



PLATINUM AUSTRALIA LIMITED

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28 July 2006

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2006

HIGHLIGHTS

Smokey Hills PGM Project Resource Reaches 1 Million Ozs

Platinum Australia Limited (ASX: PLA) (AIM: PLAA) announces that following the completion of a review of the resource estimate for the Bankable Feasibility Study (“BFS”), the Measured and Indicated Mineral Resource, the estimate for the Smokey Hills Platinum Group Metals (“PGM”) Project has increased to 5.5 million tonnes at a grade of 5.6 g/t 4E PGM containing 1 million oz 4E PGM.

Positive Preliminary Results from the Smokey Hills PGM Project

PLA announces the preliminary results from the BFS, which confirm that the Smokey Hills Platinum PGM Project would be extremely robust and would generate returns in excess of 60% on the Base Case assumptions and in excess of 300% using current metal prices and exchange rate.

Share Placement

In May PLA finalised a Share Placement of 22.2 million new fully paid shares at an issue price of 95 cents per share to raise A\$21 million. The Placement was primarily with institutional investors in Australia and the United Kingdom.

OPERATIONS

PLA operations were focused on the Smokey Hills PGM Project and the Kalahari Platinum Project in South Africa. In Australia Sally Malay Mining (“SMY”) continued to work on updating the previous BFS on the Panton PGM Project as part of PLA’s joint venture with SMY.

Smokey Hills Platinum Project

The Smokey Hills PGM Project is located on the eastern limb of the Bushveld Complex in the Limpopo Province of South Africa, 300 kilometres north east of Johannesburg. The Project is adjacent to and up dip from the existing Modikwa Platinum Mine owned by African Rainbow Minerals and Anglo Platinum.

The focus for PLA during the last quarter to 30 June 2006 has been finalising the BFS on the Project. As part of this work a final review of the resource was completed during the quarter which led to an increase in the Measured and Indicated Resource to 1 million oz 4E PGM as detailed in table 1 below.

Table 1 Smokey Hills PGM Project UG2 Reef^{#1} Mineral Resource^{#2}									
	Tonnes^{#3}	4E PGM	6E PGM	Pt	Pd	Rh	Au	Ru	Ir
	Mt	g/t	g/t	g/t	g/t	g/t	g/t	g/t	g/t
Measured	3.6	5.59	6.60	2.47	2.54	0.51	0.08	0.80	0.21
Indicated	1.9	5.57	6.59	2.49	2.49	0.50	0.08	0.80	0.21
Total	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 Chromite Layer, a 15 cm Footwall Cut and a Hangingwall Cut to the L2 parting.

#2 All tabulated data has been rounded to one decimal place for tonnage and two decimal places for grades.

#3 After interpreted geological losses of 21% have been removed. Geological losses include potholes, dykes, faults, rolling reefs and Iron Rich Ultramafic Pegmatite.

The BFS is being undertaken with GRD Minproc as the Lead Engineer, Snowden Mining Consultants responsible for the Resource Estimate and Mining Study, SRK Consulting for Tailings and Hydro-geological studies and Africa Geo-Environmental Services for the Environmental Study. The BFS was largely completed during the quarter and the key preliminary results from the study are as follows:-

- The Project would deliver a return of 63% on the Base Case and 311% at Current Prices;
- The Project would achieve an NPV10 of US\$74 million on the Base Case and US\$251 million at Current Prices;
- The Project would generate a cash flow (undiscounted) of US\$133 million on the Base Case and US\$404 million at Current Prices;
- The Initial Capital Cost estimate for the Project was US\$41.5 million;
- The Cash Operating Cost would be US\$228/ozs 4E PGM produced;
- The Project would produce an average of 96,000 ozs 4E PGM per annum over a 7 year life.

A full summary of the preliminary results are provided in Table 2 below and the underlying assumptions relating to metal prices and exchange rate are provided in Table 3.

Table 2 Summary of Preliminary Results from Smokey Hills BFS

		Base Case	Current Prices (at 10/7/2006)
Reserves	4E PGM	763,000 oz	
Production	4E PGM	~96,000 oz/annum	
Plant Recovery		86%	
Project Life		7 years	
Cash Costs	4E PGM	US\$228/oz	US\$222/oz
Basket Price	4E PGM	US\$628/oz	US\$1,118/oz
Capital Cost			
Initial	US\$	\$41.5 Million	\$40.9 Million
Deferred	US\$	\$12.5 Million	\$12.3 Million
NPV			
10%	US\$	\$74 Million	\$251 Million
15%	US\$	\$56 Million	\$203 Million
IRR		63%	311%
Cashflow	US\$	\$133 Million	\$404 Million
Payback	months	22 months	6 months

Table 3 Metal Price and Exchange Rate Assumptions

Rand/US Dollar Exchange Rate and Metal Prices					
		Base Case		Current at 10/7/2006	
Exchange Rate	ZAR/US\$	7.0		7.19	
Metal Prices		US\$	ZAR	US\$	ZAR
Platinum	per oz	900	6,300	1,235	8,880
Palladium	per oz	300	2,100	325	2,337
Rhodium	per oz	1,000	7,000	4,550	32,715
Gold	per oz	450	3,150	626	4,501
Nickel	per tonne	10,000	70,000	25,950	186,581
4E Basket Price	per oz	632	4,421	1,113	8,004

The final results from the BFS will be available in the near future but are not expected to differ significantly from the preliminary figures.

Kalahari Platinum Project

The Kalplats Project is located 330 km west of Johannesburg and has an established (Indicated and Inferred) resource of 3.4 million ounces 3E PGM, including a high grade resource of 1.4 million ounces 3E PGM at a grade of 3.6 g/t 3E PGM. PLA believes that there is significant potential to increase the size of the resource as all deposits appear to be open at depth and along strike and PLA have identified numerous targets from geochemical survey work and a high resolution aeromagnetic survey completed by PLA in early 2005.

PLA are awaiting the issue of a “New Order” Prospecting Right covering the project to allow a planned Pre Feasibility Study (“PFS”) drilling program of approximately 15,000 metres to commence.

During the period PLA undertook a significant program of re-logging existing core from the previous drilling to aid in our re-interpretation of the deposit and provide additional input into the planning of the drilling program.

Panton Platinum Palladium 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 site. The Project has a (Measured + Indicated + Inferred) resource of 14.3 Mt at 5.2 g/t 7E PGM containing 2.4 million ounces 7E PGM, including a high grade resource of 10.1 Mt at 6.1 g/t 7E PGM containing 2 million oz 7E PGM.

Initial metallurgical test work completed by SMY has confirmed that the SMY grinding and flotation circuits will be able to treat Panton ore in the initial stages of processing. Recovery of PGM’s will require a separate circuit incorporating the Panton Process.

A scoping study for the treatment of the Panton ore using the SMY treatment facility incorporating the Panton Process is currently under way. This study which includes capital and operating cost estimates should be completed by the end of July 2006.

Further metallurgical test work is proposed which will require re-entry into the Panton exploration decline in order to recover a 500t ore sample. The approvals process for this is well advanced and activities are expected to commence in mid August, extending over an approximate eight week period.

Assuming a positive outcome from the scoping study and pilot plant test work, a decision will be made to process a larger parcel of ore (+2,500t) at the SMY plant. It is expected that all of this work will be completed by the end of this calendar year.

CORPORATE

In May PLA completed a Share Placement of 22.2 million new fully paid shares at an issue price of 95 cents per share to raise US\$21 million. The Placement was managed by Bell Potter Securities Limited and the shares were placed primarily with institutional investors in Australia and the United Kingdom.

The funds raised will be utilized to advance the Smokey Hills, Kalahari Platinum and Panton Projects, together with general working capital.

Qualification Statement

We confirm that the exploration results and resources contained in this report are based on information compiled by Tony Greenaway, Geology & Resources Manager of Platinum Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy.

Tony Greenaway has more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a competent person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



JOHN LEWINS
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Glossary

3E PGM	platinum + palladium + gold
4E PGM	platinum + palladium + rhodium + gold
6E PGM	platinum + palladium + rhodium + iridium + ruthenium + gold
7E PGM	platinum + palladium + rhodium + iridium + osmium + ruthenium + gold
Au	gold
Ir	iridium
Pd	palladium
Pt	Platinum
Rh	rhodium
Ru	ruthenium

* The six Platinum Group Metals (PGM's) are Platinum (Pt), Palladium, (Pd), Rhodium, (Rh), Iridium (Ir), Osmium (Os) and Ruthenium (Ru).

Appendix 5B

Mining Exploration Entity Quarterly Report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

PLATINUM AUSTRALIA LIMITED

ABN

99 093 417 942

Quarter ended ("current quarter")

June 2006

Consolidated Statement of Cash Flows

		Current quarter	Year to date
		\$A'000	(12 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(1,050)	(3,502)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	213	456
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(1,181)	(4,760)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(19)	(106)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities	(9)	(28)
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(28)	(134)
1.13	Total operating and investing cash flows (carried forward)	(1,209)	(4,894)

1.13	Total operating and investing cash flows (brought forward)	(1,209)	(4,894)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	21,423	30,217
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide detail if material) Fundraising Costs	(900)	(1,480)
	Net financing cash flows	20,523	28,737
	Net increase (decrease) in cash held	19,314	23,843
1.20	Cash at beginning of quarter/year to date	7,557	2,546
1.21	Exchange rate adjustments to item 1.20	(589)	(107)
1.22	Cash at end of quarter (refer note below)	26,282	26,282

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter SA'000
1.23	Aggregate amount of payments to the parties included in item 1.2	110
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Included in cash is a bank guarantee being held as consideration for the acquisition of an interest in the Smokey Hills Joint Venture. Release of the funds is subject to the granting of a new order right in accordance with South African mining legislation.

Non-cash Financing and Investing Activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing Facilities Available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	-
3.2 Credit standby arrangements	N/A	-

Estimated Cash Outflows for next Quarter

	\$A'000
4.1 Exploration and evaluation	2,930
4.2 Development	
Total	2,930

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,491	50
5.2 Deposits at call	22,832	4,737
5.3 Bank overdraft		
5.4 Other: Bank Guarantees	1,959	2,770
Total: cash at end of quarter (item 1.22)	26,282	7,557

Changes in Interests in Mining Tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and Quoted Securities at end of Current Quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	179,015,281	179,015,281		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	23,727,708	23,727,708		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			Exercise price	Expiry date
	4,281,852	4,281,852	20 Cents	30 November 2006
	15,000	-	43.5 Cents	14 March 2007
	270,000	-	22.5 Cents	5 November 2008
	5,000,000	-	35 Cents	10 December 2009
	2,500,000	-	20 Cents	11 December 2009
	730,000	-	37 Cents	30 November 2009
	100,000	-	83 Cents	30 April 2010
	650,000	-	37.3 Cents	24 May 2011
7.8 Issued during quarter	100,000	-	83 Cents	30 April 2010
7.9 Exercised during quarter	1,492,309	1,492,309	20 Cents	30 November 2006
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 28 July 2006
(Director / Company Secretary)

Print name: GILLIAN SWABY

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.