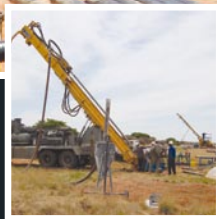


PLATINUM

AUSTRALIA



ANNUAL REPORT

2007



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

Registered Office

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Telephone: +61 8 9324 1491
Facsimile: +61 8 9226 4258
Email: pla@platinumaus.com
Website: www.platinumaus.com
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Principal Place of Business

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Share Registry

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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

UK Brokers

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

NOMAD

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Saddlers House, Gutter Lane
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ASX: PLA
AIM: PLAA



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Chairman's Report

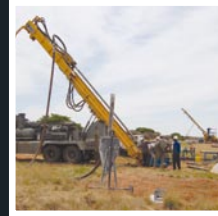


2007 has seen great progress on our Kalahari Platinum (Kalplats) Project in South Africa, where drilling to upgrade the established inferred resource of 3.4 million ounces of 3E PGM (platinum, palladium and gold) is well advanced.

By report date, Platinum Australia Limited was close to completing formal permitting, which will lead to the commencement of mining and toll treatment at its Smokey Hills Platinum Group Metals (PGM) Project in South Africa. Project financing was approved in July 2007 and the first of the long lead time plant items was ordered in January 2007 so that plant construction and mining can start soon after receipt of a New Order Mining Right from the South African Department of Minerals and Energy.

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 4E PGM per annum from an open pit and shallow underground mining operation in the UG2 chromitite reef in the Bushveld Complex. The feasibility study indicates that the project is robust even at metal prices well below those of today. I am looking forward to the Company achieving its first objective of PGM production at Smokey Hills.

2007 has seen great progress on our Kalahari Platinum (Kalplats) Project in South Africa, where drilling to upgrade the established inferred resource of 3.4 million ounces of 3E PGM (platinum, palladium and gold) is well advanced. More than 28,000 metres of the planned 45,000 metres of drilling has been completed by report date and a number of encouraging wide, high grade intersections of 3E PGM have been reported to the market over the past several months.



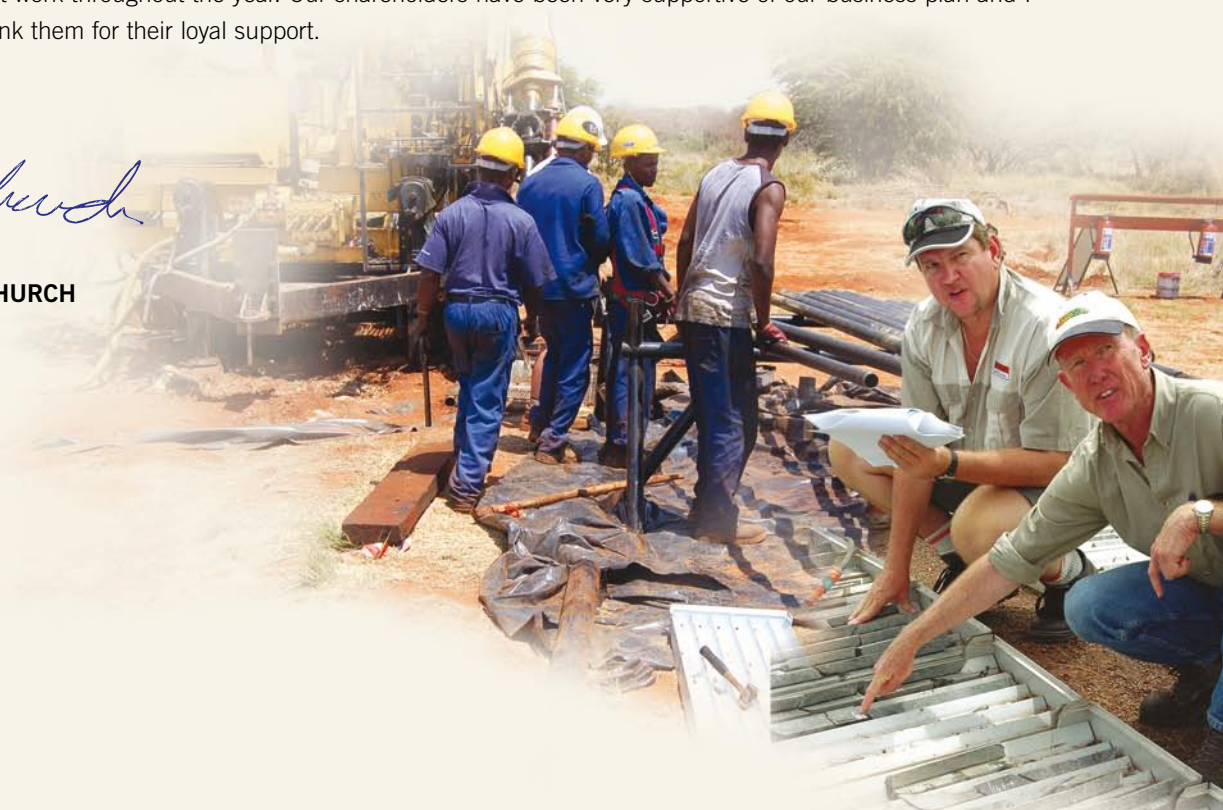
Kalplats is an exciting project with steeply dipping, wide mineralised zones, offering the potential for a significant scale open pit PGM mining operation, with all the cost advantages that open pit mining provides. Feasibility studies on the project are expected to be completed in the first half of 2008. The Company and its Joint Venture partner have acquired exploration rights over some 38 kilometres of potential strike extensions of the Kalplats host rocks and work on this area is in progress.

Updating of the feasibility study on the Panton PGM project in the Kimberley region of Western Australia is in progress. Additional mineralised rock has been mined from the Panton decline for further metallurgical test work. Completion of the studies is anticipated this year.

I would like to thank our employees and Board of Directors and, in particular, our Managing Director Mr John Lewins for their excellent work throughout the year. Our shareholders have been very supportive of our business plan and I would like to thank them for their loyal support.

A handwritten signature in blue ink, reading "P D Allchurch".

PETER D ALLCHURCH
Chairman



Review of Company Activities

Overview

During the past twelve months Platinum Australia Limited (“PLA”) has continued to advance towards its aim of becoming an established mid tier Platinum Group Metal (PGM) producer.

In **South Africa** the Company has commenced the development of the **Smokey Hills PGM Project** following the successful completion of a Bankable Feasibility Study (“BFS”) on the Project in August 2006. The long lead items for the project such as mills, transformers, switchgear, etc. have been ordered and the Engineering, Procurement & Construction Management (“EPCM”) contract has been awarded to GRD Minproc (Pty) Ltd.

At the **Kalahari Platinum Project** a 45,000m drilling program designed to upgrade the existing resource of 3.4 million oz 3E PGM (platinum + palladium + gold)



commenced in September 2006, following the issuing of the Prospecting Right for the Project in that month. PLA has also commenced a BFS on the Project and this is expected to be completed around March 2008.

In **Australia** further work, including the re-opening of the exploration decline and a program of metallurgical test work has been undertaken on the **Panton PGM Project** aimed at completing an updated BFS on the Project.

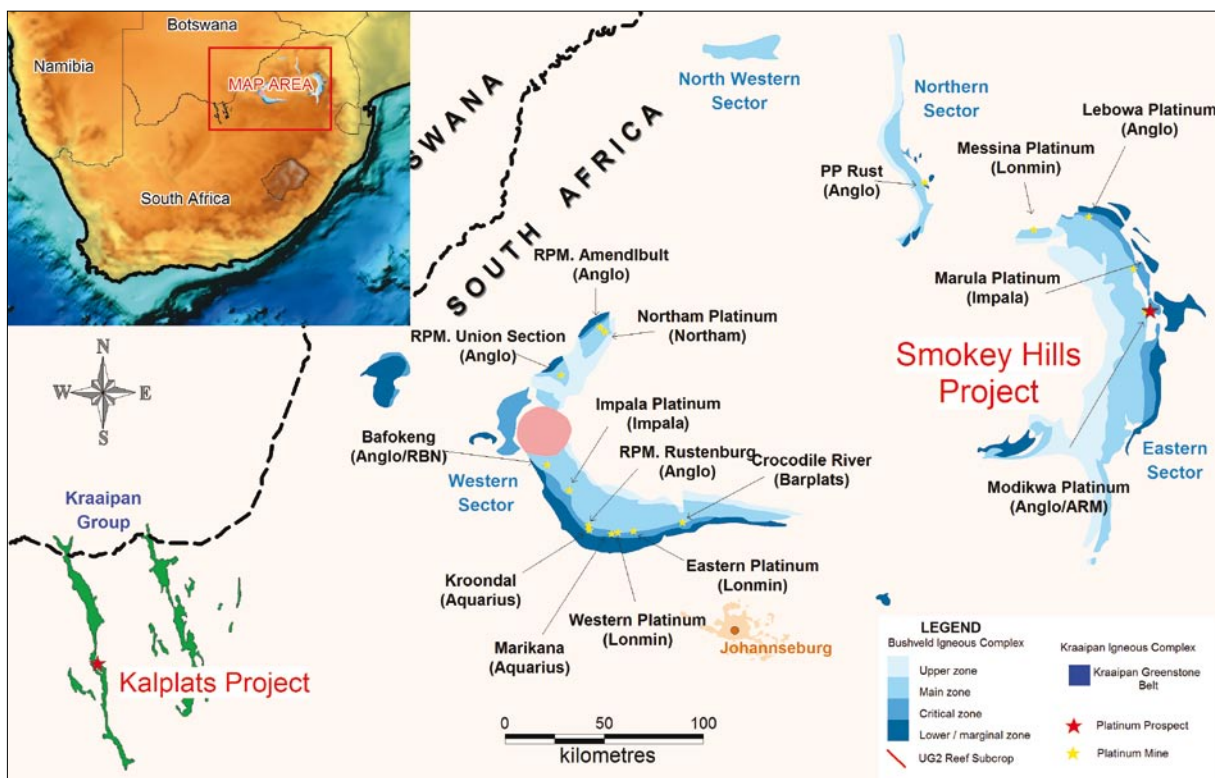


Figure 1 - Platinum Australia Limited South Africa Projects Location Map.

Corporate

The Company completed a placement of 7.3 million ordinary shares at \$1.72 to raise \$12.6 million in July 2007. This placement was primarily with institutional investors in Australia and provides the Company with sufficient funds to complete the Bankable Feasibility Studies on the Kalplats and Panton Projects and the initial exploration program on the Kalplats "Area of Influence" as well as providing a Standby Security Deposit required as part of the financing arrangements for the Smokey Hills Project.

Platinum Group Metals

Platinum Australia is in the unique position of having three advanced PGM Projects in its development pipeline, two in South Africa and one in Australia. In South Africa the Smokey Hills PGM Project is in the development phase while the Kalahari PGM ("Kalplats") Project is at the Bankable Feasibility Study ("BFS") stage. In Australia the Panton Project BFS is in the process of being updated based on significantly higher metal prices and various options for development including treating through the nearby Sally Malay plant, or as a stand alone operation.

Smokey Hills PGM Project

The Smokey Hills project is located on the Eastern Limb of the Bushveld Complex in the Limpopo Province of South Africa, 300 kilometres north of Johannesburg. 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 New Order Prospecting Right in the name of PhokaThaba Platinum Pty Ltd ("PTP"), a joint venture company in which PLA has a 59% direct interest and a beneficial interest of approximately 75%. The Limpopo Provincial Government has a 15% interest in the PTP through Corridor Mining Resources, with the balance held by a consortium of Black Economic Empowerment ("BEE") Groups, including the Local Community.

The results of the BFS completed in August 2006 showed the Project to be extremely attractive and robust, generating estimated returns of over 70% on the Base Case assumptions and in excess of 600% using July 2006 metal prices and exchange rate.



Smokey Hills 3D image showing projected reef outcrop and east boundary.

Review of Company Activities

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, gabbronorite, 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 for the project based on drilling and other work carried out by PLA. 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.

Table 1 : Smokey Hills UG2 Reef Mineral Resources, May 2006

Smokey Hills UG2 Reef ¹ Mineral Resource ² May 2006									
Category	Tonnes* Mt	3PGE+Au g/t	5PGE+Au g/t	Pt g/t	Pd g/t	Rh g/t	Au g/t	Ru g/t	Ir g/t
Fresh Grade Domain									
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
Oxidised Grade Domain									
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
Total Resources	5.5	5.60	6.60	2.47	2.54	0.51	0.08	0.80	0.21

¹ 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.

² 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;

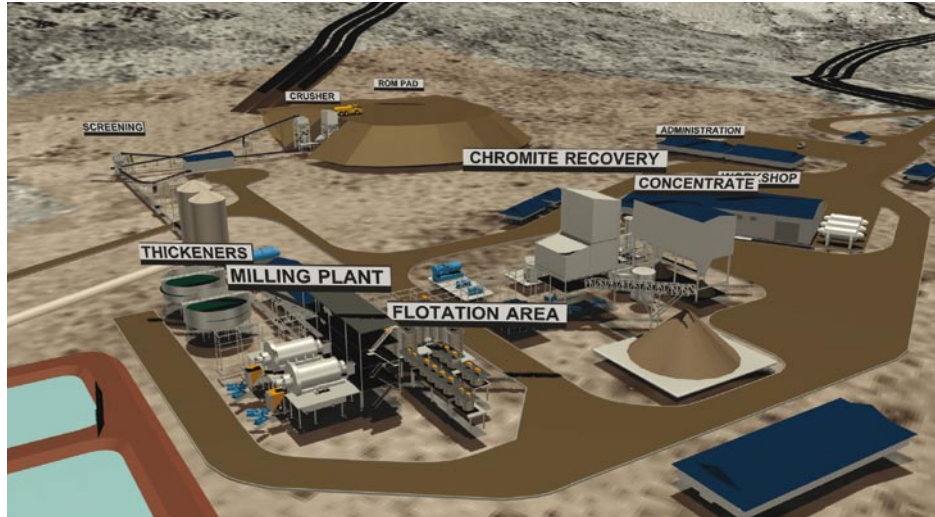
6E PGM - (Pt + Pd + Rh + Au + Ru + Ir)

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

Project Development

PLA has commenced development of the Project based on the development plan established in the BFS. The long lead items for the Project such as mills, transformers, switchgear, etc. have been ordered and the EPCM Contract for the plant and related infrastructure has been awarded to GRD Minproc (Pty) Ltd who were the Lead Engineers for the BFS.

The development will involve an initial open-cut operation to mine approximately 5-10 % of the UG2 reef. The balance will be mined from relatively shallow-underground operations with on reef adit access by means of conventional 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.



3D image of proposed plant at Smokey Hills.

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
	Sub-total Open Pit	0.45	6.99
Underground	Proved Reserves	2.91	4.90
	Probable Reserves	1.27	4.90
	Sub-total Underground	4.19	4.90
Total	Proved Reserves	3.13	5.06
	Probable Reserves	1.51	5.23
	Total Smokey Hills	4.64	5.11

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 a local smelter.

At the time of writing, PLA was awaiting the Mining Right to be issued to enable on-site construction and related mining activities to commence. It is anticipated that plant commissioning will commence in June 2008.

Review of Company Activities

Kalahari PGM Project

The Kalahari Platinum ("Kalplats") project is located in the North West Province of South Africa, 330 kilometres west of Johannesburg.

Platinum Australia Limited ("PLA") has signed 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 Pantom Metallurgical Process available for the project at no cost.

The Kalplats Project is well advanced with over 45,000 metres of drilling having been completed between 2000 and 2003 to define a combined Indicated and Inferred Resource of 3.4 million ounces of 3E PGM (Pt + Pd + Au), including a high grade resource of 12 million tonnes @ 3.6 g/t 3E PGM for 1.4 million ounces 3E PGM.

A BFS is currently underway on the Project and due for completion in March 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 200,000 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 project lies within the Kraaipan Greenstone Belt, some 45km to the west of the existing Kalahari Goldridge mining project. The Platinum Group Metal ("PGM") mineralisation is developed within the Stella Layered Intrusion ("SLI") hosted within the Kraaipan Greenstones.

The fundamental geology of the mineralization 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 while the rock components were largely molten. The

primary difference between the deposits is that the Bushveld mineralization is accompanied by chromite (in the UG2 reef) and sulphur (in the Merensky reef), whereas at Kalplats the mineralization is accompanied by magnetite.

Like the Bushveld, the Kalplats SLI was emplaced in a near horizontal attitude, however unlike the Bushveld, it has been metamorphosed and folded into a near vertical position.

Rocks from the SLI have been estimated at 3 billion years (Archaean), which is substantially older than the 2 billion years of the Bushveld Igneous Complex that hosts the Merensky and UG2 reefs. This Archaean age make the Kalplats deposit the oldest known PGM deposit.

The Kalplats deposit consists of a zone or reef package of PGM mineralization with an average thickness of approximately 50m within which a number of higher grade "reefs" are separated by lower grade material. It is the three high grade reefs (MR, LM & UM) with a combined average grade and thickness of 8m @ 3.8 g/t Pt+Pd+Au, which are the main focus of the BFS currently underway.

The SLI has been subjected to intense brittle, small scale faulting, sometimes with intrusions of felsite or basalt dykes, as well as later stage larger scale faulting. This faulting has broken the once continuous reef package into a series of discrete deposits. Previous work by others has identified seven such deposits as well as three further prospects over the 12km strike length of the intrusion.

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 mineralization has already been identified in two of the prospects as well as in some of the gaps between deposits.



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 table below indicates this global resource, with a break down of the 'Main Reef Package' and the 'High Grade Reefs' as indicated.

Total Resources ¹⁾			Main Reef Resources ²⁾			High Grade Resources ³⁾		
Tons	Grade	Ounces	Tons	Grade	Ounces	Tons	Grade	Ounces
75,230,489	1.42	3,340,285	32,415,344	1.88	1,957,371	12,037,517	3.60	1,392,329

¹⁾ Includes LG Reef, Mid Reef Package and Main Reef Package

²⁾ Includes UM, Main and LM Reefs

³⁾ Includes UM, LM and MR1 Reefs

All resources are inferred

This resource is based on an estimated 46,000m of RC and Diamond drilling over the full length of the deposit. The Crater and Orion deposits have been the focus of much of this work, where drill sections are spaced at 25m intervals, while drill spacing in the remaining 5 deposits is between 50 and 200m. The resource has been estimated to a vertical depth of between 150-200m; with the deepest Main reef intersection at Crater, Orion and Crux of 165m, 190m and 220m respectively.

Review of Company Activities

Project Development

PLA completed a low level airborne geophysical survey at 50m line spacing on the project in 2006. The results from this work provided more detailed information on the geology and structure of the project and identified a number of targets outside of the known deposits.

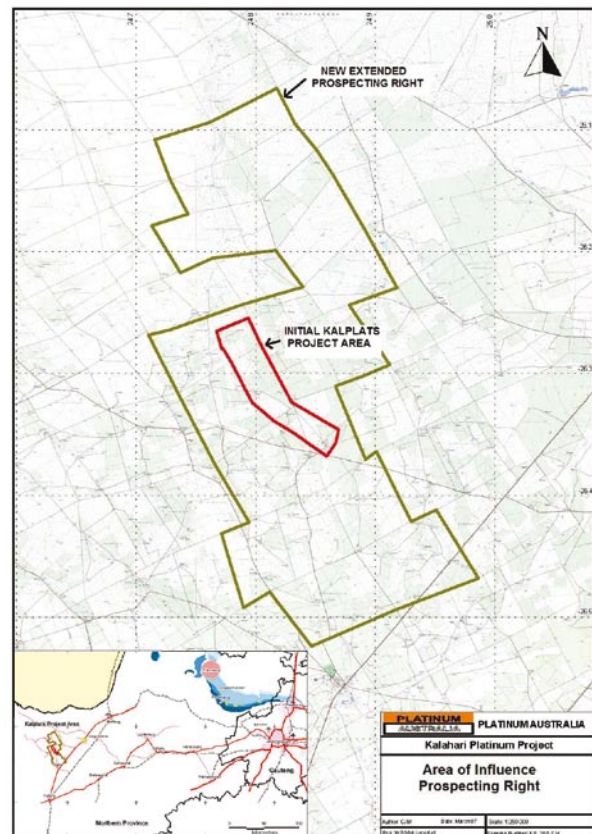
PLA is undertaking an extensive resource development drilling program aimed at raising the status of the currently identified resources, testing the additional prospects and targets that have been identified by PLA and others and infilling between the known deposits. The 45,000m drilling program commenced in September 2006 following the issue of the Prospecting Right for the project and is expected to be completed by the end of 2007. To date almost 30,000m have been drilled and the results have confirmed the potential of the project and located new zones of mineralisation outside of the known deposits as well as identifying previously unrecognised wide zones of mineralisation within the known deposits.

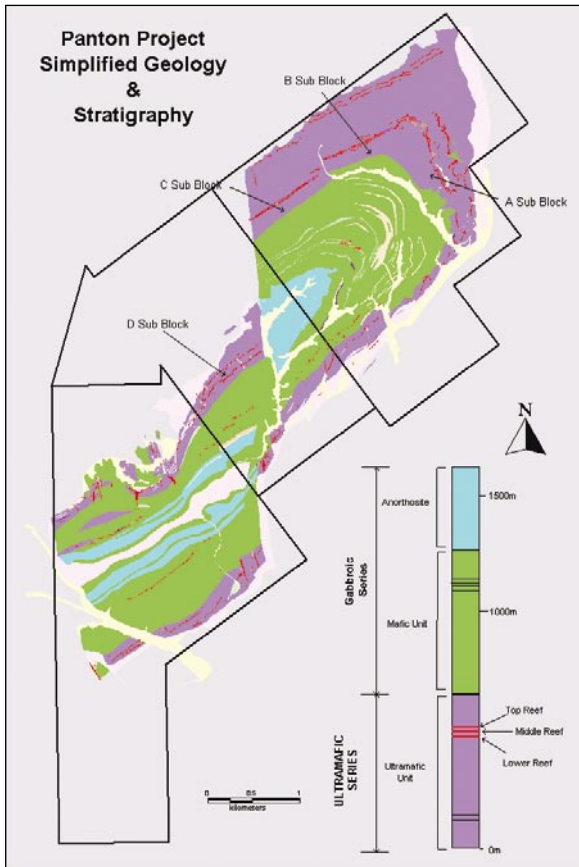
A BFS is currently underway on the Project with GRD Minproc appointed as the Lead Engineer, Snowden Mining Consultants responsible for the Resource Estimation, Lower Quartile Solutions for the Mining Study, and Africa Geo-Environmental Services for the Environmental Study. The BFS will focus on the development of an open cut mining operation producing a flotation concentrate for smelting and/or refining by others and is due to be completed in March 2008. It is anticipated that the study will also provide an indication of the longer term underground potential of the project.

Kalplats Area of Influence

As part of the Joint Venture, PLA and ARMplatinum also applied for a Prospecting Right covering the Area of Influence ("Aoi") approximately 20 kilometres to the north and 18 kilometres to the south of the Kalplats Project area. This was issued to ARMplatinum in April 2007 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 first phase of exploration work on this extended area, comprising a detailed aeromagnetic survey over the entire strike length of the extended area was completed in August 2007. The second phase which involves extensive geochemical sampling is expected to be completed during early 2008 and this will be followed by drilling of any targets identified.





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.

Following the signing of an agreement with Sally Malay Mining Limited (SMY) last year to establish a joint venture to treat 1.5 million tonnes of high grade Top Reef through the Sally Malay plant, work on updating the previous BFS was commenced. This has included refurbishing the exploration decline to enable a further bulk sample to be mined and a program of metallurgical testwork.

In addition, PLA is also evaluating the potential of a stand alone operation, with an initial four years of open pit and a production rate of 250,000 – 300,000 tonnes per annum producing ~35,000 to 40,000 oz PGM per annum.

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.

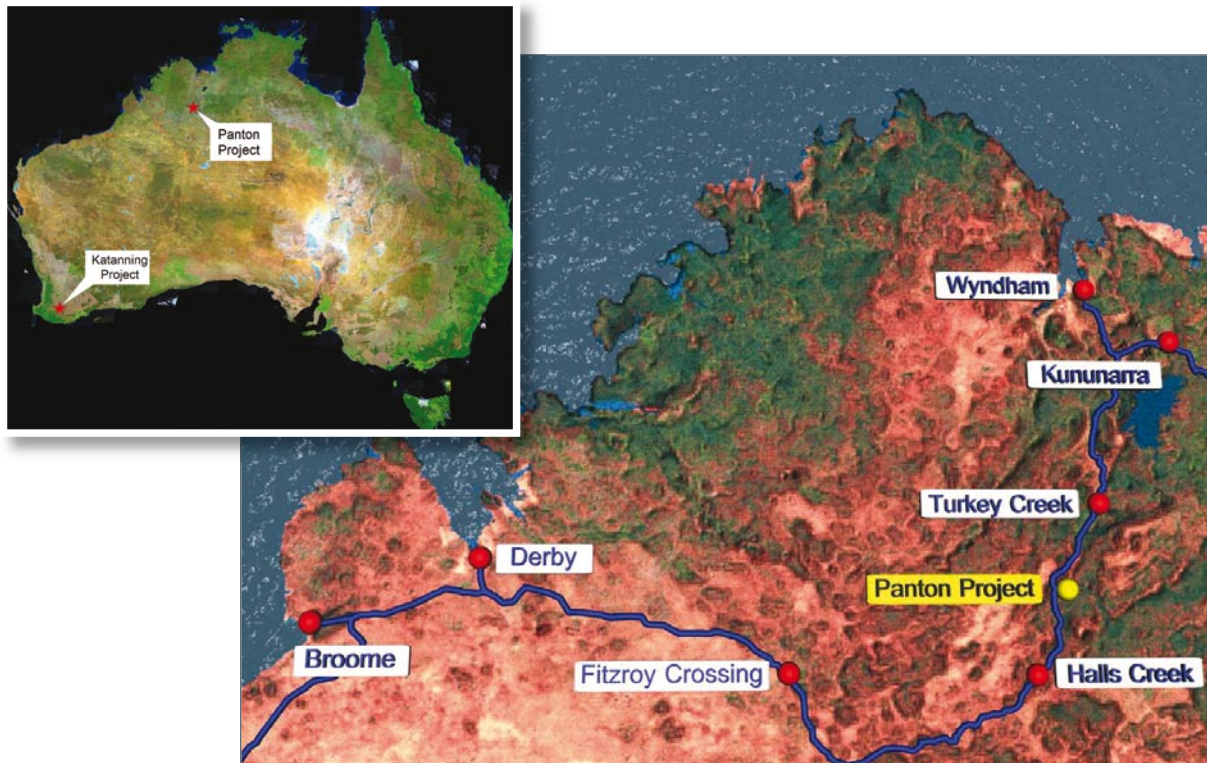
The BFS was based upon the following resource:

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



Panton Aerial View.

Review of Company Activities



Location map of Pantan & Katanning.

Katanning PGM Project

The Company has recently signed a joint venture with Accent Resources NL (“Accent”) under which they will undertake exploration for non PGM minerals, primarily Vanadium and Titanium, on the Exploration Licence. The work Accent will be undertaking will provide useful information for the exploration for PGM’s. PLA will retain 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

Ausorex Pty Ltd has acquired a 65% interest in the project from Prosperity Resources Pty Ltd which retains a 10% interest. A limited program of work was undertaken on the project during the year and it is understood that Ausorex will be undertaking further evaluation work during the coming year.

Pantan PGM Recovery Process

Platinum Australia has continued to undertake test work on the application of the “Pantan Process” on samples from various projects. Following positive results on a number of these, further programs are planned as part of ongoing studies on the projects.

The “Pantan 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.

Should the BFS currently underway on the Pantan Project prove successful this will require the construction of a commercial scale Pantan Process. This should enhance the potential for the application of the process to other projects.

Corporate Governance Statement

Introduction

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

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

The following information about the Company's Corporate Governance practices is set out on the Company's website at www.platinumaus.com:

- 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;
- 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 Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the Australian Stock Exchange Corporate Governance Council, other than in relation to the matters referred to below in respect of the independence of the Board.

Corporate Governance Statement

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.

Independence of Board

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

Only two members of the Board, Messrs Hughes and Allchurch, satisfy the test of independence as set out in the recommendations, however the majority of directors are considered independent by the Board for the reasons set out below under the heading "Identification of Independent Directors".

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 is a representative of major shareholders Anglo Pacific Group PLC and as a result does not fit within paragraph 1 of the Independence Test. The Board of Platinum Australia Limited (in absence of Mr Hansen) considers he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be for the best interest of the Company and therefore considers him to possess the characteristics required of a person who would be eligible to take on the role of an independent director. The Board notes the potential for conflict in matters where Anglo Pacific Group PLC is involved and recognises that in such circumstances Mr Hansen would declare such interest and not participate in the decision making process unless otherwise allowed by the Board, as is required under the Corporations Act.

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

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.

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.

Corporate Governance Statement

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.

Risk Management

The Company is in the process of establishing a detailed framework for a system of risk management with the assistance of external specialists in this area. This incorporates a master risk register which will be subject to periodic review by senior management to ensure adequate risk control measures have been identified. An operational risk assessment system will be implemented at operational level as the Company's projects proceed to development. The Board delegates day-to-day management of risk to the Managing Director.

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

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

Directors' Report

The Directors of Platinum Australia Limited ("Platinum" or "the Company") present their report and financial report of Platinum and its subsidiaries (collectively "the Consolidated Entity") for the financial year ended 30 June 2007.

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 64)

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 49) *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



Mr Eric Edward Hughes (Non-Executive Director – Age 45) *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

Directors' Report



Mr Michael Gerrard Blakiston
(Non-Executive Director – Age 49)
B.Juris LLB

Mr Blakiston is a Solicitor in the firm Blakiston & Crabb. For some years he has practised extensively in the field of corporate and resource law and has had considerable experience in commercial and corporate management. Mr Blakiston is a director of Rox Resources Ltd (since 2003), Vulcan Resources Limited (since 2002), Argentina Copper Ltd (2006), 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; Black Range Minerals Ltd from 1994 to 2004; and Alcaston Mining NL from 2005 to 2006.

Special Responsibilities

Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee



Mr William Alexander (Lex) Hansen (Non-Executive Director – Age 67), BSc (Geology and Metallurgy), MBA, FAusIMM, FAICD

Mr Hansen has more than 35 years experience in senior positions in the mining industry. His career has spanned exploration, mine operations and development, corporate finance, stockbroking and investment. His most recent position was Executive Director of Corporate Finance (Mining) at HSBC Bank Australia with regional responsibility for resources debt and equity investment appraisals and underwriting transactions. He has also been a director of a public listed gold exploration and development company. Mr Hansen is a director of Heemskirk Consolidated Limited.

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

Special Responsibilities

Member of Audit Committee



Ms Gillian Swaby (Company Secretary – Age 47) *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.

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 meetings		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	6	6	-	-	-	-	2	2
Mr JD Lewins	6	6	-	-	-	-	2	2
Mr MG Blakiston	5	6	4	4	2	2	2	2
Mr EE Hughes	5	6	4	4	2	2	-	-
Mr WA Hansen	5	6	4	4	-	-	-	-

3. Principal Activities

The principal activities of the Consolidated Entity 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 Consolidated Entity for the financial year ended 30 June 2007 totalled \$8,894,105 (2006: \$5,002,251).

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 Consolidated Entity intends to continue platinum and palladium exploration and development.

During the year the Board approved the development of the Smokey Hills Platinum Project in South Africa and the Consolidated Entity has embarked on the development of that project, which will see the Consolidated Entity becoming a producer of Platinum Group metals in subsequent years.

Directors' Report

8. State of Affairs

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

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' Fees

Fees payable to Non-Executive Directors, other than the Chairman, are set at \$25,000 per annum, inclusive of any superannuation obligations. The Chairman receives \$50,000 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. Options are granted to Directors and executives taking into account a number of factors, including the amount and term of options previously granted, base salary and competitive factors.

Information on the Employee Share Option Plan is set out under Section D - Share-based Compensation below. 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.

Directors' Report

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 \$	Equity Options \$	Total \$
Mr PD Allchurch*	2007	45,872	4,128	-	50,000
(Non-Executive Chairman)	2006	68,808	6,192	-	75,000
Mr JD Lewins	2007	297,695	12,686	618,109	928,490
(Managing Director)	2006	283,500	12,139	-	295,639
Mr MG Blakiston	2007	22,936	2,064	-	25,000
(Non-Executive Director)	2006	22,936	2,064	-	25,000
Mr EE Hughes	2007	22,936	2,064	-	25,000
(Non-Executive Director)	2006	22,936	25,000	-	25,000
Mr WA Hansen	2007	22,936	2,064	-	25,000
(Non-Executive Director)	2006	22,936	2,064	-	25,000
Total	2007	421,375	23,006	618,109	1,053,490
	2006	421,116	24,523	-	445,639

Specified executives of the Company

	Year	Primary Salary/Fees \$	Post Employment Superannuation \$	Equity Options \$	Total \$
Mr DG Neill	2007	221,154	12,686	117,725	351,565
(Chief Financial Officer)	2006	17,397	1,012	-	18,409
Mr RA Wallis	2007	160,230	-	20,130	180,360
(General Manager) Platinum Australia SA (Pty) Ltd	2006	136,746	-	20,044	156,790
Mr W Smart	2007	39,676	-	-	39,676
(General Manager) Smokey Hills Platinum (Pty) Ltd	2006	-	-	-	-
Total	2007	421,060	12,686	137,855	571,601
	2006	154,143	1,012	20,044	175,199

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 2007 to Blakiston and Crabb was \$25,697 (2006: \$49,370).

During the year, an amount of \$54,936 (2006: \$30,353) 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.

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 \$297,695 and statutory superannuation of \$12,686. 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.

Directors' Report

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 that can be attributed to the company's interest in that deposit
8. First drawdown on a bank facility for Smokey Hills Project
9. The definition of 0.5Moz of PGM resource at the Kalahari Platinum Project's 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
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 = 2Moz
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	Performance condition	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
25 November 2004	-	25 November 2004	10 December 2009	35 cents	12 cents
30 November 2004	1 2 3 4 5	- - 24 August 2006 - -	5 November 2008	22.5 cents	12.1 cents
10 December 2004	3 6 7	24 August 2006 - -	11 December 2009	20 cents	8.5 cents
16 January 2006	1 2 3 4 5	- - 24 August 2006 - -	30 November 2009	37 cents	22.5 cents
31 May 2006	1 2 3 4 5	- - 24 August 2006 - -	30 April 2010	83 cents	31.7 cents
18 July 2006	1 2 3 4 5 8	- - 24 August 2006 - - -	30 June 2010	70 cents	39.8 cents
21 December 2006	15 16 17 18 19	- - - - -	21 December 2011	\$1.25	62.9 cents
16 April 2007	1 2 4 9 10	- - - - -	6 June 2010	\$1.29	70.6 cents
30 June 2007	2 4 5 8 9 10 11 12 13 14	- - - - - - - - - -	30 June 2011	\$1.74	46.7 cents

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

Directors' Report

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

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		
	2007	2006	2007	2006	2007	2006	Date
Directors of Platinum Australia Limited							
Mr JD Lewins	3,000,000	-	750,000	1,500,000	-	-	-
Mr MG Blakiston	-	-	-	-	1,000,000	-	22 Dec 2006
Mr WA Hansen	-	-	-	-	200,000	-	21 Dec 2006
Specified Executives							
Mr DG Neill	650,000	-	50,000	-	-	-	-
Mr RAG Wallis	250,000	150,000	45,000	-	-	-	-

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	1,504,167	-	-	-
Mr WA Hansen	-	200,000	-	-
Mr EE Hughes	25,000	400,000	-	-

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 2007

** Unlisted and exercisable at \$0.20 on or before 11 December 2009; 2,250,000 vested at 30 June 2007

*** Unlisted and exercisable at \$1.25 on or before 21 December 2011; None have vested at 30 June 2007.

11. Shares under Option

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

Date options granted	Expiry date	Exercise price of options	Number under option
<i>Unlisted Options</i>			
05 November 2004	05 November 2008	\$0.225	160,000
25 November 2005	10 December 2009	\$0.35	3,800,000
25 November 2005	11 December 2009	\$0.20	2,500,000
16 January 2006	30 November 2009	\$0.37	550,000
31 May 2006	30 April 2010	\$0.83	100,000
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
Total			11,510,000

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 2007 on the exercise of options. No amounts are unpaid on any of the shares.

Date options granted	Exercise price of options	Number under option
19 January 2004	\$0.20	4,265,244
5 November 2004	\$0.225	30,000
25 November 2005	\$0.35	1,200,000
30 November 2009	\$0.37	60,000
24 May 2011	\$0.373	650,000

13. Environmental Compliance

The Consolidated Entity 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.

Directors' Report

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 Consolidated Entity in subsequent financial years other than as disclosed in Note 20 to the Financial Statements.

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 Consolidated Entity are important.

During the year ended 30 June 2007, 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 31.

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
28 September 2007

Auditor's Independence Declaration



As lead auditor for the audit of the financial report of Platinum Australia Limited for the year ended 30 June 2007, 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.

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

W M CLARK

Partner, HLB Mann Judd

Perth, Western Australia
28 September 2007

Income Statement

For the Year ended 30 June 2007

	Notes	Consolidated		Parent	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	2	1,517,446	456,858	1,585,471	315,368
Other income	2	210,091	-	1,303,709	549,387
Exploration expenditure		(4,641,400)	(2,721,129)	(125,549)	(31,090)
Reversal of impairment of loans to subsidiaries		-	-	5,148,410	-
Impairment of security deposit	8	-	(2,269,687)	-	-
Impairment of investment in subsidiaries		-	-	(376,260)	(46,639)
Impairment of loan to subsidiaries		-	-	(4,951,492)	(6,135,821)
Impairment of loan to associated entity		(71,300)	(79,385)	(71,300)	(79,385)
Employee benefits expense	11	(826,537)	(163,276)	(826,537)	(163,276)
Depreciation and amortisation expense		(89,166)	(66,784)	(42,146)	(36,282)
Other expenses	2	(3,241,350)	(2,821,207)	(2,258,468)	(2,182,812)
Loss before income tax benefit		(7,142,216)	(7,664,610)	(614,162)	(7,810,550)
Income tax benefit	3	-	-	-	-
Loss after tax		(7,142,216)	(7,664,610)	(614,162)	(7,810,550)
Loss attributable to minority interest	14	(1,751,889)	2,662,359	-	-
Net loss attributable to members of parent		(8,894,105)	(5,002,251)	(614,162)	(7,810,550)
Total changes in equity other than those resulting from transactions with owners as owners		(8,894,105)	(5,002,251)	(614,162)	(7,810,550)
Basic earnings per share (cents per share)	5	(4.7)	(3.6)		
Diluted earnings per share (cents per share)	5	(4.7)	(3.6)		

The accompanying notes form part of these financial statements

Balance Sheet

As at 30 June 2007

Notes	Consolidated		Parent		
	2007 \$	2006 \$	2007 \$	2006 \$	
Assets					
Current Assets					
Cash and cash equivalents	6	17,942,454	24,012,550	16,735,502	23,629,087
Receivables	7	1,352,820	197,594	421,260	143,715
Other		86,716	328,983	-	328,983
Total Current Assets		19,381,990	24,539,127	17,156,762	24,101,785
Non-Current Assets					
Receivables	7	123,096	35,991	8,002,682	35,991
Other financial assets	8	-	-	23,734,311	63,361
Development costs capitalised	9	31,850,305	-	-	-
Property, plant and equipment	10	297,576	148,791	65,565	62,468
Total Non-Current Assets		32,270,977	184,782	31,802,558	161,820
Total Assets		51,652,967	24,723,909	48,959,320	24,263,605
Liabilities					
Current Liabilities					
Trade and other payables	12	1,289,967	558,680	155,717	115,871
Provisions	13	165,779	112,012	124,024	94,517
Total Current Liabilities		1,455,746	670,692	279,741	210,388
Non-Current Liabilities					
Payables		85,432	-	11,780	-
Provisions	13	54,452	36,240	54,452	36,240
Loans payable		795,290	-	-	-
Deferred tax liability	3	9,017,443	-	-	-
Total Non-Current Liabilities		9,952,617	36,240	66,232	36,240
Total Liabilities		11,408,363	706,932	345,973	246,628
Net Assets		40,244,604	24,016,977	48,613,347	24,016,977
Equity					
Contributed equity	14	80,057,184	55,186,805	80,057,184	55,186,805
Reserves	14	(452,914)	1,047,739	1,533,832	1,193,679
Accumulated losses	14	(38,449,313)	(29,555,208)	(32,977,669)	(32,363,507)
Parent entity interest		41,154,957	26,679,336	48,613,347	24,016,977
Minority interest	14	(910,353)	(2,662,359)	-	-
Total Equity		40,244,604	24,016,977	48,613,347	24,016,977

The accompanying notes form part of these financial statements

Cash Flow Statement

For the Year ended 30 June 2007

Notes	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
	Inflows/(Outflows)		Inflows/(Outflows)	
Cash flows from operating activities				
Payments to suppliers and employees	(2,292,411)	(1,697,978)	(2,492,357)	(1,619,379)
Interest received	1,319,308	401,630	1,051,127	260,140
Payments for exploration expenditure	(4,785,048)	(3,395,877)	(125,549)	(602,471)
Net cash used in operating activities	6(d) (5,758,151)	(4,692,225)	(1,566,779)	(1,961,710)
Cash flows from investing activities				
Purchase of non-current assets	(200,002)	(94,078)	(45,244)	(32,912)
Payments for investments in subsidiaries	6(c) -	-	(549,311)	(110,000)
Purchase of capital mining equipment	(583,716)	-	-	-
Development costs	(843,840)	-	-	-
Loans to subsidiaries	-	-	(6,200,936)	-
Loans to related parties	(132,005)	(67,716)	(69,295)	(3,145,693)
Net cash used in investing activities	(1,759,563)	(161,794)	(6,864,786)	(3,288,605)
Cash flows from financing activities				
Proceeds from issue of shares	1,544,449	30,217,100	1,544,449	30,217,100
Share issue costs paid	(6,469)	(1,480,297)	(6,469)	(1,480,297)
Advances from minorities	795,291	-	-	-
Net cash provided by financing activities	2,333,271	28,736,803	1,537,980	28,736,803
Net increase/(decrease) in cash and cash equivalents				
	(5,184,443)	23,882,784	(6,893,585)	23,486,488
Effects of exchange rate changes in cash	(885,653)	(145,940)	-	-
Cash and cash equivalents at 1 July 2006	24,012,550	2,545,393	23,629,087	142,599
	17,942,454	26,282,237	16,735,502	23,629,087
Funds held to secure bank guarantee transferred to other assets	6 -	(2,269,687)	-	-
Cash and cash equivalents at 30 June 2007	6 17,942,454	24,012,550	16,735,502	23,629,087

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the Year ended 30 June 2007

Consolidated	Ordinary Shares	Accumulated Losses	Employee Benefits Reserve	Foreign Currency Translation Reserve	Minority Interest	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2005	26,387,002	(24,552,957)	854,555	-	-	2,688,600
Shares issued during the year	30,280,100	-	-	-	-	30,280,100
Share issue costs	(1,480,297)	-	-	-	-	(1,480,297)
Employee options issued during the year	-	-	339,124	-	-	339,124
Loss attributable to members of the parent entity	-	(5,002,251)	-	-	-	(5,002,251)
Loss attributable to minority shareholders	-	-	-	-	(2,662,359)	(2,662,359)
Adjustment from translation of foreign subsidiaries	-	-	-	(145,940)	-	(145,940)
Sub-total	28,799,803	(5,002,251)	339,124	(145,940)	(2,662,359)	21,328,377
Balance at 30 June 2006	55,186,805	(29,555,208)	1,193,679	(145,940)	(2,662,359)	24,016,977
Shares issued during the year	24,876,848	-	-	-	-	28,876,848
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)
Loss 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
Balance at 30 June 2007	80,057,184	(38,449,313)	1,533,832	(1,986,746)	(910,353)	40,244,604

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the Year ended 30 June 2007

Parent	Ordinary Shares	Accumulated Losses	Employee Benefits Reserve	Total
	\$	\$	\$	\$
Balance as at 1 July 2005	26,387,002	(24,552,957)	854,555	2,688,600
Loss attributable to members of the parent entity	-	(7,810,550)	-	(7,810,550)
Employee options issues during the year	-	-	339,124	339,124
Shares issued during the year	30,280,100	-	-	30,280,100
Share issue costs	(1,480,297)	-	-	(1,480,297)
Sub-total	28,799,803	(7,810,550)	339,124	21,328,377
Balance at 30 June 2006	55,186,805	(32,363,507)	1,193,679	24,016,977
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
Balance at 30 June 2007	80,057,184	(32,977,669)	1,533,832	48,613,347

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Year ended 30 June 2007

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

In the year ended 30 June 2007, the Group has reviewed 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 2006. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 28 September 2007.

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.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(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) 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.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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.

(I) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Foreign currency translation (continued)**

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, 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.

(m) Investment in Associate

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

The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is 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 associate.

Where there has been a change recognised directly in the associate's 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 associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income tax (continued)**

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.

(p) 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.

(q) 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 Consolidated Entity and is calculated using both the prime cost method and diminishing value method.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The principal depreciation rates used are as follows:

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.

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.

(r) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments and other financial assets (continued)**

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.

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.

(s) 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.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

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).

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.

(t) 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.

(u) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(v) 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 Consolidated Entity 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.

(w) 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).

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.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

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).

(x) 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.

(y) 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.

	Consolidated		Parent	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 2: REVENUES AND EXPENSES				
(a) Revenue				
Interest received	1,517,446	456,858	1,585,471	315,368
(b) Other income				
Management fees	26,400	-	26,400	-
Employee wages recharged to joint venture partners and subsidiaries	183,691	-	1,277,309	549,387
	210,091	-	1,303,709	549,387
(c) Other Expenses				
Auditor's remuneration				
- Audit and review of financial statements	47,690	45,091	34,100	34,352
ASX & AIM listing maintenance fees	241,149	372,607	241,149	372,607
Conferences	100,384	92,809	98,359	92,809
Corporate investor relations expense	134,079	230,994	128,471	221,614
Corporate travel	352,699	217,341	341,654	214,662
Employee remuneration	1,652,970	1,266,685	1,256,628	956,582
Insurances	46,041	42,756	38,284	38,878
Network & database costs	52,390	37,772	30,897	22,593
Other	613,948	515,152	88,926	228,715
	3,241,350	2,821,207	2,258,468	2,182,812

Notes to the Financial Statements

For the Year ended 30 June 2007

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 3: INCOME TAX				
Income tax recognised in profit or loss	-	-	-	-
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	(7,142,216)	(7,664,610)	(614,162)	(7,810,550)
Income tax benefit calculated at 30%	(2,142,665)	(2,299,383)	(184,285)	(2,343,165)
Non - deductible expenses	90,669	48,983	90,669	48,983
Unrecognised tax losses	2,051,996	2,250,400	93,616	2,294,182
Income tax benefit	-	-	-	-
Deferred tax liability comprises:				
Fair value adjustment on acquisition	9,017,443	-	-	-

The Consolidated Entity has unconfirmed carried forward income tax losses of approximately \$34,860,467 (2006: \$31,707,008). The potential deferred tax benefit of these tax losses has not been recognised as an asset because recovery of the tax losses is not considered probable in the context of AASB 112. The Company tax rate is 30% in the 2006-2007 income tax year (30%, 2005-2006). The tax rate for South African subsidiary companies is 29%. Of the carried forward tax losses, \$8,120,910 relate to South African operations. The benefit of these tax losses will only be realised if:

- the companies within the Consolidated Entity derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- the companies within the Consolidated Entity comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the companies within the Consolidated Entity in realising the benefit from the deduction for the loss.

The Consolidated Entity's deferred tax liability arose on consolidation and relates to the uplift in the carrying value of a tenement held by a company upon the company's acquisition by the Group.

NOTE 3: INCOME TAX (continued)**Tax Consolidation**

Platinum Australia Limited and its 100% owned Australian resident subsidiary have formed a tax consolidated group with effect from 1 July 2003. Platinum Australia Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiary on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' Intercompany accounts with the tax consolidated group head company, Platinum Australia Limited. Because under UIG 1052 Tax Consolidation Accounting the allocation of current taxes to tax consolidated group members on the basis of accounting profits is not an acceptable method of allocation given the group's circumstances, the difference between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under an acceptable method is recognised as a contribution/distribution of the subsidiaries' equity accounts. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes.

NOTE 4: SEGMENT REPORTING**Segment Information**

The Group's primary segment reporting format is geographic, as the group operates solely in the platinum-palladium exploration industry.

Geographical segments

Although the Consolidated Entity'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.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 4: SEGMENT REPORTING (continued)

Geographical segments – primary reporting

Year Ended 30 June 2007	Australia \$	Africa \$	Consolidated \$
Revenue	1,304,492	212,954	1,517,446
Total segment revenue	1,304,492	212,954	1,517,446
Loss from ordinary activities before income tax benefit	(1,501,017)	(5,641,199)	(7,142,216)
Income tax benefit	-	-	-
Loss from ordinary activities after income tax benefit/segment result	(1,501,017)	(5,641,199)	(7,142,216)
Assets			
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
Non-cash expenses			
Depreciation and amortisation	42,146	47,020	89,166
Year Ended 30 June 2006	Australia \$	Africa \$	Consolidated \$
Revenue	315,368	141,490	456,858
Total segment revenue	315,368	141,490	456,858
Loss from ordinary activities before income tax benefit	(1,581,451)	(6,083,159)	(7,664,610)
Income tax benefit	-	-	-
Loss from ordinary activities after income tax benefit/segment result	(1,581,451)	(6,083,159)	(7,664,610)
Assets			
Total assets/segment assets	24,200,244	523,665	24,723,909
Segment liabilities	246,628	460,304	706,932
Acquisitions of non-current assets	32,913	60,539	93,452
Non-cash expenses			
Depreciation and amortisation	36,282	30,502	66,784

NOTE 5: LOSS PER SHARE

	Consolidated	
	2007	2006
	Cents per share	Cents per share
<i>Basic loss per share:</i>	(4.7)	(3.6)
<i>Basic loss per share</i>	\$	\$
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Loss (refer (i))	(8,894,105)	(5,002,251)
Weighted average number of ordinary shares for the purposes of basic loss per share	188,904,568	140,798,381
(i) Loss used in the calculation of total basic loss per share reconciles to net loss in the income statement as follows:		
Net loss	(7,142,216)	(7,664,610)
Losses attributable to minority shareholders	1,751,889	2,662,359
Loss used in the calculation of basic loss per share	(8,894,105)	(5,002,251)

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 2007

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash at bank and on hand	267,814	1,875,144	56,842	1,491,406
Short-term deposits [(b) (i),(ii)]	10,674,640	14,407,093	9,678,660	12,137,681
Long-term deposits	7,000,000	10,000,000	7,000,000	10,000,000
	17,942,454	26,282,237	16,735,502	23,629,087
Less cash reclassified to other assets [Note (b)]	-	(2,269,687)	-	-
	17,942,454	24,012,550	16,735,502	23,629,087

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	17,942,454	24,012,550	16,735,502	23,629,087
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(b) Cash balances not available for use

- (i) Included in this balance is an amount of \$116,500 (2006: \$131,856) which is used as security for Department of Industry and Resources performance bonds amounting to \$116,500 (2006: \$116,500).
- (ii) In the previous year the Consolidated Entity reclassified an amount of \$2,269,687 (ZAR12,047,500) which prior to that was included in the cash balance of a subsidiary. The amount related to cash deposits that secured a bank guarantee held as consideration for the acquisition of an interest in the Smokey Hills Project, which was paid on the South African Government approval of the transfer of the New Order Right.

NOTE 6: CASH AND CASH EQUIVALENTS (continued)**(c) Acquisition of subsidiaries**

During the previous year, the parent entity subscribed for capital in Rivers Platinum Mining (Mauritius), Smokey Hills Platinum Mining (Mauritius) and Stella Platinum Mining (Mauritius).

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
During the current year, the parent entity subscribed for further shares in Smokey Hills Platinum Mining (Mauritius):	-	-	549,311	110,000
<i>Net cash outflow on acquisition</i>				
Cash and cash equivalents consideration	-	-	(549,311)	(110,000)
Less: cash and cash equivalents acquired	-	-	-	-
	-	-	(549,311)	(110,000)

Acquisition of Smokey Hills Platinum (Pty) Ltd

During the year Smokey Hills Platinum Mining (Mauritius), a wholly owned subsidiary of Platinum Australia Limited acquired the remaining 99% of the voting shares of Smokey Hills Platinum (Pty) Ltd. In the prior period, Smokey Hills Platinum Mining (Mauritius) held 1% of Smokey Hills Platinum (Pty) Ltd.

The total cost of the combination was \$23,757,223 and comprised an issue of equity instruments and cash as detailed below. The Group issued 15,000,000 ordinary shares with a fair value of \$1.545 each, based on the quoted price of the shares of Platinum Australia Limited at the date of exchange.

Details of the fair value of the assets and liabilities acquired are as follows;

	Consolidated <i>Recognised on acquisition</i> \$
Mining Property	33,460,877
Deferred tax liability	(9,703,654)
	23,757,223
Fair value of identifiable net assets	23,757,223
Goodwill arising on acquisition	-
Cost of the combination:	
Shares issued, at fair value	23,175,000
Cash – current year	549,311
Cash – prior year	32,912
Total cost of the combination	23,757,223

Subsequent to the purchase by the Group, Smokey Hills Platinum (Pty) Ltd issued an additional 500 shares, an interest of 6.35% as part of its Black Economic Empowerment strategy.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

	Consolidated		Parent	
	2007 \$	2006 \$	2007 \$	2006 \$
(d) Reconciliation of loss for the year to net cash flows from operating activities				
Loss for the year	(7,142,216)	(7,664,610)	(614,162)	(7,810,550)
Depreciation and amortisation	89,166	66,784	42,146	36,282
Impairment of investment in subsidiaries	-	-	376,260	46,639
Impairment of loan to subsidiaries	-	-	(196,918)	6,135,821
Impairment of loan to associated entity	71,300	79,385	71,300	79,385
Impairment of security deposit	-	2,269,687	-	-
Non-cash exploration expenditure	-	63,000	-	63,000
Employee options and leave benefits	826,537	202,954	826,537	185,459
Non-cash Income	(26,400)	-	(307,379)	-
Recharges to subsidiaries	-	-	(1,277,309)	(549,387)
<i>Change in net assets and liabilities, net of effects from acquisition and disposal of businesses:</i>				
<i>Increase in assets:</i>				
Current receivables	(464,903)	(53,894)	(586,599)	(79,703)
<i>Increase/(decrease) in liabilities:</i>				
Current payables	816,388	292,003	16,223	(121,122)
Other current liabilities	17,525	16,226	35,403	16,226
Non-current provisions	54,452	36,240	47,719	36,240
Net cash from operating activities	(5,758,151)	(4,692,225)	(1,566,779)	(1,961,710)

NOTE 7: RECEIVABLES

	Consolidated		Parent	
	2007 \$	2006 \$	2007 \$	2006 \$
<i>Current</i>				
Other receivables & prepayments	1,352,820	197,594	421,260	143,715
<i>Non-Current</i>				
Loan to subsidiaries	-	-	30,463,039	22,681,668
Less accumulated impairment	-	-	(22,484,750)	(22,681,668)
	-	-	7,978,289	-
Loan to associated entity	175,078	615,376	175,078	615,376
Less accumulated impairment	(150,685)	(579,385)	(150,685)	(579,385)
	24,393	35,991	24,393	35,991
Loans to Smokey Hills Project participant	98,703	-	-	-
Less accumulated impairment	-	-	-	-
	98,703	-	-	-
	123,096	35,991	8,002,682	35,991

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.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Current</i>				
Security deposit reclassified from cash [Note 6(b)(ii)]	-	2,269,687	-	-
Less Accumulated impairment	-	(2,269,687)	-	-
	-	-	-	-

In the previous year, this amount was fully impaired on the basis that when the approval of the transfer of the New Order Right was received, this deposit was released and became consideration for the Group's interest in the Smokey Hills Project. In accordance with the Group's accounting policy, all exploration tenement acquisition expenditure is expensed.

Non-Current

The investments included in the financial statements comprise:

Shares in subsidiaries - at cost (i)	-	-	24,657,210	610,000
Less: Accumulated impairment	-	-	(922,899)	(546,639)
	-	-	23,734,311	63,361

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	2007 % Holding	2006 % Holding
Subsidiaries of			
Platinum Australia Limited:			
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
Stellex Platinum (Pty) Ltd	South Africa	100	-
Stella Platinum (Pty) Ltd	South Africa	100	100
EL Platinum (Pty) Ltd	South Africa	100	-
Smokey Hills Platinum (Pty) Ltd	South Africa	93.7	1
Phokathaba Platinum (Pty) Ltd	South Africa	74.96	0.8

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

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	
	2007 \$	2006 \$	2007 \$	2006 \$
Costs carried forward in respect of:				
Development phase – at cost				
Tenement acquisition during development	31,094,630	-	-	-
Expenditure incurred	989,429	-	-	-
Exchange differences	(233,754)	-	-	-
Total development expenditure	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	
	2007 \$	2006 \$	2007 \$	2006 \$
Plant, equipment, vehicles and furniture - cost	856,534	621,207	549,312	504,068
Less: Accumulated depreciation	(558,958)	(472,416)	(483,747)	(441,600)
Total Property Plant & Equipment	297,576	148,791	65,565	62,468
Reconciliation:	Motor Vehicles	Plant & Equipment	Office Furniture	Total
2007	\$	\$	\$	\$
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
2006				
Opening written down value	32,859	62,991	25,647	121,497
Additions	36,219	18,038	39,195	93,452
Disposals	-	-	-	-
Depreciation	(14,696)	(35,696)	(16,392)	(66,784)
Exchange differences	549	244	(167)	626
Closing written down value	54,931	45,577	48,283	148,791

Notes to the Financial Statements

For the Year ended 30 June 2007

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 \$826,537 (2006: \$163,276). 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:

	2007 Number	2007 Weighted average exercise price	2006 Number	2006 Weighted average exercise price
Outstanding at the beginning of the year	8,615,000	31.14	8,785,000	28.65
Granted during the year	4,400,000	130.20	830,000	42.54
Exercised during the year	(1,290,000)	34.80	(200,000)	20.00
Expired or cancelled during the year	(215,000)	32.10	(800,000)	20.00
Outstanding at the end of the year	11,510,000	68.58	8,615,000	31.14

The outstanding balance as at 30 June 2007 is represented by:

- 160,000 options over ordinary shares with an exercise price of 22.5 cents each, 30,000 of which had vested at 30 June 2007, exercisable by 5 November 2008;
- 3,800,000 options over ordinary shares with an exercise price of 35 cents each, all of which had vested at 30 June 2007, 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 2007, exercisable by 11 December 2009;
- 550,000 options over ordinary shares with an exercise price of 37 cents each, 75,000 of which had vested at 30 June 2007, exercisable by 30 November 2009;
- 100,000 options over ordinary shares with an exercise price of 83 cents each, 20,000 of which had vested at 30 June 2007, exercisable by 30 April 2010;
- 400,000 options over ordinary shares with an exercise price of 70 cents each, 50,000 of which had vested at 30 June 2007, 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 2007, 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 2007, exercisable by 6 March 2011;
- 900,000 options over ordinary shares with an exercise price of \$1.74 each, none of which had vested at 30 June 2007, exercisable by 30 June 2011.

NOTE 11 : SHARE BASED PAYMENT PLANS (continued)

The following table lists the inputs to the model used for the years ended 30 June 2006 and 30 June 2007:

	2007	2006
Volatility (%)	40.74% - 74.99%	73.09% - 83.78%
Risk-free interest rate (%)	6.17% - 6.42%	5.37% - 5.795%
Expected life of option (years)	4 years	4 years
Exercise price (cents)	\$1.25 - \$1.74	37 – 83 cents
Weighted average share price at grant date (cents)	143 cents – 180 cents	52.82 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: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Trade creditors & accruals	1,289,967	558,680	155,717	115,871

NOTE 13: PROVISIONS**Current**

Annual leave	165,779	112,012	124,024	94,517
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Non-Current

Long service leave	54,452	36,240	54,452	36,240
Total employee leave provisions	220,231	148,252	178,476	130,757

The number of employees of the Consolidated Entity at balance date was 25 (2006: 9).

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 14: CONTRIBUTED EQUITY AND RESERVES

	Parent	
	2007	2006
	\$	\$
Issued capital:		
200,220,523 ordinary fully paid shares (2006: 179,015,281 ordinary shares)	80,057,184	55,186,805
<i>Movements during the Year</i>		
	No of shares	\$
Balance at 30 June 2005	99,612,523	26,387,002
Placement (July 2005)	25,000,000	2,750,000
Purchase payments	450,000	63,000
Placement (October 2005)	18,300,000	3,660,000
Unlisted options conversion	200,000	40,000
Placement (December 2005)	11,700,000	2,340,000
Placement (May 2006)	22,235,399	21,123,628
Options conversions	1,517,359	303,472
Share issue costs	-	(1,480,297)
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

Refer to Note 20 in relation to the issue of shares subsequent to year end.

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.

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Accumulated losses:				
Balance at the beginning of the year	(29,555,208)	(24,552,957)	(32,363,507)	(24,552,957)
Loss from ordinary activities	(8,894,105)	(5,002,251)	(614,162)	(7,810,550)
Balance at the end of the year	(38,449,313)	(29,555,208)	(32,977,669)	(32,363,507)

NOTE 14: CONTRIBUTED EQUITY AND RESERVES (continued)

Reserves:	Consolidated			Parent	
	Equity Benefits Reserve	Foreign Currency Translation Reserve	Total	Equity Benefits Reserve	Total
	\$	\$	\$	\$	\$
At 30 June 2005	854,555	-	854,555	854,555	854,555
Currency translation differences	-	(145,940)	(145,940)	-	-
Share based payments	339,124	-	339,124	339,124	339,124
At 30 June 2006	1,193,679	(145,940)	1,047,739	1,193,679	1,193,679
Currency translation differences	-	(1,840,806)	(1,840,806)	-	-
Share based payments	340,153	-	340,153	340,153	340,153
At 30 June 2007	1,533,832	(1,986,746)	(452,914)	1,533,832	1,533,832

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.

Minority Interests:	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Interest in:</i>				
Share Capital	(117)	-	-	-
Accumulated losses (i)	910,470	2,662,359	-	-
	910,353	2,662,359	-	-

(i) Accumulated Losses

During the year the Consolidated Group increased its interest in Smokey Hills Platinum (Pty) Ltd from 1% to 93.7% which resulted in the following minority interest adjustment that presents a greater group loss attributable to the parent entity for the year on the face of the Income Statement;

Minority Interest in losses at 30 June 2006	2,662,359
Adjustment on acquisition	(2,085,566)
Minority Interest in current year losses	333,677
Minority Interest movement for the year	(1,751,889)
Minority Interest in losses at 30 June 2007	910,470

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 15: FINANCIAL INSTRUMENT DISCLOSURES

- (a) The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities, is as follows:

2007	Weighted Average Effective Interest Rate	Floating Interest Rate	FIXED INTEREST RATE MATURING IN:			Non Interest Bearing	Total
			1 Year or Less	Over 1 to 5 Years	More than 5 Years		
2007	2007	2007	2007	2007	2007	2007	2007
%	\$	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS							
Cash and deposits	6.40	-	17,885,612	-	-	56,842	17,942,454
Loans Receivables	6.25	123,096	-	-	-	-	123,906
Receivables	-	-	-	-	-	1,352,820	1,352,820
		123,096	17,885,612	-	-	1,409,662	19,418,370
FINANCIAL LIABILITIES							
Loans Payable	6.25	(795,290)	-	-	-	-	(795,290)
Trade creditors and accruals	-	-	-	-	-	(1,375,399)	(1,375,399)
		(795,290)	-	-	-	(1,375,399)	(2,170,689)
Net Financial Assets	-	(672,194)	17,885,612	-	-	34,263	17,247,681

2006	Weighted Average Effective Interest Rate	Floating Interest Rate	FIXED INTEREST RATE MATURING IN:			Non Interest Bearing	Total
			1 Year or Less	Over 1 to 5 Years	More than 5 Years		
2006	2006	2006	2006	2006	2006	2006	2006
%	\$	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS							
Cash and deposits	5.25	1,875,144	22,137,406	-	-	-	24,012,550
Receivables	-	-	-	-	-	197,594	197,594
		1,875,144	22,137,406	-	-	197,594	24,210,144
FINANCIAL LIABILITIES							
Trade creditors and accruals	-	-	-	-	-	(558,680)	(558,680)
		-	-	-	-	(558,680)	(558,680)
Net Financial Assets	-	1,875,144	22,137,406	-	-	(361,086)	23,651,464

NOTE 15. FINANCIAL INSTRUMENT DISCLOSURES (continued)**(b) Credit Risk**

The Consolidated Entity's maximum exposure to credit risk, excluding the value of any collateral or other security, in relation to each class of recognised financial assets, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and Notes to the Financial Statements.

The Consolidated Entity does not have any material credit risk to any single debtor group or group of debtors under financial arrangements entered into by the Consolidated Entity.

(c) Net Fair Values

The net fair values of all monetary financial assets and liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the Balance Sheet and Notes to the Financial Statements.

NOTE 16: COMMITMENTS AND CONTINGENCIES**Commitments**

There are no outstanding commitments not provided for in the financial statements of the Consolidated Entity as at 30 June 2007 other than:

(a) Capital commitments;

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

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Mining Property</i>				
Payable within one year	3,714,888	-	-	-
Later than one year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	<u>3,714,888</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) In order to maintain rights of tenure, the Consolidated Entity is committed to outlay an aggregate amount of approximately \$363,325 in 2007/2008, (2006/2007: \$347,500) 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 2007/2008 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.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 16: COMMITMENTS AND CONTINGENCIES (continued)

(c) Leases

(i) Operating Leases

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases (rental of premises) are payable as follows:				
Within one year	173,284	138,928	93,257	73,740
Later than one year but not later than 5 years	379,444	292,376	302,400	246,960
Later than 5 years	-	-	-	-
	<u>552,728</u>	<u>431,304</u>	<u>395,657</u>	<u>320,700</u>

(ii) Finance Leases

The Group has vehicles under finance lease with a carrying value of \$121,906 (2006: nil) 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.

Commitments for minimum lease payments in relation to finance leases are payable as follows:

Within one year	34,339	-	3,415	-
Later than one year but not later than 5 years	85,431	-	11,780	-
Later than 5 years	-	-	-	-
	<u>119,770</u>	<u>-</u>	<u>15,195</u>	<u>-</u>

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 Consolidated Entity's exploration and production activities and its ability to fund those activities. It is impossible at this stage to quantify the impact (if any) which these developments may have on the Consolidated Entity's operations.

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

(b) Performance Bonds

As disclosed in Note 6(b)(i), the Consolidated Entity has provided performance bonds amounting to \$116,500 (2006: \$116,500) to the Department of Industry and Resources in respect of compliance with environmental conditions in relation to certain tenements.

NOTE 17: JOINT VENTURES

At 30 June 2007 the Consolidated Entity 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 18: 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.

NOTE 19: RELATED PARTY DISCLOSURES

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

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 20: EVENTS AFTER THE BALANCE SHEET DATE

On the 5th July 2007 the Company made a placement of 7,300,000 shares at \$1.72 raising \$12,556,000 to fund exploration activities on the Kalahari Platinum Area of Influence and a security deposit required for the Smokey Hills Project financing.

Notes to the Financial Statements

For the Year ended 30 June 2007

NOTE 21: AUDITORS' REMUNERATION

The auditors of Platinum Australia Limited are HLB Mann Judd.

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Amounts received or due and receivable by HLB Mann Judd for:</i>				
An audit or review of the financial report of the entity and any other entity in the consolidated group	34,100	34,352	34,100	34,352
<i>Amounts received or due and receivable by other auditors for:</i>				
An audit or review of the financial report of subsidiaries	13,590	10,739	-	-
	47,690	45,091	34,100	34,352

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 1.7.06	Net Change	Balance 30.6.07
Mr PD Allchurch	7,222,335	185,418	7,407,753
Mr JD Lewins	1,232,000	-	1,232,000
Mr MG Blakiston	500,000	1,004,167	1,504,167
Mr EE Hughes	25,000	-	25,000
Mr WA Hansen	50,000	(50,000)	-
	9,029,335	1,139,585	10,168,920

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

NOTE 22: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**(c) Option holdings of Key Management Personnel****Directors**

	Balance 1.7.06	Options Granted during the year as remuneration	Other changes during the year	Options Lapsed/ Sold	Balance 30.6.07	Vested and Exercisable 30.6.07
Mr PD Allchurch	2,035,418	-	(185,418)	-	1,850,000	1,850,000
Mr JD Lewins	3,850,000	3,000,000	-	-	6,850,000	3,600,000
Mr MG Blakiston	1,008,334	-	(1,004,167)	(4,167)	-	-
Mr EE Hughes	400,000	-	-	-	400,000	400,000
Mr WA Hansen	400,000	-	(200,000)	-	400,000	200,000
	<u>7,693,752</u>	<u>3,000,000</u>	<u>(1,389,585)</u>	<u>(4,167)</u>	<u>9,300,000</u>	<u>6,050,000</u>

Mr Hansen is appointed as representative of Anglo Pacific Group Plc which holds 20,958,408 shares in the Company.

Other Key Management Personnel

	Balance 1.7.06	Options Granted during the year as remuneration	Other changes during the year	Options Lapsed/ Sold	Balance 30.6.07	Vested and Exercisable 30.6.07
Mr DG Neill	-	650,000	-	-	650,000	50,000
Mr RA Wallis	250,000	250,000	-	-	500,000	45,000
Mr W Smart	-	250,000	-	-	250,000	-
	<u>250,000</u>	<u>1,150,000</u>	<u>-</u>	<u>-</u>	<u>1,400,000</u>	<u>95,000</u>

Directors' Declaration

1. In the opinion of the Directors:
 - a. the financial statements and notes of the Company and of the Consolidated Entity are 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 2007 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 2007.

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



J D LEWINS

Managing Director

Dated this 28th day of September 2007

Independent Audit Report



To the members of PLATINUM AUSTRALIA LIMITED

We have audited the accompanying financial report of Platinum Australia Limited ("the company"), which comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended and the directors' declaration for both the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the end of the financial year or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading "remuneration report" in the directors' report and not in the financial report. We have audited these remuneration disclosures.

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. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

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, and the remuneration disclosures contained in the directors' 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

Independent Audit Report

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 and the remuneration disclosures contained in the directors' 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.

Independent Audit Report

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Platinum Australia Limited and included in the Directors' Report, would be on the same terms if provided to the directors as at the time this auditor's report was made.

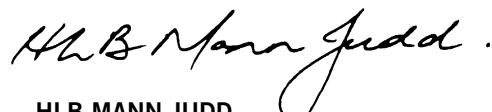
Auditor's Opinion

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 2007 and of their performance for the year then ended; 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).

Auditor's Opinion on the AASB 124 Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
28 September 2007

Schedule of Mining Tenements

At 11 September 2007

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 (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/283	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/284	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/285	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/322	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/323	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/324	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/329	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/408	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/428	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals Limited – Manager)
M 59/429	Melville JV	Gold	25% PLA (10% Prosperity Resources Limited – 65% Mulgara Minerals 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
Kalplats (Project Area)	Reference #'s NW30/5/1/1/2/561 & NW 30/5/1/1/2/748
Kalplats (Area of Influence)	Reference # 30/5/1/1/2/1056 PR

Shareholders Information

At 11 September 2007

Twenty Largest Shareholders	Number of Shares	%
Ordinary Shares		
1. CITICORP NOMINEES PTY LIMITED	26,881,126	12.95%
2. MERRILL LYNCH (AUSTRALIA) NOMINEES LTD	20,449,885	9.85%
3. NATIONAL NOMINEES LIMITED	10,517,596	5.07%
4. ANZ NOMINEES LIMITED	8,913,872	4.30%
5. MR PETRUS GERHARDUS MEINTJES	7,500,000	3.61%
6. MR CAREL NICOLAAS VAN HEERDEN	7,500,000	3.61%
7. MACQUARIE BANK LIMITED	7,000,000	3.37%
8. CHETWYND NOMINEES LIMITED	4,873,035	2.35%
9. MR PETER DONALD ALLCHURCH	4,000,000	1.93%
10. IAG NOMINEES PTY LIMITED	3,815,261	1.84%
11. HSBC GLOBAL CUSTODY NOMINEE (UK)	3,659,461	1.76%
12. HSBC CUSTODY NOMINEES (AUS)	3,349,416	1.61%
13. HAIFA PTY LTD*	2,500,001	1.20%
14. JP MORGAN NOMINEES AUSTRALIA LIMITED	2,297,536	1.11%
15. SNC NOMINEES LIMITED	2,176,965	1.05%
16. CHESTER NOMINEES WA PTY LTD	1,750,000	0.84%
17. INVIA CUSTODIAN PTY LTD	1,531,500	0.74%
18. EPICURE CAPITAL PTY LTD	1,500,000	0.72%
19. UCAN NOMINEES PTY LTD	1,400,000	0.67%
20. DR TRENT PATRICK BARRY	1,233,563	0.59%
Total	122,849,217	59.20%

* Company associated with Mr P Allchurch

Distribution of Shareholdings	Number of Shareholders	Number of Shares Held
1 - 1000	400	275,305
1001 - 5000	1,019	2,985,248
5001 - 10000	580	4,815,045
10001 - 100000	904	30,752,009
100001 - Over	138	168,692,914
Total	3,041	207,520,521
Holding less than a marketable parcel	43	5,486

Substantial Shareholders

NewsSmith Opportunities Fund
Anglo Pacific Group Plc

Number of Shares

33,750,000	fully paid shares
20,958,408	fully paid shares

Restricted Securities

The following securities are subject to voluntary escrow.

Mr PG Meintjes	7,500,000	fully paid shares
Mr CN Van Heerden	7,500,000	fully paid shares

These securities become available on the 23rd January 2008.

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

AIM	Alternative Investment Market (London)
Aol	Kalplats “Area of Influence”
ASX	Australian Stock Exchange
Au	Gold
BEE	Black Economic Empowerment
BFS	Bankable Feasibility Study
BIC	Bushveld Igneous Complex
EPCM	Engineering, Procurement and Construction Management
ESOP	Employee Share Option Plan
g/t	Grams per tonne
Ir	Iridium
JORC	Joint Ore Reserves Committee
Kalplats	Kalahari PGM Project
LHD	Load Haul Dump machines
LM	Lower Main (Reef)
MR	Mid Reef
Pd	Palladium
PGM	Platinum Group Metals
3E PGM	Platinum Group Metals including Platinum, Palladium & Gold
4E PGM	Platinum Group Metals including Platinum, Palladium, Gold and Rhodium
6E PGM	Platinum Group Metals including Platinum, Palladium, Gold, Rhodium, Ruthenium & Iridium
Pt	Platinum
PTP	Phokathaba Platinum (Pty) Ltd
RC	Reverse circulation drilling
Ru	Ruthenium
SAMREC	South African Mineral Resource Committee
SLI	Stella Layered Intrusion
SMY	Sally Malay Mining Limited
tpm	Tonnes per month
UG2	Upper Group 2
UM	Upper Main (Reef)

PLATINUM

AUSTRALIA

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