



# PLATINUM AUSTRALIA LIMITED

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29 July 2005

## QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2005

### HIGHLIGHTS

#### **Platinum Australia and Smokey Hills Platinum Sign Formal Agreement**

In May, Platinum Australia Limited (“PLA”) announced it had signed a formal Sale Agreement with Smokey Hills Platinum (Pty) Ltd (“SHP”) to acquire up to 80% of the Smokey Hills Platinum Group Metals (“PGM”) Project through the acquisition of 100% of SHP. The detailed formal agreement replaced the Heads of Agreement signed in November 2004 and covers all commercial and technical aspects.

#### **Platinum Australia and African Rainbow Minerals Platinum Sign Formal Kalahari Platinum Project Joint Venture Agreement**

In April, PLA announced it had signed a detailed formal Joint Venture Agreement with African Rainbow Minerals Platinum (Proprietary) Limited (“ARMplatinum”) to acquire up to 49% of the Kalahari Platinum (“Kalplats”) PGM Project, located 300km west of Johannesburg in South Africa. This detailed formal agreement replaces the Memorandum of Understanding (“MOU”) signed with ARMplatinum in August 2004 and covers all commercial and technical aspects of the project.

#### **Platinum Australia and 24 Rivers Mining Sign Formal Joint Venture Agreement**

PLA signed a formal Joint Venture Agreement with 24 Rivers Mining (Pty) Ltd (“24RM”) to acquire up to 75% of the 24 Rivers Platinum Project, located in the northern limb of the Bushveld complex along strike and to the south of Anglo Platinum’s PPRust open cut platinum mine. The detailed formal agreement replaced the Heads of Agreement signed in August 2004 and covers all commercial and technical aspects.

#### **Placement of 25 Million Ordinary Fully Paid Shares**

PLA completed a placement in July which raised \$2.75 million by the issue of 25 million shares at 11 cents per share.

### OPERATIONS

PLA operations continued to focus on the Kalplats and Smokey Hills Projects in South Africa, see **Figure 1**.

#### **Kalahari Platinum Project**

The Kalplats Project is an advanced exploration project where drilling to date has identified a shallow resource to a depth of approximately 150 metres of 3.4 million ounces of 3E PGM (platinum + palladium + gold), including a high grade resource of 1.4 million ounces 3E PGM at a grade of 3.6 g/t 3E PGM. A total

of seven deposits have been identified to date, all of which remain open at depth and along strike. In addition, three further prospects have been identified which have yet to be drilled.

Work undertaken on the project during the month included re-logging of core from previous drilling, establishing a new data base for existing and new data and processing of the data from the detailed airborne magnetic and radiometric survey flown by PLA earlier in the year.

The report on the aeromagnetic interpretation received from the external consultants indicates that the known mineralised zones have further potential along strike and that there are also a large number of interpreted units which are yet to be drilled tested for PGM's, indicating the potential to discover more mineralisation within the project area.

### Smokey Hills Platinum Project

The Smokey Hills PGM Project has over 6 kilometres of mapped UG2 reef outcropping around the margin of two hills. Results from channel sampling across the full width of the UG2 reef along approximately 3.5 kilometres of exposed reef and from three diamond drill holes, has indicated an average grade of 8.75 g/t 4E PGM (platinum + palladium + rhodium + gold) over a reef width of approximately 0.55 to 0.72 metres.

PLA believes that the shallow outcropping nature and geometry of the UG2 reef at Smokey Hills facilitates a rapid and low cost completion of the resource definition and project evaluation phase necessary to bring the project into production. Subject to the completion of a Bankable Level Feasibility Study, PLA believes that the Smokey Hills Project has the potential to produce approximately 90,000 ounces 4E PGM per year.

The diamond drilling program aimed at defining the total resource for the project commenced during July. This program will consist of up to 50 holes for a total of 5,000 metres and should be completed by the end of 2005. The first hole of this program was recently completed and intersected the UG2 reef at the approximate depth expected from 71.09 to 71.65 metres. The assay results for the hole are expected in the coming month.

Figure 1 PLA South African Projects

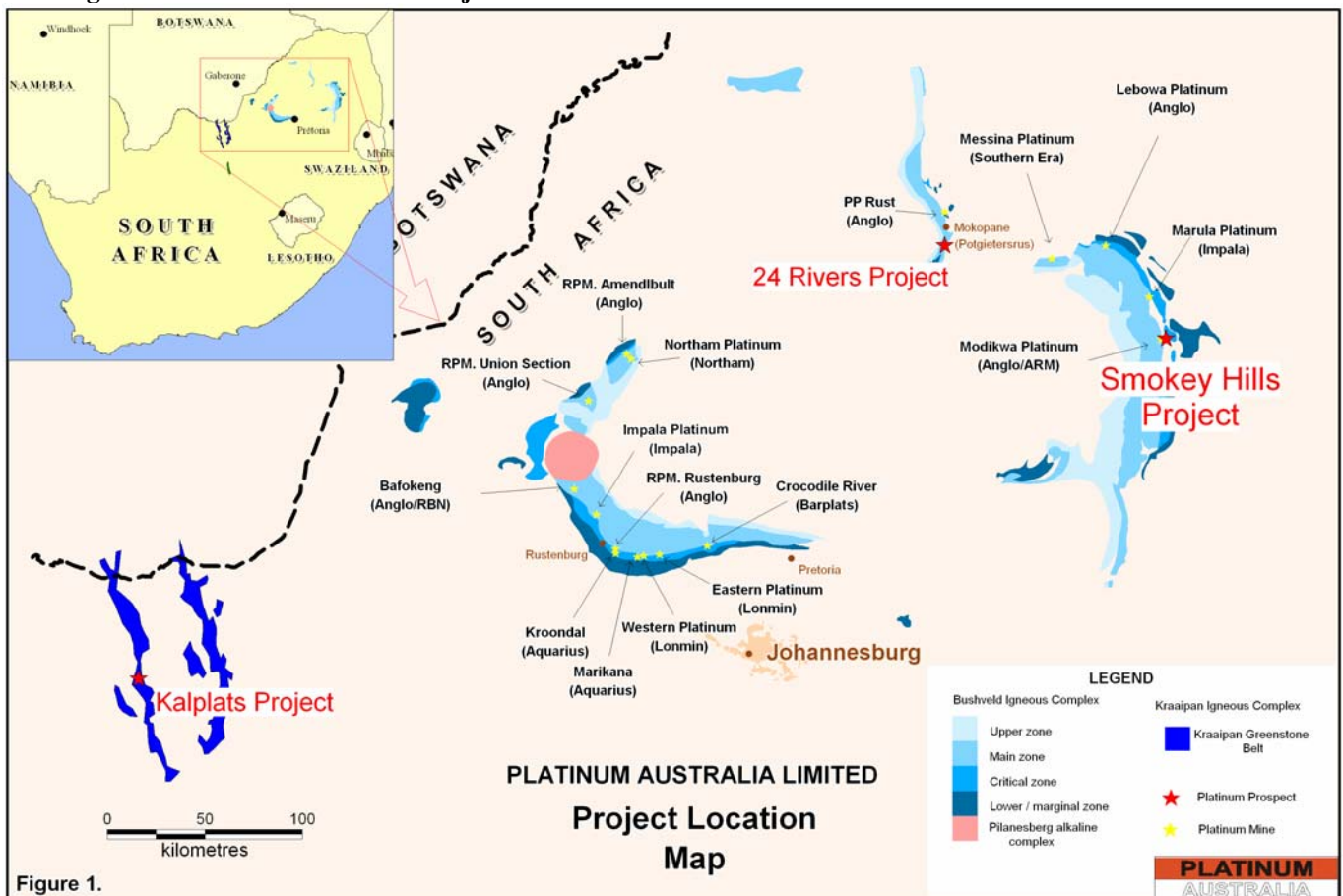


Figure 1.

## **CORPORATE**

PLA completed a placement in July which raised \$2.75 million through the issue of 25 million fully paid ordinary shares to institutions and professional and sophisticated investor clients of Bell Potter Securities Limited. The Anglo Pacific Group and New Smith Capital Partners participated in the placement and remain as our largest and second largest shareholders, with interests of 18% and 15% in the Company respectively.

The funds from the placement will be applied to the feasibility work on the Kalplats and Smokey Hills PGM Projects in South Africa, together with ongoing working capital.



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

\* 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 2005**

### Consolidated Statement of Cash Flows

		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(285)	(1,279)
	(b) development		
	(c) production		
	(d) administration	(60)	(893)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	39	126
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>(306)</b>	<b>(2,047)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(13)	(67)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		1
1.10	Loans to other entities		(130)
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	<b>Net investing cash flows</b>	<b>(13)</b>	<b>(196)</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(319)</b>	<b>(2,242)</b>

1.13	<b>Total operating and investing cash flows (brought forward)</b>	<b>(319)</b>	<b>(2,242)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		3,644
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		(194)
	<b>Net financing cash flows</b>		<b>3,450</b>
	<b>Net increase (decrease) in cash held</b>	<b>(319)</b>	<b>1,208</b>
1.20	Cash at beginning of quarter/year to date	3,137	1,610
1.21	Exchange rate adjustments to item 1.20	(272)	(272)
1.22	<b>Cash at end of quarter (refer note below)</b>	<b>2,546</b>	<b>2,546</b>

**NB.** Subsequent to the end of the quarter, the company raised 2.75M in additional working capital via a private placement.

### 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 \$A'000</b>
1.23 Aggregate amount of payments to the parties included in item 1.2	85
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	950
4.2 Development	
<b>Total</b>	<b>950</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	15	26
5.2 Deposits at call	128	469
5.3 Bank overdraft		
5.4 Other: Bank Guarantees	2,403	2,642
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,546</b>	<b>3,137</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> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	99,612,523	99,612,523		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<b>Exercise price</b>	<b>Expiry date</b>
	5,799,213	5,799,213	20 Cents	30 November 2006
	15,000	-	43.5 Cents	14 March 2007
	1,000,000	-	20 Cents	29 October 2005
	270,000	-	22.5 Cents	5 November 2008
	5,000,000	-	35 Cents	10 December 2009
	2,500,000	-	20 Cents	11 December 2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Cancelled during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: 29 July 2005  
(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.