



# PLATINUM AUSTRALIA LIMITED

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31 January 2007

## QUARTERLY REPORT FOR THE PERIOD ENDED 31<sup>st</sup> DECEMBER 2007

### HIGHLIGHTS

#### **Smokey Hills Mining Right Granted and Construction Commenced**

The New Order Mining Right for the Smokey Hills PGM Project was issued on 7 November allowing on site construction activities to commence less than three weeks later.

#### **Offtake Agreement signed with Impala Refining Services for Smokey Hills Concentrate**

In December PLA announced that a life of mine offtake agreement had been signed with Impala Refining Services ("IRS") for the concentrate from the Smokey Hills Mine.

#### **Crater Deposit Resource at the Kalahari Platinum Project Increased by 16%**

In November, PLA announced the updated resource estimate for the Crater Deposit in the Kalplats Project had increased the total contained ozs of PGM's by 16%. The new resource estimate is 11.2 Mt @ 1.65 g/t 3E PGM, containing almost 600,000 oz 3E PGM. The resource estimate was completed by Snowden Mining Industry Consultants ("Snowden") and is based on a 0.5 g/t 3E PGM cut off and is to a depth of approximately 200 metres below surface.

#### **Results from the Resource Drilling Program at the Kalahari Platinum Project**

Further results from the resource drilling program at the Kalahari Project, announced during the quarter continued to enhance the project and build our confidence in the geological and grade continuity of individual deposits and of the Kalplats Project as a whole. The majority of the results reported during the period were from the Sirius, Vela, Crux and Serpens North deposits.

#### **Updated Feasibility Study on Panton Commenced**

In November PLA announced that it was commencing an updated Feasibility Study on the Panton PGM Project which is due for completion in mid 2008. The focus of the study will be on a stand alone open pit operation with a four year life; producing some 35,000 to 40,000 PGM's per annum, with the potential to continue into underground operations.

## OPERATIONS

At the **Kalplats Project** in South Africa, operations continued to focus on the resource definition drilling program with two diamond and two RC rigs operating. By the end of the quarter PLA had completed 49,500m of drilling on the project since the commencement of the drilling program in September 2006. Results from this work which have been progressively reported during this and previous quarters have confirmed much of the previous results and also identified new wide zones of mineralisation in the Sirius and Vela deposits. Some of the results announced included the following:

### Sirius

KP224 - 26m @ 3.99 g/t 3E PGM plus 16.05m @ 2.95 g/t 3E PGM; KP220 - 7m @ 3.95 g/t 3E PGM; KP292 - 13m @ 3.79 g/t 3E PGM; and KP270 - 7m @ 3.79 g/t 3E PGM.

### Vela

KP271 - 9m @ 2.65 g/t 3E PGM; KP193 – 11m @ 2.35 g/t 3E PGM plus 2m @ 2.77 g/t 3E PGM; KP202 - 2m @ 2.58 g/t 3E PGM plus 2m @ 2.34 g/t 3E PGM plus 8m @ 2.39 g/t 3E PGM plus 5m @ 2.31 g/t 3E PGM

### Crux

KP258 - 11m @ 2.74 g/t 3E PGM; KP270 - 12.99m @ 2.28 g/t 3E PGM plus 2.57m @ 3.00 g/t 3E PGM and 7m @ 3.79 g/t 3E PGM.

### Serpens North

KP069 - 6m @ 2.02g/t 3E PGM plus 4m @ 5.67g/t 3E PGM.

During the quarter, Snowden Mining Consultants completed the resource modeling of the Crater deposit which resulted in a 16% increase in the total PGM ozs contained. The resource estimate is based on a 0.5 g/t 3E PGM cut off and is to a depth of approximately 200 metres below surface and is summarized in the table below.

CRATER DEPOSIT	Total Resource			Main Reef Resource			High Grade Reefs		
	Tons	Grade g/t 3E PGM	Ounces	Tons	Grade g/t 3E PGM	Ounces	Tons	Grade g/t 3E PGM	Ounces
MEASURED	173,000	2.37	13,200	120,000	2.93	11,300	60,000	4.43	8,600
INDICATED	4,140,000	1.64	219,000	1,990,000	2.35	151,000	1,110,000	3.32	119,000
INFERRED	6,890,000	1.64	364,500	2,980,000	2.41	232,800	1,750,000	3.41	192,700
<b>TOTAL</b>	<b>11,203,000</b>	<b>1.65</b>	<b>596,700</b>	<b>5,090,000</b>	<b>2.40</b>	<b>394,100</b>	<b>2,920,000</b>	<b>3.40</b>	<b>320,278</b>
HARMONY	9,867,055	1.62	515,633	4,695,224	2.18	329,382	2,484,428	3.55	283,858

The modelling of the other deposits will be completed progressively over the next few months with new resource estimates for the Crux, Orion, Sirius and possibly Vela deposits expected in the next quarter.

At the **Smokey Hills PGM Project** also in South Africa, the New Order Mining Right was granted on 7<sup>th</sup> November 2007. The appointment of GRD Minproc as the EPCM (Engineering, Procurement and Construction Management) Contractor in July allowed detailed design for the plant and related infrastructure following to be initiated and as a result, on site construction commenced a little over two weeks later when the earthworks contractor mobilised to site.

Work on the site stopped for the Christmas holiday period on 21st December and recommenced on Monday 7<sup>th</sup> January. The Civil and Open Pit Mining Contractor are expected to commence on site at the beginning of February.

It is anticipated that first draw down of the debt facility being provided by Standard Bank South Africa will occur in February 2008 at which point PLA will have completed its equity contribution requirements.

At the **Panton Project** in Western Australia, PLA has commenced an updated Feasibility Study which is due for completion in mid 2008. The focus of the study will be on a stand alone open pit operation with a four year life, producing some 35,000 to 40,000 PGM's per annum, with the potential to continue into underground operations. The decision to focus on a stand alone operation follows discussions with Sally Malay Mining ("SMY") which resulted in their withdrawal from a letter of agreement with PLA under which SMY had a right to earn a 50% interest in the first 1.5 Mt of ore from the Panton PGM Project.

The agreement with SMY was based on treating Panton ore through the Sally Malay plant over a five to six year period. However the success of SMY in their on-site and regional exploration efforts has effectively removed this as an option as the Sally Malay mill will now be full from mid 2008. In addition it has become clear that the Sally Malay mill would require significant modifications to enable it to treat Panton ore, effectively removing much of the capital cost benefit of this option.

The Panton Project contains the highest grade and largest PGM resource in Australia; with an in ground value in excess of \$2 Billion. PLA believes that a stand alone operation, initially as an open pit but with the potential to continue as a long life underground mine provides the best possible opportunity to unlock this value.

## CORPORATE

The Annual General Meeting of the Company was held on Tuesday 13<sup>th</sup> November. All resolutions were passed on a show of hands, with the exception of Resolution 2, the election of Mr Carel van Heerden which was lost. Accordingly, Mr Carel van Heerden has ceased to be Director of the Company, effective 13<sup>th</sup> November.

### **Qualification Statement**

*We confirm that exploration results contained in this report are based on information compiled by Peter Allchurch, who is a Fellow of the Australian Institute of Mining and Metallurgy. Peter Allchurch is non-executive Chairman of Platinum Australia Limited.*

*Peter Allchurch has more than 5 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'. Peter Allchurch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



**JOHN D LEWINS**  
**Managing Director**

### **For further information**

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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

\* 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")

**31 December 2007**

### Consolidated Statement of Cash Flows

		<b>Current quarter</b>	<b>Year to date</b>
		<b>SA'000</b>	<b>(6 months)</b>
		<b>SA'000</b>	<b>SA'000</b>
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	226	226
1.2	Payments for (a) exploration and evaluation	(3,338)	(5,787)
	(b) development	(3,969)	(5,844)
	(c) production		
	(d) administration	(216)	(844)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	471	1,128
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		<b>(6,826)</b>	<b>(11,121)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(148)	(223)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		1
1.10	Loans to other entities	(5)	(5)
1.11	Loans repaid by other entities	31	31
1.12	Other (provide details if material)		
<b>Net investing cash flows</b>		<b>(122)</b>	<b>(196)</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(6,948)</b>	<b>(11,317)</b>

1.13	<b>Total operating and investing cash flows (brought forward)</b>	<b>(6,948)</b>	<b>(11,317)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1	12,557
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	1,560	2,168
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide detail if material) Fundraising Costs	-	(337)
	<b>Net financing cash flows</b>	<b>1,561</b>	<b>14,388</b>
	<b>Net increase (decrease) in cash held</b>	<b>(5,387)</b>	<b>3,071</b>
1.20	Cash at beginning of quarter/year to date	27,091	17,943
1.21	Exchange rate adjustments to item 1.20	(972)	(282)
1.22	<b>Cash at end of quarter (refer note below)</b>	<b>20,732</b>	<b>20,732</b>

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

		<b>Current quarter SA'000</b>
1.23	Aggregate amount of payments to the parties included in item 1.2	(120)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

**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 SA'000	Amount used SA'000
3.1 Loan facilities	N/A	-
3.2 Credit standby arrangements	N/A	-

## Estimated Cash Outflows for next Quarter

	SA'000
4.1 Exploration and evaluation	(2,300)
4.2 Development	(24,643)
<b>Total</b>	<b>(26,943)</b>

## 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 SA'000	Previous quarter SA'000
5.1 Cash on hand and at bank	8,648	4,975
5.2 Deposits at call	12,084	22,116
5.3 Bank overdraft	-	-
5.4 Other: Bank Guarantees	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>20,732</b>	<b>27,091</b>

## 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 <b>Preference securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	207,525,521	192,525,521		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,000	5,000		
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)			<b>Exercise price</b>	<b>Expiry date</b>
	155,000	-	22.5 Cents	5 November 2008
	3,800,000	-	35 Cents	10 December 2009
	2,500,000	-	20 Cents	11 December 2009
	550,000	-	37 Cents	30 November 2009
	400,000	-	70 Cents	30 June 2010
	3,000,000	-	\$1.25	21 December 2011
	100,000	-	\$1.29	06 June 2010
	900,000	-	\$1.74	30 June 2011
7.8 Issued during quarter				
7.9 Exercised during quarter	5,000		22.5 cents	5 November 2008
7.10 Cancelled during quarter	100,000		83 cents	30 April 2010
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

## 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: 31 January 2008  
 (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.