



# PLATINUM AUSTRALIA LIMITED

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31 January 2006

## QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2005

### HIGHLIGHTS

#### **Resource Definition Drilling Program at the Smokey Hills PGM Project**

Platinum Australia Limited (“PLA”) completed a diamond drilling program of 55 holes aimed at defining the total resource at the Smokey Hills Project. The results from the program have been largely consistent with expectations averaging 8.68 g/t 4E PGM (platinum + palladium + rhodium + gold) over 0.57 metres.

The assays have shown that the 4E PGM content is composed of 45% platinum, 45% palladium, 9% rhodium and 1% gold which equates to a basket value of the 4E PGM’s of just over US\$900 per ounce at current metal prices.

#### **Kalplats Exploration Area Extended to Cover 50 Kilometres of Strike**

In December PLA and African Rainbow Minerals Platinum (“ARMplats”) announced they had applied for a prospecting right covering an area approximately 20 kilometres to the north and 18 kilometres to the south of their Kalahari Platinum Project (“Kalplats”) area increasing the total strike length to almost 50 kilometres.

PLA and ARMplats will each have a 50 percent contributing interest in the new area and PLA will manage the exploration program which will target extensions of the known Kalplats style PGM mineralisation.

#### **Completion of Placement of 30 Million Ordinary Fully Paid Shares**

Following shareholder approval granted at the Annual General Meeting, PLA completed the placement of 30 million shares at 20 cents per share announced in October, being 11.7 million fully paid shares. The total of \$6 million raised from the placement will be used to complete the Bankable Feasibility Study on the Smokey Hills PGM Project, the Pre Feasibility Study on the Kalahari PGM Project and for general working capital.

#### **PLA to Joint Venture with Sally Malay Mining on Potential Development of the Panton Platinum Palladium Project**

On December 7 PLA announced it had signed a letter of agreement with Sally Malay Limited (“SMY”) under which SMY will fund a study to evaluate the feasibility of mining high grade ore from PLA’s Panton Project and processing the ore through the nearby Sally Malay plant.

#### **Platinum Australia Commences Trading on London AIM Market**

On 30 November 2005, PLA was admitted to the AIM Market and commenced trading under the code PLAA.

## OPERATIONS

PLA operations continued to focus on the Kalplats and Smokey Hills Projects in South Africa, see Figure 1. In addition SMY is undertaking additional study work on PLA's Panton Project located in the Kimberley region of Western Australia.

Figure 1. PLA South African Projects

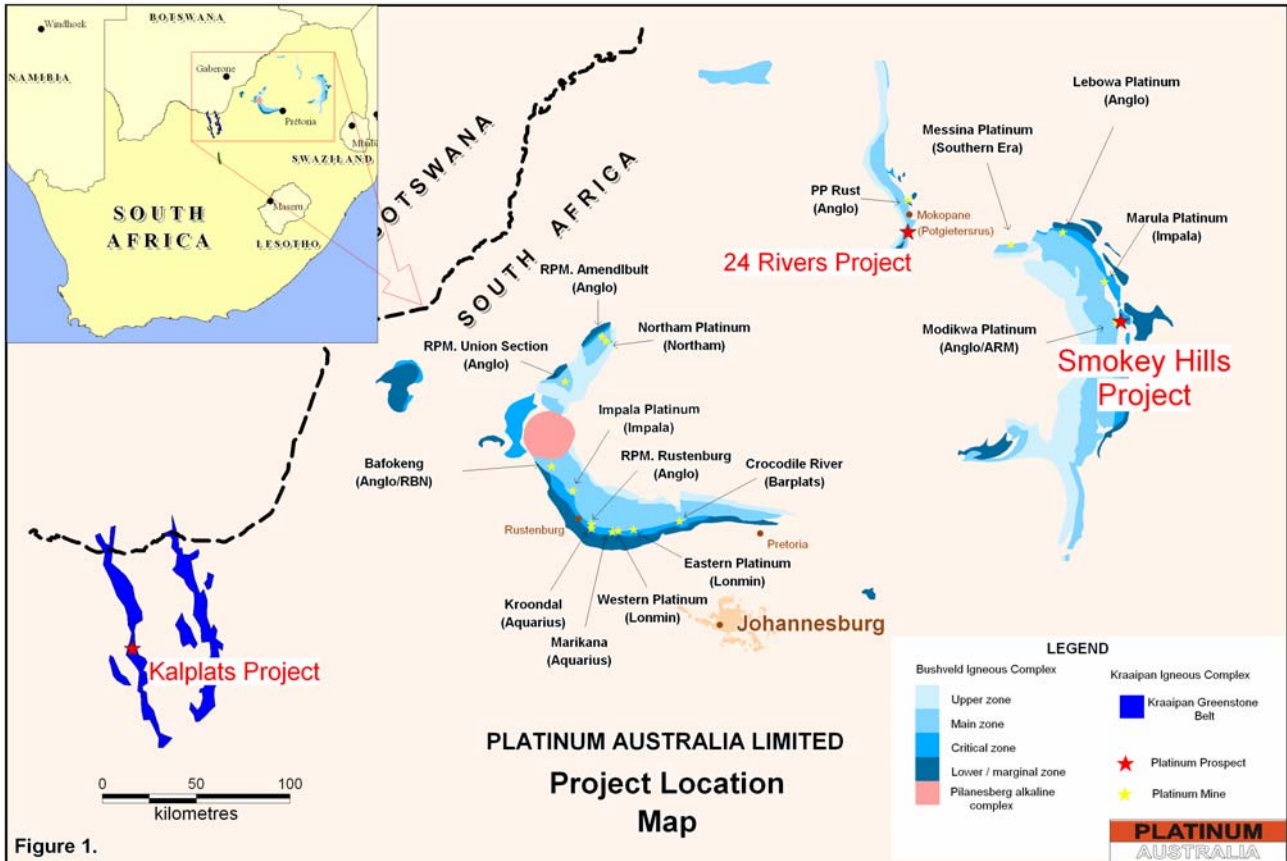


Figure 1.

### Smokey Hills Platinum Project

The Smokey Hills PGM Project has over 6 kilometres of mapped UG2 reef outcropping around the margin of two hills. PLA completed a resource definition drilling program of 55 holes in December 2005. A summary of the results from the diamond drill holes is provided in Table 1 and their location is shown in Figure 2.

The drilling results and other geological data have been provided to our independent consultants, Snowden, to complete a JORC compliant resource estimate for the project. A Bankable Feasibility Study is currently under way on the project with GRD Minproc (Pty) Ltd as the Lead Engineer. PLA believes that the Smokey Hills Project has the potential to produce approximately 90,000 ounces 4E PGM per year.

TABLE 1 - SMOKEY HILLS DIAMOND RESULTS

Hole No	UG2 Intersection		Width	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E PGM <sup>1</sup> g/t
	From	To						
SHDD001*	75.90	76.81	0.91	3.78	3.56	0.87	0.12	8.37
SHDD002*	97.35	97.96	0.61	4.38	3.89	0.94	0.07	9.28
	106.75	107.55	0.80	3.94	2.95	0.82	0.07	7.78
SHDD003*	26.01	26.58	0.57	4.10	4.96	0.89	0.17	10.12
SHDD005	39.45	40.14	0.69	3.78	4.76	0.78	0.11	9.45
SHDD006	24.56	25.18	0.62	3.38	1.95	0.55	0.10	5.99
SHDD007	28.25	28.86	0.61	3.88	3.52	0.81	0.10	8.32
SHDD008	62.37	63.04	0.67	3.57	3.22	0.81	0.06	7.67
SHDD009	143.68	144.23	0.55	3.90	3.66	0.74	0.11	8.41
SHDD009 W2	143.87	144.42	0.55	3.71	3.69	0.74	0.13	8.27
SHDD010	153.58	154.16	0.58	3.63	4.10	0.73	0.11	8.57
SHDD011	No Reef Intersected – Mafic Intrusive/ Dyke							
SHDD012	117.31	117.90	0.59	4.05	3.72	0.83	0.09	8.68
SHDD013	150.00	150.81	0.81	4.24	4.34	0.81	0.12	9.51
SHDD014	44.62	44.91	0.29	5.58	5.39	1.11	0.09	12.17
SHDD015	No reef intersected - Pothole							
SHDD016	151.63	151.83	0.20	6.91	2.38	1.37	0.01	10.67
SHDD017	98.27	98.43	0.16	1.52	0.37	0.23	0.01	2.13
SHDD018	144.28	144.82	0.54	4.32	5.14	0.89	0.13	10.48
SHDD019	No reef intersected - Pothole							
SHDD020	103.34	103.88	0.54	3.83	2.66	0.81	0.06	7.37
SHDD021	32.93	33.57	0.64	3.71	3.50	0.76	0.10	8.08
SHDD022	42.97	43.55	0.58	4.27	3.84	0.84	0.14	9.10
SHDD023	No reef intersected - Pothole							
SHDD024	64.83	65.30	0.47	3.31	3.50	0.61	0.14	7.57
SHDD025	62.22	62.76	0.54	4.10	4.71	0.77	0.14	9.73
SHDD026	108.84	109.35	0.51	4.12	4.28	0.87	0.14	9.42
SHDD027	8.94	9.16	0.22	4.20	4.99	0.68	0.19	10.06
SHDD028	9.63	9.88	0.25	3.43	1.95	0.50	0.12	6.00
SHDD029	59.07	59.53	0.46	4.26	4.47	0.84	0.17	9.74
SHDD030	25.27	25.86	0.59	3.98	3.91	0.79	0.12	8.82
SHDD031	41.45	42.03	0.58	4.33	5.26	0.89	0.16	10.62
SHDD032	62.03	62.68	0.65	3.72	4.23	0.76	0.14	8.86
SHDD033	Borehole abandond - drilling problems (replaced by SHDD037)							
SHDD034	Borehole abandond - drilling problems (replaced by SHDD037)							
SHDD035	34.21	34.79	0.58	3.70	3.55	0.76	0.10	8.10
SHDD036	22.45	23.16	0.71	2.93	3.47	0.52	0.13	7.05
SHDD037	46.21	46.87	0.66	3.34	3.14	0.69	0.09	7.25
SHDD038	27.25	27.72	0.47	4.86	2.01	0.88	0.09	7.85
SHDD039	18.17	19.24	1.07	2.99	3.38	0.63	0.13	7.12
SHDD040	35.91	36.46	0.55	4.54	3.88	1.11	0.16	9.68
SHDD041	38.82	39.31	0.49	4.11	4.87	0.86	0.16	10.01
SHDD042	No reef intercepted - Iron Rich Ultramafic Pegmatoid							
SHDD043	102.73	103.31	0.58	3.86	8.09	0.82	0.16	12.93
SHDD044	Borehole abandond - coreloss due to weathering							
SHDD045	22.88	23.47	0.59	4.08	4.03	0.75	0.12	8.97
SHDD046	37.38	38.05	0.67	3.17	4.30	0.65	0.15	8.27
SHDD047	33.44	33.93	0.49	3.81	2.62	0.81	0.08	7.32
SHDD048	33.82	34.47	0.65	4.40	3.92	0.87	0.12	9.30
SHDD049	41.37	42.04	0.67	3.45	3.07	0.84	0.10	7.46
SHDD050	33.62	34.18	0.56	3.80	3.74	0.84	0.09	8.47
SHDD051	No reef intersected - Pothole							
SHDD052	37.30	37.91	0.61	3.77	5.37	0.75	0.19	10.08
SHDD053	No reef intersected - Pothole							
SHDD054	54.58	55.21	0.63	4.07	4.46	0.79	0.12	9.44
SHDD055	No reef intersected - Pothole							

1 4E PGM - Pt + Pd + Rh + Au

Assays are fire assays with nickel sulphide collection and ICP– OES element determination

Assay by SGS Lakefield, Johannesburg, South Africa, a SANAS registered laboratory No T0169

\*Assays are fire assays with nickel sulphide collection and ICP– MS element determination

\*Assay by Genalysis Laboratory Services, Perth, Western Australia, a NATA registered laboratory No 3244

Boreholes in *Italics* are not representative of 'normal' reef stratigraphy

## **Kalahari Platinum Project**

The Kalplats Project is located 330 km west of Johannesburg and has an established resource of 3.4 million ounces 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. 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.

Further potential has also been identified along strike from the Kalplats Project area from regional geology and aeromagnetic data as well as from the high resolution aeromagnetic survey completed by PLA. As a result of this PLA and ARMplats have applied for a Prospecting Right covering an area 20 km to the north and 18 km to the south of the Kalplats Project area, Figure 3. PLA and ARMplats are now awaiting the issue of a Prospecting Right for this following the acceptance of the application by the DME.

## **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 resource of 14.3 Mt at 5.2 g/t 7E PGM (platinum + palladium + rhodium + ruthenium + iridium + osmium + gold) 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 ounces 7E PGM.

Development of the Panton Project has been on hold since PLA completed a detailed feasibility study in August 2003 which found that the project was technically feasible but not commercially viable at the prevailing metal prices and US\$ exchange rate. The last two years have seen the platinum price increase by almost 50% and both the palladium and gold prices increase by over 30%. PLA believes that these price increases combined with the savings in capital cost realised by using the Sally Malay plant significantly enhances the project.

Under the terms of the letter of agreement, SMY will spend up to \$750,000 in two stages to complete a Bankable Feasibility Study to evaluate the mining of high grade ore from Panton and processing it through the Sally Malay Plant to produce a high grade PGM concentrate. If the study is positive and a number of other conditions are satisfied SMY can earn a 50% interest in the first 1.5 Mt of high grade ore to be mined from the Panton Project. The agreement may be extended to cover further parcels of ore.

## **CORPORATE**

Following shareholder approval granted at the Annual General Meeting, PLA completed the placement of 30 million shares at 20 cents per share announced in October, being 11.7 million fully paid shares. The completion of this placement saw New Smith Global Opportunities become PLA's largest shareholder with 18.5% followed by the Anglo Pacific Group with 17.5%.

The funds will be used to complete the Bankable Feasibility Study on the Smokey Hills PGM Project and the Pre Feasibility Study on the Kalahari PGM Project, together with ongoing working capital.

### ***Qualification Statement***

*We confirm that exploration results 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 sufficient 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.*

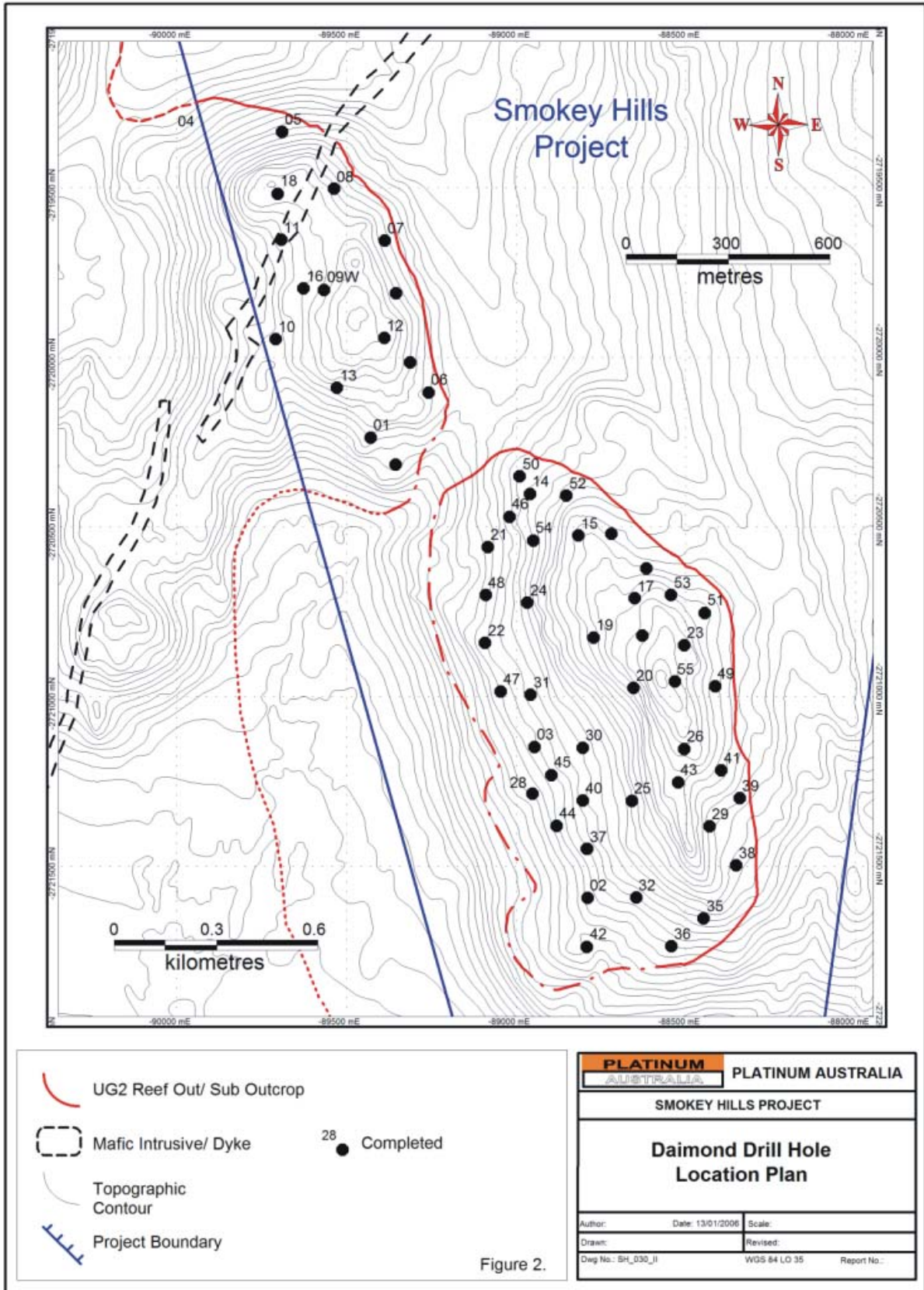


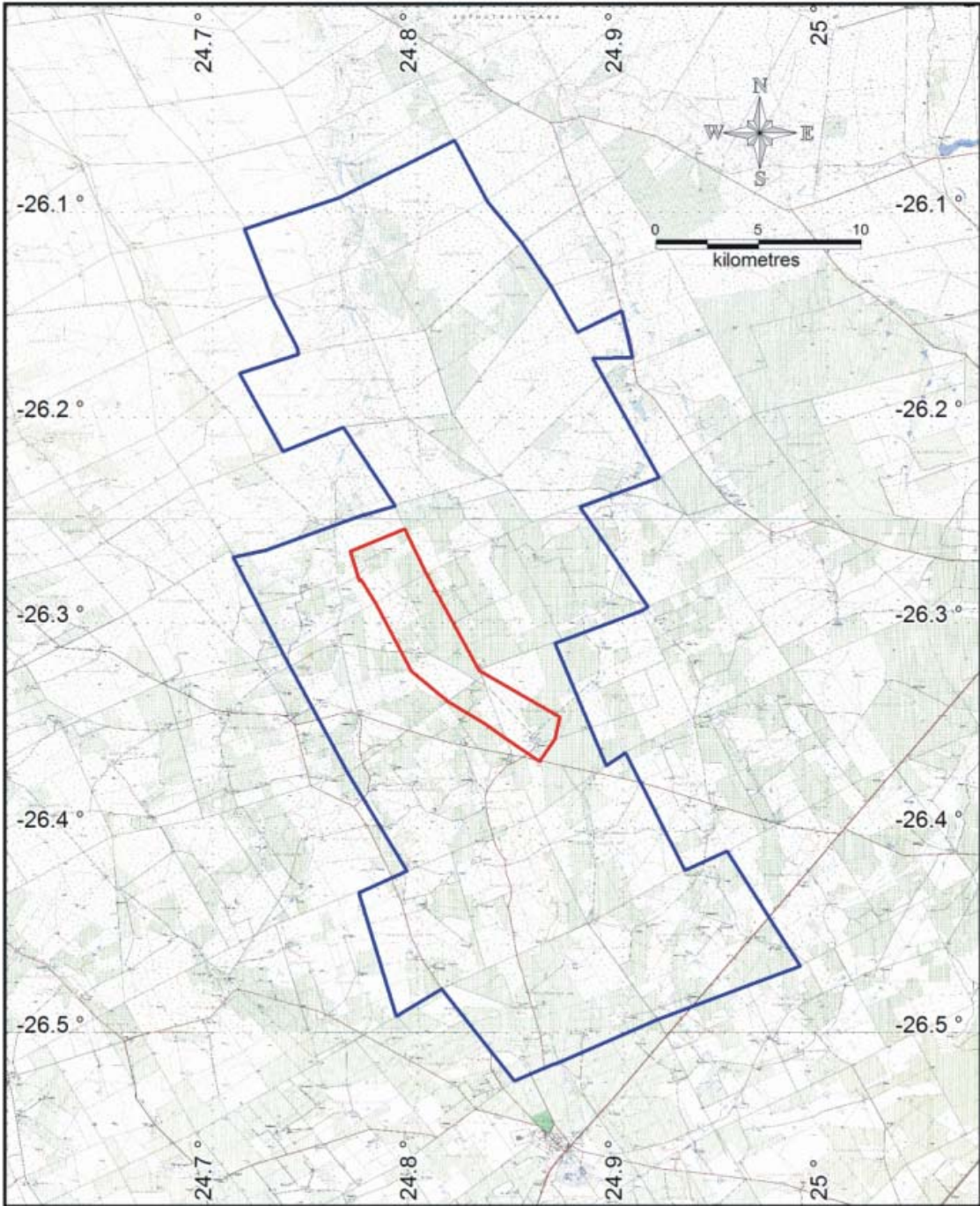
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\* The six Platinum Group Metals (PGM's) are Platinum (Pt), Palladium, (Pd), Rhodium, (Rh), Iridium (Ir), Osmium (Os) and Ruthenium (Ru).





Existing Kalplats Project Area



New Extended Kalplats Project Application

**Platinum Australia Limited**

**Kalahari Platinum Project**

Date: 16/12/2005

Author: ALG

Office: JHB

Drawing:

Scale:

Extended Projecting Right  
Application Area

Projection: Longitude / Latitude (MGS 84)

**Figure 3**

# 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")

**December 2005**

### Consolidated Statement of Cash Flows

		Current quarter	Year to date (6 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 (b) development (c) production (d) administration	(956)	(1,568)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	91	142
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>(1,343)</b>	<b>(2,430)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(20)	(34)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		(12)
1.11	Loans repaid by other entities	1	
1.12	Other (provide details if material)		
	<b>Net investing cash flows</b>	<b>(19)</b>	<b>(46)</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(1,362)</b>	<b>(2,476)</b>

1.13	<b>Total operating and investing cash flows (brought forward)</b>	<b>(1,362)</b>	<b>(2,476)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	6,041	8,791
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	(332)	(472)
	<b>Net financing cash flows</b>	<b>5,709</b>	<b>8,319</b>
	<b>Net increase (decrease) in cash held</b>	<b>4,347</b>	<b>5,843</b>
1.20	Cash at beginning of quarter/year to date	4,123	2,546
1.21	Exchange rate adjustments to item 1.20	294	375
1.22	<b>Cash at end of quarter (refer note below)</b>	<b>8,764</b>	<b>8,764</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	122
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	803
4.2 Development	
<b>Total</b>	<b>803</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	93
5.2 Deposits at call	6,016	1,315
5.3 Bank overdraft		
5.4 Other: Bank Guarantees	2,733	2,715
<b>Total: cash at end of quarter (item 1.22)</b>	<b>8,764</b>	<b>4,123</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>	155,264,607	155,264,607		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,000,000	30,000,000		
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>
	5,797,129	5,797,129	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
7.8 Issued during quarter				
7.9 Exercised during quarter	2,084	2,084	20 Cents	30 November 2006
	200,000	200,000	20 Cents	29 October 2005
7.10 Expired during quarter	800,000	800,000	20 Cents	29 October 2005
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: 31 January 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.