,600,000
Mr MG Blakiston	-	-	-	-	-	-
Mr EE Hughes	400,000	-	(400,000)	-	-	-
Mr WA Hansen	200,000	-	-	-	200,000	200,000
	9,300,000	-	(400,000)	-	8,900,000	5,650,000

#### Other Key Management Personnel

	Balance 1.7.07	Options Granted during the year as remuneration	Other changes during the year	Options Lapsed/ Sold	Balance 30.6.08	Vested and Exercisable 30.6.08
Mr DG Neill	650,000	-	-	-	650,000	150,000
Mr RA Wallis	500,000	-	(40,000)	-	460,000	-
Mr W Smart	200,000	-	-	-	200,000	-
	1,350,000	-	(40,000)	-	1,310,000	150,000



## Directors' Declaration

1. In the opinion of the Directors:
  - a) the financial statements and notes of the Company and of the Group are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Company's and Group's financial position as at 30 June 2008 and of their performance for the year then ended; and
    - ii. complying with Accounting Standards and Corporations Regulations 2001; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

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

**JD LEWINS**

*Managing Director*

Dated this 30th day of September 2008



# Independent Auditor's Report



Accountants | Business and Financial Advisers

## To the members of Platinum Australia Limited

### Report on the Financial Report

We have audited the accompanying financial report of Platinum Australia Limited ("the company"), which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration for both the company and the consolidated entity as set out on pages 36 to 83. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### *Independence*

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

### *Auditor's Opinion*

In our opinion:

- (a) the financial report of Platinum Australia Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

### **Report on the Remuneration Report**

We have audited the Remuneration Report included on pages 27 to 32 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's Opinion*

In our opinion the Remuneration Report of Platinum Australia Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

**HLB MANN JUDD**

Chartered Accountants

**W M CLARK**

Partner

**Perth, Western Australia**

30 September 2008



# Schedule of Mining Tenements

## at 12 September 2008

### WESTERN AUSTRALIA:

Tenement Type and Number	Project Name	Mineral	Ownership
M 80/103	Panton	PGM	100% Platinum Exploration NL
M 80/104	Panton	PGM	100% Platinum Exploration NL
M 80/105	Panton	PGM	100% Platinum Exploration NL
E 70/2729	Katanning	PGM	100% Platinum Australia Limited
M 59/282	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/283	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/284	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/285	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/322	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/323	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/324	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/329	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/408	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/428	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)
M 59/429	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited, – Manager)

#### Notes:

- E - Exploration Licence
- M - Mining Lease
- PGM - Platinum Group Metals
- PLA - Platinum Australia Limited

### SOUTH AFRICA:

Smokey Hills	Prospecting right No: 147/2006 Maandagshock 254 KT Mineral Area 4 Mining right reference # LP 30/5/1/2/2/69 MR
Kalplats (Project Area)	Prospecting right reference #'s NW30/5/1/1/2/561 PR & NW 30/5/1/1/2/748 PR
Kalplats (Area of Influence)	Prospecting right Reference # NW30/5/1/1/2/7556
Stella North (Logageng)	Prospecting right Reference # NW30/5/1/1/2/1787 PR



# Shareholder Information

## at 12 September 2008

Twenty Largest Shareholders		Number of Shares	%
<b>Ordinary Shares</b>			
1.	Merrill Lynch (Australia) Nominees Pty Limited	24,049,545	10.93%
2.	Computershare Clearing Pty Ltd	17,888,608	8.13%
3.	National Nominees Limited	15,882,105	7.22%
4.	RBC Dexia Investor Services Australia Nominees Pty Ltd (IPOOLED A/C)	11,964,871	5.44%
5.	JP Morgan Nominees Australia Limited	10,116,198	4.60%
6.	HSBC Custody Nominees (Australia) Limited	7,798,685	3.54%
7.	Macquarie Bank Limited	7,000,000	3.18%
8.	RBC Dexia Investor Services Australia Nominees Pty Ltd (PIIC A/C)	5,336,358	2.42%
9.	Citicorp Nominees Pty Limited	5,131,567	2.33%
10.	Merrill Lynch (Australia) Nominees Pty Limited (Berndale A/C)	5,068,072	2.30%
11.	Mr Petrus Gerhardus Meintjes	4,500,000	2.04%
12.	ANZ Nominees Limited	4,424,517	2.01%
13.	Mr Carel Nicolaas van Heerden	4,397,371	2.00%
14.	Mr Peter Donald Allchurch	4,000,000	1.82%
15.	UBS Nominees Pty Ltd	2,954,193	1.34%
16.	Haifa Pty Ltd*	2,625,002	1.19%
17.	Cogent Nominees Pty Limited	2,585,402	1.17%
18.	Citicorp Nominees Pty Limited (CFS W/SALE GBL RES FUND A/C)	2,443,028	1.11%
19.	Cogent Nominees Pty Limited (SMP Accounts)	2,441,762	1.11%
20.	Citicorp Nominees Pty Limited (CFS Future Leasers Fund A/C)	2,413,079	1.10%
<b>Total</b>		<b>143,020,363</b>	<b>64.99%</b>

\* Company associated with Mr P Allchurch



# Shareholder Information

## at 12 September 2008

### Distribution of Shareholdings

	Number of Shareholders	Number of Shares Held
1 - 1,000	702	466,758
1,001 - 5000	1358	3,904,964
5001 - 10,000	618	5,171,047
10,001 - 100,000	869	28,216,934
100,001 - Over	135	182,305,818
<b>Total</b>	<b>3682</b>	<b>220,065,521</b>
<b>Holding less than a marketable parcel</b>	<b>103</b>	<b>16,819</b>

### Substantial Shareholders

New Smith Capital

Perpetual Limited and Subsidiaries

Commonwealth Bank of Australia

### Number of Shares

33,750,000 fully paid shares

21,425,528 fully paid shares

11,117,886 fully paid shares

### Voting Rights

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

# Glossary

<b>AIM</b>	Alternative Investment Market (London)
<b>Aol</b>	Kalplats "Area of Influence"
<b>ASX</b>	Australian Securities Exchange
<b>Au</b>	Gold
<b>BEE</b>	Black Economic Empowerment
<b>BFS</b>	Bankable Feasibility Study
<b>BIC</b>	Bushveld Igneous Complex
<b>Cu</b>	Copper
<b>DFS</b>	Definitive Feasibility Study
<b>EPCM</b>	Engineering, Procurement and Construction Management
<b>ESOP</b>	Employee Share Option Plan
<b>g/t</b>	Grams per tonne
<b>Ir</b>	Iridium
<b>JORC</b>	Joint Ore Reserves Committee
<b>Kalplats</b>	Kalahari PGM Project
<b>LHD</b>	Load Haul Dump machines
<b>LM</b>	Lower Main (Reef)
<b>MM</b>	Mid Main (Reef)
<b>MR</b>	Mid Reef
<b>Mark to Market</b>	Assigning a value to a position held in a financial instrument based on current market price for that instrument or similar instruments
<b>Pd</b>	Palladium
<b>PGM</b>	Platinum Group Metals
<b>3E PGM</b>	Platinum Group Metals including Platinum, Palladium & Gold
<b>4E PGM</b>	Platinum Group Metals including Platinum, Palladium, Gold and Rhodium
<b>6E PGM</b>	Platinum Group Metals including Platinum, Palladium, Gold, Rhodium, Ruthenium & Iridium
<b>Pt</b>	Platinum
<b>PTP</b>	Phokathaba Platinum (Pty) Ltd
<b>RC</b>	Reverse circulation drilling
<b>Rh</b>	Rhodium
<b>Ru</b>	Ruthenium
<b>SAMREC</b>	South African Mineral Resource Committee
<b>SLI</b>	Stella Layered Intrusion
<b>Tpm</b>	Tonnes per month
<b>UG2</b>	Upper Group 2
<b>UM</b>	Upper Main (Reef)

**PLATINUM**

**AUSTRALIA**

3rd Floor, 18 Richardson Street  
West Perth Western Australia 6005  
Telephone: +61 8 9324 1491  
Facsimile: +61 8 9226 4258  
Email: [pla@platinumaus.com](mailto:pla@platinumaus.com)  
ACN: 093 417 942

[www.platinumaus.com](http://www.platinumaus.com)