

**PLATINUM AUSTRALIA LIMITED**  
**ACN 093 417 942**

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**NOTICE OF GENERAL MEETING**

**PROXY FORM**

**EXPLANATORY MEMORANDUM**

**AND**

**INDEPENDENT EXPERT'S REPORT**

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**THE INDEPENDENT EXPERT HAS CONCLUDED THE TRANSACTION  
DESCRIBED IN THESE MEETING MATERIALS IS FAIR AND REASONABLE  
TO THE NON-ASSOCIATED SHAREHOLDERS OF THE COMPANY.**

**Date of Meeting**

21 August 2001

**Time of Meeting**

2.00pm WST

**Place of Meeting**

QV1 Conference Centre  
Theatrette, Level 2  
QV1 Building  
250 St George's Terrace  
PERTH Western Australia

**PLATINUM AUSTRALIA LIMITED**  
**ACN 093 417 942**

**NOTICE OF GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a General Meeting of the shareholders of Platinum Australia Limited ("**Company**") will be held at QV1 Conference Centre, Theatrette, Level 2, QV1 Building, 250 St George's Terrace, Perth, Western Australia on 21 August 2001 at 2.00 pm WST for the purpose of transacting the following business.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of General Meeting.

**AGENDA**

**BUSINESS**

**Resolution 1 – Approval of Issue of Shares to Lonmin PLC**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with section 611 Item 7 of the Corporations Law and Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the Company:*

- (a) approves and authorises the Directors of the Company to allot and issue to Lonmin Plc (or its wholly-owned subsidiary) 23,080,000 fully paid ordinary shares in the capital of the Company at an issue price of \$0.52 per share; and*
- (b) approves and authorises the Directors of the Company to allot and issue to Lonmin Plc (or its wholly-owned subsidiary) up to 66,750,000 fully paid ordinary shares in the capital of the Company at an issue price of \$0.60 per share; and*
- (c) approves and authorises the Directors of the Company to allot and issue to Lonmin Plc (or its wholly owned subsidiary), in the event of a non pro-rata issue of shares being made by the Company before the allotment and issue of shares pursuant to paragraphs (a) and (b) of this Resolution are completed, of such number of additional shares in the Company (being additional to the number of shares allotted pursuant to paragraphs (a) and (b) of this Resolution) as is necessary to ensure that immediately following the non pro-rata issue, Lonmin's fully diluted interest in the Company will be maintained and it will retain the right to take its equity interest to at least 55% of the Company's issued share capital after the allotments are made pursuant to paragraphs (a) and (b) of this Resolution; and*
- (d) agrees to the acquisition by Lonmin Plc (or its wholly-owned subsidiary) of a relevant interest in up to either:
  - (i) a maximum of 89,830,000 fully paid ordinary shares issued in the capital of the Company in the event allotments are made solely pursuant to paragraphs (a) and (b) of this Resolution; or**

- (ii) *such number of shares (which number may exceed 89,830,000 fully paid ordinary shares issued in the capital of the Company) as would result from allotments being made pursuant to paragraphs (a), (b) and (c) of this Resolution,*

*in each case on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."*

The Company will disregard any votes cast on a resolution by:

- Lonmin plc; and
- an associate of Lonmin plc.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Notes:**

- Further details of the above acquisition are set out in the Explanatory Memorandum accompanying this Notice of Meeting, including further information required to be disclosed to shareholders under Australian Securities and Investments Commission Policy Statements 74 and 75 of the Corporations Law and the Listing Rules of Australian Stock Exchange Limited.
- Shareholders are urged to read the Independent Expert's Report prepared by PricewaterhouseCoopers Securities Ltd, which report is attached to the Explanatory Memorandum accompanying this Notice of Meeting. PricewaterhouseCoopers Securities Ltd have concluded that the proposal the subject of Resolution 1 is fair and reasonable to the non-associated shareholders of the Company.

*By order of the Board*

Mr Eric Hughes  
Company Secretary  
Dated: 20 July 2001

**PROXIES**

A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If such appointment is not made, then each proxy may exercise half of the shareholders' voting rights.

A proxy may, but need not be, a shareholder of the Company.

Proxy forms must reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders, a Proxy Form is enclosed.



## INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the Company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting **that is by 2.00pm WST on 19 August 2001** by post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.

**PLATINUM AUSTRALIA LIMITED**  
**ACN 093 417 942**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the resolution contained in the accompanying Notice of General Meeting of the Company.

An Independent Expert's Report prepared by PricewaterhouseCoopers comments on whether the transaction the subject of Resolution 1 is fair and reasonable to the non-associated shareholders of the Company and has been prepared to comply with the requirements of section 611 Item 7 of the Corporations Law and Australian Securities and Investments Commission Policy Statements 74 and 75.

*Shareholders should note that PricewaterhouseCoopers has concluded that the proposals the subject of Resolution 1 are fair and reasonable to the non-associated shareholders of the Company.*

The Directors recommend that shareholders read this Explanatory Memorandum and the Independent Expert's Report in full before making any decision in relation to the resolution.

**INTRODUCTION AND SUMMARY OF THE TRANSACTION**

The Company has entered into a Share Subscription Agreement pursuant to which, subject to the satisfaction of the conditions precedent to the Agreement, Lonmin can invest up to \$52 million to acquire up to a 55.71% interest in the Company on a fully-diluted basis (or up to a 70.94% interest, if none of the issued options in the Company were exercised).

**Lonmin Plc**

Lonmin is a public limited company registered in England and Wales, listed on the stock exchanges of London and Johannesburg and is capitalised at approximately US\$2.7 billion. The most recent report Lonmin has released to the stock exchange is the Interim Report 2001, a copy of which is attached and marked "A".

The company was incorporated in 1909 as the London and Rhodesian Mining and Land Company, Limited. The name was changed to Lonrho Plc in 1982 and to Lonmin Plc in 1999, following a major restructuring programme to transform the business from a diversified industrial conglomerate to a predominantly PGM mining company.

In fiscal 2000, more than 90 per cent of Lonmin's earnings were generated by its PGM business, through its operations in South Africa. Lonmin is the third largest and lowest cost primary underground producer of platinum in the world, the only quoted PGM company with its primary listing in London and is fully integrated from mining, through processing to marketing.

Over 75 per cent of Lonmin's mined tonnage is sourced from the UG2 chromitite reef of the Bushveld Igneous Complex; this reef is similar to the chromitite reefs hosting most of the resource at the Panton Project.

Further information on Lonmin can be sourced from that company's website – www.lonmin.com.

### **The Panton Platinum-Palladium Project**

The Company listed on the ASX on 6 October 2000 with the objective of conducting exploration and feasibility studies on the Panton Project to determine whether it can be mined for the benefit of the shareholders and, if so, to proceed as soon as practical to take maximum advantage of the prevailing high platinum and palladium prices.

The Panton Project is located 60 kilometres north of Halls Creek in the Kimberley region of Western Australia.

The Company has made rapid progress at the Panton Project, drilling 60 drill holes and announcing in April an almost six-fold increase in mineral resources, from 387,000 ounces of platinum plus palladium plus gold at listing, to the current resource of 2.2 million ounces. In addition to the expanded resource, preliminary metallurgical testing, metallurgical process design, mine design and financial analysis indicate that a combination open pit and underground mine, producing concentrates containing platinum-palladium-gold and nickel-cobalt-copper is likely to be economic.

Accordingly, the Company intends to proceed with the feasibility study, the objective of which is to enable the Company to raise project finance for the construction and commissioning of the Panton Project, provided projected returns are sufficiently attractive to warrant the investment. The Board believe that the feasibility study will cost about \$10 million and that the likely capital cost of the Panton Project would be approximately \$80 million, depending on scale and other factors.

### **Summary of Agreement between the Company and Lonmin**

#### ***Initial Subscription***

Pursuant to the Share Subscription Agreement, the Company has agreed, subject to the satisfaction of the conditions precedent outlined below, to issue to Lonmin (or a wholly-owned subsidiary of Lonmin) 23,080,000 Shares at \$0.52 per Share ("**Initial Subscription**") representing approximately 39% of the total issued share capital of the Company on an undiluted basis (24.42% on a fully diluted basis).

The Initial Subscription will inject \$12 million into the Company and will primarily fund a bankable level feasibility study of all aspects of the Panton Project ("**Feasibility Study**").

#### ***Further Subscription***

In addition, the Company has granted to Lonmin (or a wholly-owned subsidiary of Lonmin) the right to subscribe for up to a further 66,750,000 Shares at \$0.60 per Share ("**Further Subscription**"), such right being exercisable subject to:

- (a) the Company completing the Feasibility Study; and

- (b) Lonmin agreeing to provide sufficient funding, either in the form of debt and/or equity in order for the Company to fund the development of the Panton Project as outlined in the Feasibility Study ("**Project Finance**"), or the Company obtaining an offer of Project Finance from a third party (or a combination of both) in each case on terms acceptable to the Board.

The right to the Further Subscription is exercisable from the date on which the Company notifies Lonmin that each of the matters referred to in paragraphs (a) and (b) above have occurred until the date that is 10 business days after the Company has notified Lonmin that it has accepted an offer of Project Finance and that such offer is or has become free of any conditions precedent of commercial significance (other than conditions which are within the control of the Company and/or Lonmin). If Lonmin does not exercise the right to the Further Subscription within that period, the right lapses. In addition, if the Company is unable to notify Lonmin that each of the matters referred to in paragraphs (a) and (b) above have occurred within 21 months of the date of the general meeting to which the Notice of Meeting relates, then the right to the Further Subscription also lapses.

If Lonmin elects to exercise the right to the Further Subscription, this will inject up to a further \$40.05 million into the Company. These funds are expected to provide a significant proportion of the funding necessary for the development of the Panton Project.

#### ***Restrictions on Acquisition and Disposal of Shares***

Subject to the Corporations Law, Lonmin must consult with the Board before:

- (a) acquiring any Shares, other than the Shares the subject of Resolution 1 or Shares which it is entitled to acquire under section 611 Item 9 of the Corporations Law (3% creep in six months), or
- (b) disposing of any Shares.

#### ***Restrictions on Further Issues of Shares***

The Company has undertaken that it will not issue any further Shares (subject to certain exceptions) or other equity securities (as defined in the Listing Rules) unless it does so by either:

- (a) the exercise of any existing options which have been issued in the Company;
- (b) a pro-rata rights issue of Shares, pursuant to which Lonmin will be given the opportunity to participate;
- (c) an issue of Shares in circumstances where the Board determines that it is essential that the Company undertake a raising of equity and there is no time to complete a pro-rata issue; or
- (d) a grant of options and the issue of Shares on the exercise of those options pursuant to the employee share plan, which grant is to be first approved by Lonmin.

This undertaking ceases to apply if Lonmin ceases to be entitled to exercise its right to the Further Subscription or that right has been exercised and the Further Subscription Shares have been issued.

### ***Top Up Issue***

Where the Company completes a non pro-rata issue (“**Non Pro-rata Issue**”) of Shares as contemplated by paragraph (c) above, the Company must as soon as possible thereafter grant to Lonmin the right to subscribe for such number of Shares in the Company on terms no less favourable to Lonmin than those attaching to the Non Pro-rata Issue Shares so as to ensure Lonmin has the same fully diluted equity holding in the Company as it held prior to the Non Pro-rata Issue (“**Top Up Issue**”).

The Company must, if it is required to make a Top Up Issue to Lonmin prior to the issue to Lonmin of the Further Subscription Shares, grant Lonmin the right to subscribe for a further Top Up Issue. The purpose of this further Top Up Issue is to preserve Lonmin’s right to hold not less than 55% of the fully diluted share capital of the Company.

Without limitation to the preceding two paragraphs, the Company agrees to issue Top Up Shares to Lonmin:

- (a) immediately following the Non Pro-rata Issue, on terms no less favourable to Lonmin than the issue terms (or \$0.52 per share if the issue price was higher); and
- (b) at the time of the Further Subscription, at the same price as the shares the subject of the Further Subscription.

The right of Lonmin to be offered the Top Up Issue after being issued with the Shares pursuant to the Further Subscription is conditional upon Lonmin having subscribed for a sufficient number of Shares such that after the Further Subscription, Lonmin would but for the issue of the Shares as contemplated by paragraph (c) above, have held at least 55% of the issued capital share capital of the Company.

### ***Technical Services Agreement***

The Company has agreed to enter into a technical services agreement with Lonmin for the provision of services by Lonmin or its Related Bodies Corporate to the Company. These services will be provided at cost ie without markup. This agreement is to be entered into at the same time as completion of the Initial Subscription.

This is especially significant given that over 75 per cent of Lonmin’s tonnage is sourced from the UG2 reef; a chromitite reef similar to that at the Panton Project. As a result of this the Directors consider Lonmin is experienced and efficient in treating chromitite ore. In addition Lonmin is in the process of expanding its operations in South Africa and has recently commissioned a new treatment plant processing chromitite ore. Lonmin therefore has current design and construction experience which is highly relevant to both the Feasibility Study and the development of the Panton Project.

This experience will be made available to the Company as a result of this agreement and the Directors anticipate this will benefit not only the Feasibility Study but also the development of the Panton Project.

### ***Short Term Funding***

In certain circumstances, the Company must borrow funds from Lonmin where Lonmin offers those funds to the Company on commercial terms rather than the Company proceeding with a share issue.

### ***Project Finance***

The Company has agreed that Lonmin is entitled to make an offer to the Company to provide Project Finance following finalisation of the Feasibility Study. Lonmin also has a pre-emptive right to match any offer of Project Finance by a third party. The Company must accept any matching offer which is made by Lonmin.

In addition, Lonmin has agreed that it will use its reasonable endeavours to provide the Company with such support as may be reasonably required by a third party provider of Project Finance provided that it shall not be obliged to provide any guarantee, security or other form of financial support.

### ***Board representation***

After the time of the Initial Subscription, Lonmin will be entitled to nominate two representatives to join the Board and thereafter will have the opportunity to nominate such number of people to the Board as will result in its representation being commensurate with its percentage voting power in the Company (from time to time).

### ***Offtake Agreement***

In consideration for Lonmin entering into the Share Subscription Agreement, the Company has agreed to enter into a product offtake agreement pursuant to which Lonmin will have the right to purchase all of the products, in whatever form, produced by the Panton Project. Lonmin will pay the Company a competitive market price on competitive market terms for the products.

If the Company obtains Project Finance from a fabricator or end user of platinum or palladium and that party requires, as a condition of finance, delivery of metals then Lonmin agrees to facilitate this.

### ***Conditions Precedent***

The transactions contemplated by the Share Subscription Agreement remain subject to conditions precedent, including the following:

- (a) the passing of Resolution 1;

- (b) the Company lodging the appropriate notifications and notices with the ASIC in order to obtain and give effect to the shareholder approval obtained in satisfaction of the condition precedent referred to in paragraph (a);
- (c) Lonmin having given a notification under FATA to the Treasurer of the Commonwealth of Australia in relation to the proposed issue of the Shares pursuant to the Share Subscription Agreement and either:
  - (i) the Treasurer (or his or her delegate) gives Lonmin an unconditional notice to the effect that the Commonwealth Government does not object to the issue of those Shares; or
  - (ii) a period of 40 days (or, if an order is made under section 22 of FATA, a period of the aggregate of 40 days and the period specified in that order), from the date on which the notification is given to the Treasurer elapses without the Treasurer (or his or her delegate) making an order under section 18 or 21A of the FATA in relation to the issue of those Shares.

## **RESOLUTION 1 - APPROVAL TO ISSUE SHARES TO LONMIN PLC**

Resolution 1 seeks shareholder approval for:

- (a) the issue of 23,080,000 Shares at \$0.52 per Share to Lonmin (or its wholly-owned subsidiary);
- (b) the issue of up to 66,750,000 Shares at \$0.60 per Share to Lonmin (or its wholly-owned subsidiary);
- (c) in addition to the issues referred to in paragraphs (a) and (b), the issue of the Top Up Shares in the Company to Lonmin in circumstances where the Company is required to make a Top Up Issue; and
- (d) the acquisition by Lonmin (or its wholly-owned subsidiary) of a relevant interest in up to a total of 89,830,000 Shares or such greater number (being 89,830,000 Shares plus the number of Top Up Shares) in the event the Company is required to make a Top Up Issue.

### **Listing Rule 7.1**

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company where the securities proposed to be issued represent more than 15% of the company's then issued capital. The Shares to be issued pursuant to Resolution 1 represent more than 15% of the Company's current issued capital on an undiluted basis. Accordingly, shareholder approval is sought.

The following information is provided to shareholders pursuant to Listing Rule 7.3:

- (a) The maximum number of Shares the Company can issue under Resolution 1 is 89,830,000 unless the Company is required to make a Top Up Issue in which case the number will increase above 89,830,000 by the Top Up Shares in the event the Company is required to make a Top Up Issue.

- (b) 23,080,000 Shares will be issued and allotted by no later than three months after the date of the General Meeting to which the Notice of Meeting relates.
- (c) Up to either 66,750,000 Shares or 66,750,000 Shares plus the Top Up Shares (in the event the Company is required to make the Top Up Issue) will be issued and allotted by no later than 21 months after the date of the General Meeting to which the Notice of Meeting relates.
- (d) The issue price of the Shares to be issued pursuant to Resolution 1 is:
  - (i) 52 cents in respect of 23,080,000 Shares;
  - (ii) 60 cents in respect of 66,750,000 Shares; and
  - (iii) in the event of a Top Up Issue:
    - (a) the lesser of, the price that the Company issued the Non Pro-rata Shares or 52 cents; or
    - (b) if the issue is at the time of the issue of the Further Subscription Shares, at 60 cents.
- (e) The allottee of the Shares is Lonmin (or a wholly-owned subsidiary of Lonmin).
- (f) The Shares are ordinary fully paid shares in the capital of the Company and shall rank pari passu in all respects with the existing fully paid ordinary shares in the capital of the Company.
- (g) The funds raised by the issue of 23,080,000 Shares at 52 cents per share, ie. \$12 million will be used primarily to fund the Feasibility Study for the Panton Project. The funds raised by the issue of up to 66,750,000 Shares at 60 cents per share and any Top Up Shares that may be issued to Lonmin pursuant to a Top Up Issue will be used primarily to provide a significant proportion of the funding for the development of the Panton Project.

### **Section 611 of the Corporations Law**

Section 606 of the Corporations Law prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person's or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined under section 610 of the Corporations Law. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities; or

- (b) have power to exercise, or control the exercise of, a right to vote attached to securities;  
or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

There are various exceptions to the prohibition in section 606, including under section 611 item 7 of the Corporations Law. Section 611 item 7 provides an exception to the prohibition in section 606, in circumstances where the shareholders of the company approve an acquisition of shares by virtue of an allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

Shareholder approval under section 611 item 7 of the Corporations Law is sought pursuant to Resolution 1 because in the event the Shares are issued pursuant to paragraph (a) of Resolution 1, the voting power of Lonmin (or the nominated wholly-owned subsidiary) will increase from a starting point that is below 20% to in excess of 20% and, in the case of issues pursuant to paragraphs (b) and (c) of Resolution 1, from a starting point that is above 20% but below 90%.

The following paragraphs set out information required to be provided to shareholders under Australian Securities and Investments Commission Policy Statements 74 and 75 and section 611 Item 7 of the Corporations Law. Shareholders are also referred to the Independent Expert's Report prepared by PricewaterhouseCoopers attached to this Explanatory Memorandum.

***Identity of the person proposing to make the acquisition and their associates***

If Resolution 1 is passed, Lonmin (or its nominated wholly-owned subsidiary) will be granted a right to acquire a relevant interest in a maximum of 89,830,000 Shares (23,080,000 as a result of the Initial Subscription and up to 66,750,000 as a result of the Further Subscription) or in the event of a Top Up Issue, 89,830,000 plus the Top Up Shares. Lonmin does not currently hold any Shares in the Company.

Lonmin is a publicly listed company incorporated in England. Further details in respect to Lonmin are set out in this Explanatory Memorandum under the heading "Introduction and Summary of the Transaction".

*Neither Lonmin nor any of its associates currently hold any securities in the Company*

For the purposes of the Initial Subscription, Lonmin has nominated Lonmin Australia Pty Limited (ACN 097 021 924) as the subscriber.

***The voting power that person would have as a result of the acquisition and the maximum extent of the increase in the person's voting power as a result of the acquisition.***

Initially, if Resolution 1 is passed, Lonmin's (or its nominated wholly-owned subsidiary's) voting power will increase from 0% to 38.54% (24.42% on a fully diluted basis) as a result of the Initial Subscription.

If Resolution 1 is passed and Lonmin elects to exercise its right to the Further Subscription, Lonmin's (or its nominated wholly-owned subsidiary's) voting power will increase from

38.54% (24.42% on a fully diluted basis) to a maximum 70.94% (55.71% on a fully diluted basis) as a result of the Further Subscription.

The maximum extent of the increase in Lonmin's (or its nominated wholly-owned subsidiary's) voting power as a result of Resolution 1 is 70.94% on an undiluted basis (55.71% on a fully diluted basis).

In the event the Company is required to issue the Top Up Shares the voting power of Lonmin will not increase where the Top Up Issue is as a consequence of the Company having issued voting shares.

Full details are set out in the Independent Expert's Report prepared by PricewaterhouseCoopers.

***The voting power that person's associates would have as a result of the acquisition and the maximum extent of the increase in the person's associates voting power as a result of the acquisition***

No associate of Lonmin holds any securities in the Company. Accordingly, the acquisitions will not increase the voting power of any associate of Lonmin to any extent greater than the voting power of Lonmin.

***Summary of impact of passing Resolution 1 on Lonmin and its associates voting power***

The impact of passing Resolution 1 on the voting power of Lonmin and each of Lonmin's associates is set out in the following table.

Name	Current Voting Power		Voting Power after Initial Subscription		Voting Power after Further Subscription	
	Undiluted Basis	Fully Diluted Basis	Undiluted Basis	Fully Diluted Basis	Undiluted Basis	Fully Diluted Basis
Lonmin Plc	Nil	Nil	38.54%	24.42%	70.94%	55.71%

The calculations referred to above assume:

- (a) the issue of 650,000 Shares to the vendor of mineral properties which mineral properties the Company agreed to acquire on an instalment basis at the time of listing; and
- (b) the exercise of all granted options, notwithstanding that certain of the conditions for exercise may not as yet have been satisfied.

The voting power on a fully diluted basis assumes the exercise of all of the 34,618,668 Options which the Company currently has on issue.

***The identity, associations and qualifications of proposed directors***

In consideration of the Initial Subscription, Lonmin will be entitled to nominate two representatives to join the Board and thereafter Lonmin will be afforded the opportunity to nominate such number of people to the Board as will result in its representation being commensurate with Lonmin's percentage voting power in the Company from time to time (being a majority of the Board once its voting power exceeds 50%).

Christopher John Davies, Group Technical Director, Lonmin Plc, London  
D.O.B.: 01.06.1947, London England  
Qualifications: MSc, DIC, BSc, IEP  
Chartered Engineer (U.K.), Professional Engineer (S.A.)  
Period with Lonmin/Lonrho: 11 years (to nearest year)

Albert Jamieson, Executive Business Development, Lonmin Platinum, Johannesburg  
D.O.B.: 10.04.58, Southampton, England  
Qualifications: BSc, MBA  
Period with Lonmin/Lonrho: 11 years (to nearest year)

### ***Intentions regarding the future of the Company***

There is no present intention to change the business of the Company, to inject further capital into the Company (except as otherwise disclosed in this Explanatory Memorandum), to affect the future employment of the present employees of the Company, to transfer any property between the Company and Lonmin or any person associated with them, to otherwise redeploy the fixed assets of the Company or to alter its existing policies in relation to financial matters.

### ***Terms of the proposed allotment and related agreements***

The terms of the proposed allotment and issue of Shares to Lonmin (or its nominated wholly-owned subsidiary) and particulars of the contracts which are dependent on the Share Subscription Agreement are set out in this Explanatory Memorandum under the heading “Summary of Agreement between the Company and Lonmin”.

### ***Time of allotment***

Details of the timing of the allotment and issue of the Shares pursuant to the Share Subscription Agreement are set out in paragraphs (a) and (b) of the section titled “Listing Rule 7.1” of this Explanatory Memorandum.

### ***Reasons for the proposed allotment***

The reasons for the proposed allotment are set out in this Explanatory Memorandum under the heading “Recommendations of Directors”.

### ***Is the acquisition fair and reasonable?***

The Directors have commissioned PricewaterhouseCoopers to prepare a report on the question of whether the proposal is fair and reasonable to the non-associated shareholders of the Company. That report is attached to this Explanatory Memorandum. Shareholders are urged to read the Independent Expert's Report.

PricewaterhouseCoopers have concluded that the proposal the subject of Resolution 1 is fair and reasonable to the non-associated shareholders of the Company.

### ***Recommendations of Directors***

Each Director has the same interest as the other non-associated shareholders of the Company to the extent that they, or companies associated with them, hold Shares in the Company. Each

of the Directors voted in favour of the Company entering into the Share Subscription Agreement.

**The Directors recommend shareholders vote in favour of Resolution 1 for the following reasons:**

#### Expanded Feasibility Study and Funding of the Study

- The Company listed on ASX with the main objective of conducting exploration and a feasibility study on the Panton Project. Since the initial fundraising by the Company, the Company has actively explored the Panton Project and has upgraded the resource from 387,000 ounces to 2.2 million ounces. Included in this is a large low grade resource which requires significant further work to fully evaluate it.
- The Company expects to further increase this resource by additional drilling along the same mineralised trend. In addition, the Company also intends to drill a geochemical anomaly to the North of the current resource. The Panton deposit must be adequately sampled by drilling and bulk sampling to determine mineral grades, metallurgical recoveries, continuity of mineralisation and geotechnical parameters. The drilling density must be sufficient to meet the requirements of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code) 1999 in order to delineate sufficient reserves on which to base and optimise the Feasibility Study. In addition to drill cores, bulk sampling will be required for more advanced metallurgical testwork.
- From studies to date, it is likely that there will be significant open pit mining, but the majority of the resource will be mined by underground means. This will be fully addressed in the Feasibility Study.
- The Company has carried out preliminary metallurgical work on upgrading flotation concentrates that would be produced as part of the treatment process. Although there are significant technical challenges, the Company believes that further work on this aspect could enhance financial returns for the project.
- Given the above, the Company's original plans for the Feasibility Study have been expanded. As a consequence, the expenditure on the Feasibility Study and associated works has increased substantially from that originally proposed. To fund this Lonmin has agreed to inject \$12 million into the Company by way of the Initial Subscription.

#### Reduction of Financing and Operator Risks

- The mining and production of PGM's as the principal minerals has not been undertaken previously in Australia and, as a consequence, it is expected that obtaining project finance is likely to be more challenging than, for example, obtaining finance for a gold project, where both the technical and operator risks are well known from extensive Australian experience. For these reasons, the Directors believe it would be advantageous for the Company to attract a world class PGM producer as a major shareholder and provider of technical assistance to assist it not only in preparing the Feasibility Study but also in the potential development of the Panton Project.
- Lonmin has agreed that it or its Related Bodies Corporate will provide the Company with technical services.

### Offtake Arrangements

- The Company has not as yet finalised what form of product it will be producing as a result of its mining and processing at the Panton Project. However, the Company will not be producing metal. By entering into a relationship with Lonmin the Company will, in due course, agree the terms of a product offtake arrangement pursuant to which the Company will sell all products in whatever form produced by the Panton Project to Lonmin at a competitive market price on competitive market terms.

### Metallurgical Expertise

- The metallurgy associated with the Panton Project is anticipated to be one of the most significant issues to be addressed during the Feasibility Study. Lonmin's metallurgical experience with the UG2 chromitite reef is expected to be of particular benefit to the Panton Project.

### No Delay on Project Finance

- The Agreement which has been negotiated with Lonmin provides Lonmin with the opportunity to provide the project finance. Lonmin will have a window of opportunity in which it can agree to provide the finance and in the event that it does, the Director believe the development of the Panton Project would be able to be fast tracked.

### New Board Members with PGM Producing Company Experience

- The Company was established as an exploration company but will, as a result of the work it has undertaken to date and outcome which it anticipate from the successful completion of the Feasibility Study currently being undertaken, be in a position to move to development and production.
- Lonmin has the right to appoint representatives to the Board in proportion to its investment. Lonmin's nominees will bring the experience of a major PGM producer to bear on the Panton Project.

### Lonmin Expected to be a Long Term Shareholder

- The issue of both the Initial Subscription and, at Lonmin's election, the Further Subscription is to one strategic shareholder. Should Lonmin subscribe for the Further Subscription then the Directors would not expect Lonmin to dispose of its Shares.

### Company to Retain 100% of Panton Project

- The transaction with Lonmin results in the Company retaining a 100% direct interest in the Panton Project. In these circumstances the interests of Lonmin are the same as any other shareholder, save that Lonmin will in due course have an offtake agreement with the Company which is on commercial terms and at commercial rates.

## GLOSSARY

"**ASIC**" means Australian Securities and Investments Commission;

"**ASX**" means Australian Stock Exchange Limited ACN 008 624 691;

"**Board**" means the board of Directors of the Company;

"**Company**" means Platinum Australia Limited ACN 093 417 942;

"**Directors**" means the directors of the Company (as at the date of the Notice of Meeting) unless the context indicates otherwise;

"**Explanatory Memorandum**" means the information attached to the Notice of Meeting which provides information to shareholders about the resolutions contained in the Notice of Meeting;

"**FATA**" means the Foreign Acquisitions and Takeovers Act 1975 (Cth);

"**Listing Rules**" means Listing Rules of the ASX;

"**Lonmin**" means Lonmin PLC, a company incorporated in England with registered number 103002;

"**Notice of Meeting**" means the notice of meeting which accompanies this Explanatory Memorandum;

"**Options**" means options to acquire Shares which are exercisable at \$0.20 each;

"**Panton Project**" means the Panton Platinum-Palladium Project;

"**PGM**" means platinum group metals, which include platinum, palladium, rhodium, osmium, iridium and ruthenium;

"**PriceWaterhouseCoopers**" means PriceWaterhouseCoopers Securities Ltd ACN 003 311 617;

"**Related Bodies Corporate**" has the meaning given in the Corporations Law;

"**Share Subscription Agreement**" means the share subscription agreement between the Company and Lonmin dated 30 May 2001;

"**Shares**" means ordinary fully paid shares issued in the capital of the Company; and

"**Top Up Shares**" means the number of Shares issued pursuant to the Top Up Issue.