PLATINUM AUSTRALIA

Platinum Australia Limited

(ACN 093 417 942)

Annual Report

For the year ended 30 June 2011

CORPORATE INFORMATION

Directors

Peter Donald Allchurch	-	Chairman
John Derek Lewins	-	Managing Director
Michael Gerrard Blakiston	-	Non-Executive Director
William Alexander Hansen	-	Non-Executive Director

Company Secretary
Gillian Swaby

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Stock Exchange Listings
Australian Securities Exchange (ASX) Code: PLA

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CHAIRMAN'S REPORT

Platinum Australia Limited is well positioned for growth with its Smokey Hills shallow underground Platinum Group Metals ("PGM") mine building towards full production in 2011 and a pipeline of advanced open pit and open pit-underground PGM projects in South Africa and Australia.

During the 2010-2011 financial year, Platinum Australia Limited completed a positive Definitive Feasibility Study for the open pit mining of the Kalplats PGM Project in South Africa and a positive Pre-Feasibility Study for the open pit and underground mining of the Rooderand PGM Project in South Africa. The company is also updating the Bankable Feasibility Study on its Australian Panton PGM Project using a different mining plan and present PGM prices.

At the Smokey Hills mine slower than contracted mining production ramp-up led to the replacement of the mining contractor in November 2010. Mining production has steadily improved with the new contractor but historically based labour issues reduced our expected rate of increase of underground mining production for several months. Milling of platinum bearing chrome tailings transported from a nearby chrome operation provided additional PGM ounces and kept plant unit costs down during the contractor changeover period. Management is confident that the operational changes made and the appointment in July 2011 of a new Chief Operating Officer with extensive experience in South African platinum mining will allow the company to reach its production targets at Smokey Hills.

Demand for PGM began to rise again in 2010 after the falls in 2009 related to the Global Financial Crisis. Catalysts for automobiles are the main demand category and are reflecting recovery in the automobile industry. Primary supply remains at the same level as in 2001 and new deep mines are capital intensive and slow to implement. Platinum Australia with its portfolio of lower cost open pit and shallow underground PGM projects is well suited for the present and foreseeable future.

Given its quality project portfolio Platinum Australia Limited is presently (September 2011) significantly undervalued in the share market, primarily due to lengthy delays in reaching full PGM production at our Smokey Hills mine. Management is confident that the production delays will be overcome in the near term allowing the market to re-rate the company upwards.

Finally I would like to thank our shareholders for their continuing support and our board and management for their efforts throughout the year.

PETER D ALLCHURCH
Chairman

REVIEW OF COMPANY ACTIVITIES

OVERVIEW

The completion of a Definitive Feasibility Study ("DFS") on the **Kalahari Platinum ("Kalplats") Project** and of a Pre-Feasibility Study ("PFS") on the **Rooderand Project** during the period under review has seen the Company make significant progress towards its goal of developing into a low cost mid-tier platinum producer. However the positive progress on these projects has been largely overshadowed by a number of challenges at our **Smokey Hills Platinum Mine** which has resulted in the poor ramp up of production from underground, and the failure to achieve the design tonnages.

We have continued to see a recovery in the PGM market fundamentals, with platinum demand up 15% and palladium demand up 20%, mainly as a result of the improved performance of the automotive industry. This increase in demand has not been matched by the supply side, resulting in improved market fundamentals and a commensurate increase in metal prices.

At our **Smokey Hills Platinum Mine**, the ramp up to the design production rate from underground has been significantly slower than anticipated, due in the main part to the failure of the underground mining contractor, Redpath Mining (South Africa) (Pty) Ltd ("Redpath') to achieve an acceptable level of performance. As a result the contract with Redpath was terminated in October 2010, and a new contractor JIC Mining Services ("JIC") was appointed and commenced operations in November 2010.

While we have seen significant improvements in production from the new contractor, industrial disputation problems directly related to the workforce which was taken over from Redpath have significantly impacted on the ability of JIC to achieve production targets. However by the end of June, these had largely been overcome and production had increased to 75% of design.

At the **Kalahari Platinum Project,** a Definitive Feasibility Study ("DFS") based on the development of an open pit mine producing and processing 1.5 MTPA of ore to produce an average of 105,000 ozs 3E PGM per annum was completed. The DFS found the project to be commercially and technically viable, with a capital cost of some US$150 million and that it would be among the lowest cost in the industry with operating costs of US$600/oz 3E PGM to metal.

PLA also completed an initial Resource Estimate and a Pre Feasibility Study ("PFS") on the **Rooderand Platinum Project** during the year. The PFS was based on the development of 1.2 MTPA open pit and underground mining operations to produce Run of Mine ore for a concentrator plant to be built on site. The PFS found that the project was commercially and technically viable, would produce an average production of 115,000 ozs 4E PGM per annum, have a capital cost of some US$130 million and have an operating cost of below US$700/oz 4E PGM to metal.

CORPORATE

The Company undertook a fully underwritten Accelerated Non-Renounceable Pro-Rata Entitlement Offer and an Institutional Placement of 72 million new ordinary shares at $0.59 for the placement and $0.56 for the Pro-rata Entitlement to raise $40 million in November 2010.

The funds were used to provide development and operational capital for the Smokey Hills Platinum Mine; continuing exploration and development expenditure on the Kalahari Platinum and Rooderand Platinum Projects; and general working capital.

A further placement of 24.7million new ordinary shares at $0.20 was undertaken in early September 2011 to raise approximately $5 million.

In June 2011, Mr Gavin Ferguson joined the Company as Chief Operating Officer and as a member of the Executive Committee.

The Executive Committee is comprised of:

John Lewins, Managing Director
BSc (Hons) Mineral Engineering, Grad Diploma Business

Mr Lewins is an Engineer with more than 20 years experience in Senior Mining Management roles, including development of mining projects from a resource stage through feasibility studies, commissioning of mines to sustained profitable mining operations. He has worked on mining projects in Australia, Africa, Asia, Armenia, Russia, Ukraine and Iran. John joined Platinum Australia in October 2000 and was appointed as a Director on 3 May 2001.

David Neill, Chief Financial Officer
BSc (Hons) (Econ). CA

Mr Neill is a Chartered Accountant with over 20 years experience in both the accounting profession and corporate sectors. For over the last decade he has worked in the resource sector with substantial experience in evaluations, feasibility studies, project and corporate finance. David was appointed as Chief Financial Officer in May 2006.

Gavin Ferguson, Chief Operating Officer
B Tech (Mining Engineering)

Mr Ferguson is a Mining Engineer with more than 23 years experience in the South African and Australian mining industry having commenced his career with Anglo American Corporation. He has held senior operational and project management roles with a number of major mining and contracting companies with experience in project feasibility, development and execution. He joins PLA from Newmont Asia Pacific. His previous experience includes 5 years with Anglo Platinum in South Africa in various executive roles. Gavin was appointed as Chief Operating Officer in June 2011.

Richard Wallis, General Manager – Mining & Technical Services
BSc (Hons) Mining Engineering

Mr Wallis is a Mining Engineer with over 20 years experience in senior mine management positions in numerous operations in Southern Africa and the former Soviet Union. His primary experience has been in the management of underground gold and base metal mines, although he has also managed open cut operations and feasibility studies into the development of new mining operations. Richard joined the Company in November 2004.

William Smart, General Manager - Smokey Hills
NHD Metalliferous Mining, MDP

Mr Smart has 24 years experience in the South African Mining Industry of which the last 12 years have been in senior managerial roles. He has extensive experience in the development and operation of mining projects and has worked in the gold, chrome and platinum sectors. William joined Platinum Australia in May 2007.

Gordon Ramsay, General Manager - Projects & Metallurgy
BSc (Hons) Chemical Engineering

Mr Ramsay almost 30 years experience in the Platinum industry in South Africa working in various technical, senior and executive management roles. This included 16 years with Anglo Platinum until 1997 and 11 years with Aquarius Platinum where he worked on the development of the Kroondal, Marikana and Everest Projects as Projects Director. Gordon joined Platinum Australia in June 2009.

Steve Hunns, General Manager – Exploration
PhD and BSc (Hons) Geology

Dr Hunns has over 25 years international experience both as a mineral exploration and mine geologist. He has worked in both technical and management roles in eastern and northern Australia, the Middle East, western and central Asia and, southern Africa. His experience ranges from greenfields exploration through to advanced resource definition projects. He has a wide range of expertise including polymetallic volcanogenic massive sulphide deposits, epithermal gold deposits, copper-gold porphyry-style deposits, intrusion-related gold deposits, iron-ore deposits and Archaean greenstone and Bushveld style PGE deposits. Steve joined Platinum Australia in June 2009.

John Dawson, General Manager – Finance
CA (SA) Member – SAICA

Mr Dawson started his career in the gold mining industry with JCI as Mine Accountant in 1992. In 1995 he joined Xstrata Coal as a Cost Accountant moving to Management Accountant. John then joined PriceWaterhouseCoopers from 2005 to 2007 following which he spent 3 years at the Katanga Mining in the copper industry as Senior Accountant. John joined Platinum Australia Ltd in September 2010.

Modikana Macmillan Motimele, Manager – Stakeholder Relations

B.A. Degree (Social Sciences)

Macmillan has 9 years experience in working with Stakeholders in different Exploration and Mining companies in Limpopo and Mpumalanga Provinces. He served in management roles with extensive experience engaging with Municipalities, Traditional Leaders and Community Forums.

Macmillan joined Platinum Australia in August 2011.

HEALTH AND SAFETY

The Company recorded seven Lost Time Injuries during the year at its operations and achieved a Lost Time Injury Frequency Rate ("LTIFR") of 3.9. While this result puts our safety performance among the best in the industry, the Company continues to work to improve its safety performance and that of its contractors with a target of zero Lost Time Injuries.

MARKET REVIEW

Demand for platinum group metals and especially platinum and palladium continued to recover during the year, supported by the ongoing improvement of the World economy which, importantly for the PGM sector, resulted in significant recovery in automotive sector. This combined with very limited growth in supplies of both platinum and palladium supported significant increases in metal prices, with platinum increasing by some 15% and palladium by over 70% during the period under review.

Demand

Jewellery demand dropped by 15% for platinum and 20% for palladium much as anticipated in 2010 as the metal prices recovered, due primarily to a softer Chinese market, although China remains the largest market for this sector.

Automotive demand increased significantly during 2010 with platinum demand up over 40% and palladium demand up by 35%. This trend is expected to continue in 2011, albeit at a slower rate.

Industrial demand for platinum increased by over 40% and to 1.7 Moz, while palladium demand in this sector was largely unchanged at 2.5 Moz.

China retained its position as the largest market for PGM's in 2010 on the back of strong growth in the automotive sector, which offset a drop in demand in the jewellery sector.

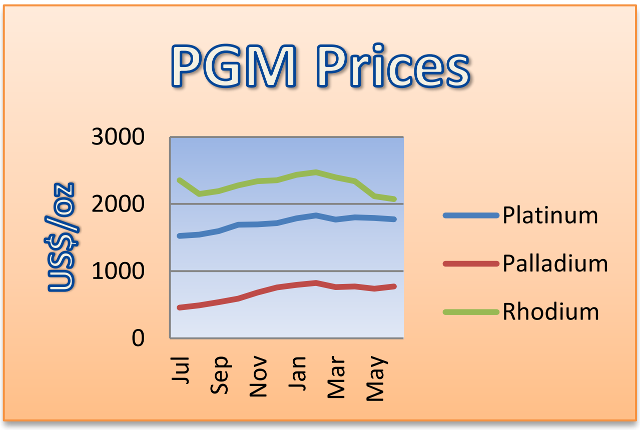
Supply

The supply of platinum was almost unchanged, resulting in the market being close to balance as producers in **South Africa** which produces approximately 80% of the World's platinum, were unable to realise any significant increase in production. Palladium supplies did record an increase of 3%, however this was insufficient to offset the large increase in demand and as a result the market recorded a very significant shortfall of almost 500,000 ozs.

The ongoing challenges of skills shortages, labour unrest, safety and political uncertainty, combined with significant cost pressures are expected to see South African producers struggle to achieve any significant increase in production in the short to medium term.

Price

While the current economic uncertainty is providing some softness in metal prices, there is considerable evidence to indicate that it will become increasingly difficult for supply to meet the projected growth in demand, suggesting the market fundamentals will remain positive for PGM's for some time.



SMOKEY HILLS PLATINUM MINE

Platinum Australia moving to 69.75%

The Smokey Hills Mine is located on the eastern limb of the Bushveld Complex on the farm Maandagshoek 254 KT, Mineral Portion 4, which is in the Limpopo Province of South Africa, 300 kilometers (km) north-east of Johannesburg.

UG2 Reef outcrops around the margins of two hills located on the property, and as of July 2011 the mine had a resource of 4.5 million tonnes of UG2 reef at a grade of 5.63 g/t 4E PGM, containing 0.82 million ozs 4E PGM. The UG2 reef occurs to a depth of 200 metres below surface and is accessed by multiple on-reef adits, with production coming from conventional breast and up dip stoping. Blasted stope ore is scraped down to mucking bays in the reef drives and loaded by Load Haul Dump (LHD) machines into haul trucks for transport to the processing plant.

Operations

The ramp up to the design production rate of 60,000 tonnes per month has been significantly slower than anticipated, due in the main part to the failure of the underground mining contractor, Redpath Mining (South Africa) (Pty) Ltd ("Redpath') to achieve an acceptable level of performance. As a result the contract with Redpath was terminated in October 2010, and a new contractor JIC Mining Services ("JIC") was appointed and commenced operations in November 2010.

The majority of the Redpath employees were taken over by JIC as required under South African legislation. Unfortunately a number of these employees engaged in repeated unprotected industrial action over several months, in the main part related to demands for payments claimed from Redpath. This resulted in the dismissal of the majority of the workforce by JIC including approximately 350 local employees. JIC offered to re-employ the majority of the workforce, however, regretfully a small minority of the local dismissed workers undertook a campaign of criminal action to prevent this and to force a full reinstatement. This ultimately led to a fatal incident occurring in May 2011, when an employee of JIC was fatally injured in an incident while travelling home from the mine at the end of day shift.

Following the incident senior management from PLA and JIC met with senior Limpopo Government Officials including the Office of the Premier and a task team was established to address the situation and ensure the safety and security of the mine and its personnel, the majority of whom are from the Limpopo Province. It is pleasing to report that no further incidents have occurred since this incident and operations have returned to normal, with over 100 previous workers from the local community now re-employed.

While the above situation hampered the ramp up to full production from underground, the performance of JIC showed steady progress and was an improvement on that of Redpath. June Quarter underground production of 104,846 tonnes was the best yet achieved, with the contractor operating at above 70% design in the June month.

In November 2010, the Company entered into an agreement to treat approximately 100,000 tonnes of chrome tailings, utilising spare plant capacity. During the December and March Quarters a total of 109,000 tonnes of chrome tailings with an average grade of +5 g/t 4E PGM were treated through the plant, producing over 6,000 ozs 4E PGM.

Production Statistics

		2010	**2011**
Tonnes Milled	tonnes	**519,584**	**401,773**
Head Grade	g/t 4E	**3.34**	**4.01**
Recovery	%	**70.0**	**62.2**
4E PGM	ozs	**37,655**	**31,204**
Cash Cost	ZAR/tonne	**505**	**733**

Ore Reserves

Table 1 Smokey Hills Ore Reserve Estimate as at August 2011

		Tonnes (M)	**4E PGM (g/t)**
Hill 2	Proved Reserves	0.79	4.22
	Probable Reserves	0.46	4.15
	Sub-total Open Pit	**1.24**	**4.19**
Hill 3	Proved Reserves	1.86	4.57
	Probable Reserves	0.76	4.77
	Sub-total Underground	**2.62**	**4.63**
Total	**Proved Reserves**	**2.65**	**4.46**
	Probable Reserves	**1.21**	**4.54**
	Total Smokey Hills	**3.99**	**4.49**

KALAHARI PLATINUM PROJECT

Platinum Australia earning up to 49%

The Kalahari Platinum Project ("Kalplats") is located 350 km west of Johannesburg in the North West Province and approximately 25km north of the township Stella within a farming area with a population of approx. 2,500 inhabitants. The N18 national highway linking the towns of Mafikeng and Vryburg is located just south of the Project area. The topography is slightly undulating to flat-lying with the average surface elevation variable between 1,245m to 1,275m above mean sea level.

Platinum Australia Limited ("PLA") has a formal Joint Venture Agreement with African Rainbow Minerals Platinum (Proprietary) Ltd ("ARMplatinum") which provides for PLA to earn up to 49% of the Kalplats Project by completing a Definitive Feasibility Study ("DFS") on the project.

During the year the Company completed a Definitive Feasibility Study ("DFS") based on the development of an open pit mine producing and processing 1.5 MTPA of ore to produce an average of 105,000 ozs 3E per annum, which found the project to be commercially and technically viable. A summary of the results from the DFS are provided in Table 2 below. The DFS was based on mining and treating seven of the eight known deposits and on only the Measured and Indicated High Grade Resource, which equates to 1.55 Moz 3E PGM. The balance of 1.75 Moz 3E PGM is in the Inferred category and was not therefore included.

The Key results from the study are as follows:

- The Project would deliver a return of 24.5% on the Base Case or 27.8% at October 2010 prices;
- The Project would achieve a pre tax NPV10 of US$79 Million on the Base case or US$108 Million at October 2010 Prices;
- The Project would generate a net cash flow (undiscounted) of US$211 Million on the Base Case or US$267 Million at October 2010 Prices;
- Initial Capital Cost of the Project would be ZAR1,142 Million or US$150 Million;
- Cash Operating Cost of US$415/oz 3E PGM concentrate produced on the Base Case or US$462/oz 3E PGM at October 2010 Prices;
- The Project would produce 992 koz 3E over a 9 year operating life from open pit mining of seven deposits, Crater, Orion, Crux, Sirius, Mira, Serpens North and Vela;
- Construction power from the National grid (Eskom) would be available in 2011, while permanent power would be available in 2014.

Table 2 Summary of Results from Kalplats DFS

		Base Case	October 2010
Throughput	tonnes/annum	1.5 Million	1.5 Million
Plant Feed Grade	g/t 3E	2.96	2.96
Production	3E	~105,000 oz/annum	~105,000 oz/annum
Ave Plant Recovery	%	71.2	71.2
Operating Life		9 years	9 years
Cash Costs	ZAR/t Milled	215	215
	US$/oz 3E	415	456
Basket Price	US$/oz 3E	1,001	1,149
Initial Capital Cost	ZAR	1,142 Million	1,142 Million
	US$	150 Million	165 Million
NPV (Pre Tax) 5%	ZAR	1,004 Million	1,189 Million
	US$	132 Million	172 Million
NPV (Pre Tax) 10%	ZAR	600 Million	745 Million
	US$	79 Million	108 Million
IRR (Pre Tax)	%	24.5	27.8
Cashflow (Pre Tax)	ZAR	1,602 Million	1,845 Million
	US$	211 Million	267 Million

Table 3 Metal Price and Exchange Rate Assumptions

		Base Case		October 2010	
Exchange Rate	ZAR/US$	**7.60**		**6.92**	
Metal Prices		**ZAR**	**US$**	**ZAR**	**US$**
Platinum	Per oz	11,400	1,500	11,722	1,694
Palladium	Per oz	3,800	500	4,117	595
Gold	Per oz	8,360	1,100	9,286	1,342
Basket Price	**Per oz 3E**		**1,001**		**1,149**

Project Development

Following the completion of the DFS it is planned to undertake the mining of a bulk sample from the existing trial pit to be run through a pilot plant as the first phase of project implementation. This will provide more detailed information for grade control and detailed engineering design work. This work will be undertaken once approvals have been received from the Department of Minerals and Resources.

Table 4 Combined Coffey plus Harmony Resource Estimate

	Total Resource[3]			Main Reef Resource[2]			High Grade Resource[1,4]		
	Tonnes	**Grade**	**Ozs**	**Tonnes**	**Grade**	**Ozs**	**Tonnes**	**Grade**	**Ozs**
Measured	14,038,500	1.58	715,290	6,416,000	2.12	439,360	3,355,000	3.14	340,940
Indicated	55,873,,500	1.45	2,615,620	23,042,000	2.01	1,495,750	12,418,000	3.03	1,213,710
Inferred	67,442,,000	1.57	3,407,220	29,870,000	2.10	2,023,430	16,727,000	3.24	1,749,440
Total	**137,354,000**	**1.53**	**6,738,130**	**59,328,000**	**2.08**	**3,958,540**	**32,500,000**	**3.16**	**3,303,240**

[1] Includes the high grade UM (+UUM in Crater and Vela) and LM Reefs

[2] Includes the UM (+UUM in Crater and Vela), Main Reef Residual and LM, which constitute the Main Reef

[3] Includes the UM, UUM, LM, MR, LG, MMW and the Main Reef Residual layers, which is the total mineralised width for all seven layers

[4] For Crater includes the UUM, UM, LM and the high grade MR layers

KALPLATS AREA OF INFLUENCE PROJECT

Platinum Australia 50%

The Kalplats Area of Influence ("AoI") Project covers an area of approximately 20 kilometres to the north and 18 kilometres to the south of the Kalplats Project area along the strike of the Kraaipan Greenstone belt.

Limited site works have been undertaken on this project over the last twelve months. A further program of drilling is planned for 2012.

STELLEX NORTH PROJECT

Platinum Australia 49%

An initial program of 3,000 metres of RC drilling was completed during the year. Results from this work confirmed the presence of the Stella Layered Intrusive in the project area. However while a number of magnetite reefs were intersected, no significant PGM mineralisation recorded. A further program of drilling is planned for 2012.

The work on the project is entirely funded by Japan Oil, Gas and Metals National Corporation ("JOGMEC") under an agreement which provides for JOGMEC to earn an initial 35% interest in the project by providing US$3.5 million funding for exploration through 2014.

ROODERAND PLATINUM PROJECT

Platinum Australia earning up to 70%

The Rooderand Platinum Project is located on the western limb of the Bushveld Igneous Complex, in the North West Province of South Africa, 150 kilometres north-west of Johannesburg.

Under the terms of the Heads of Agreement with Atla Mining Resources (Pty) Ltd ("Atla"), PLA has earned an initial 30% interest in the Rooderand Platinum Project, which covers Portion 2 of the farm Rooderand 46JQ for making an initial payment of ZAR14 million following the issuing of the Prospecting Right. PLA will earn a further 35% interest for funding and completing a Definitive Feasibility Study ("DFS") on the project, and can then earn an additional 5% for arranging the financing for the development of the project.

PLA completed a Mineral Resource estimate for Rooderand based on the results from a total of 238 diamond drill holes, detailed high resolution ground magnetic survey interpretation, geological mapping and cross sectional interpretations. The total Mineral Resource estimated for the Rooderand Deposit is 28.83 Mt at a grade of 4.55 g/t 4E containing 4.22 Moz 4E. The Mineral Resource is reported with no cut off grade applied and has been classified as Measured, Indicated and Inferred Mineral Resources and reported in summary in Table 5, according to the guidelines of the JORC Code (2004).

PLA completed a Pre-Feasibility Study ("PFS") on the project in May 2011, based on the development of open pit and underground mining operations to produce Run of Mine ore for a concentrator plant to be built on site. The open pit is designed to extract the UG2, Merensky and Pseudo Reefs, while the underground design caters for the mining of UG2 Reef only and is at conceptual level at this point. The process plant would produce a flotation concentrate with a grade of 200 g/t 4E which would be shipped to a nearby smelter for further treatment.

The key results from the study are as follows:-

- The Project would deliver a return of 40% on the Base Case assumptions or 35% at Current Prices (Average PGM prices for April 2011 and US$:ZAR exchange rate of 1:7);
- The Project would achieve a pre tax NPV10 of US$215 Million on the Base Case or US$195 Million at Current Prices;
- The Project would generate a net cash flow (undiscounted) of US$598 Million on the Base Case or US$563 Million at Current Prices;
- Initial Capital Cost of the Project would be ZAR968 Million or US$129 Million on the Base Case;
- Cash Operating Cost of US$670/oz 4E concentrate produced on the Base Case;
- The Project would produce an average of 115,000 ozs 4E per annum over a 16 year operating life;

Table 5 Summary of Results from Rooderand PFS

		Base Case	April 2011
Throughput	tonnes/annum	1.2 Million	1.2 Million
Plant Feed Grade			
Open Pit	g/t 4E	3.46	3.46
U/ground	g/t 4E	4.39	4.39
Ave Annual Prod	4E oz/annum	~115,000	~115,000
Ave Plant Recovery	%	79.4	79.4
Operating Life		16 years	16 years
Cash Costs LOM	ZAR/t Milled	605	605
	US$/oz 4E	670	680
Basket Price	US$/oz 4E	1,575	1,564
Initial Capital Cost	ZAR	968 Million	968 Million
	US$	129 Million	138 Million
NPV 10 (Pre Tax)	ZAR	1,616 Million	1,367 Million
	US$	215 Million	195 Million
IRR (Pre Tax)	%	40	35
Cashflow (Pre Tax)	ZAR	4,485 Million	3,941 Million
	US$	598 Million	563 Million

Table 6 Metal Price and Exchange Rate Assumptions

		Base Case		April 2011	
Exchange Rate	ZAR/US$	**7.50**		**7**	
Metal Prices		**ZAR**	**US$**	**ZAR**	**US$**
Platinum	Per oz	13,500	1,800	12,600	1,800
Palladium	Per oz	6,000	800	5,411	773
Rhodium	Per oz	18,000	2,400	16,401	2,343
Gold	Per oz	9,975	1,330	10,360	1,480
Basket Price	**Per oz 4E**	**11,812**	**1,575**	**10,948**	**1,564**

PLA is currently working on a Definitive Feasibility Study ("DFS") which is due to be completed in the December 2011 Quarter. As part of the DFS, PLA completed a second drilling program in July 2011 comprising a further 120 diamond drill holes.

Table 7 Rooderand Resource Estimates

Mineral Resource Category	Reef Type	Tonnes (million)	Grade 4E g/t	4E Kg's ('000)	4E Moz	Pt (g/t)	Pd (g/t)	Rh (g/t)	Au (g/t)	Cu (ppm)	Ni (ppm)
Measured	MR (All Facies)	0.07	14.33	1.04	0.03	9.27	3.88	0.76	0.42	1602	3237
Indicated	MR (All Facies)	0.61	10.46	6.36	0.20	6.91	2.63	0.58	0.34	1288	2565
Meas + Ind	**MR (All Facies)**	**0.68**	**10.88**	**7.40**	**0.24**	7.17	2.76	0.60	0.35	1322	2637
Inferred	MR (All Facies)	2.14	10.93	23.35	0.75	7.37	2.61	0.57	0.38	1449	2909
Sub Total	**MR (All Facies)**	**2.81**	**10.93**	**30.75**	**0.99**	**7.32**	**2.65**	**0.58**	**0.37**	**1418**	**2844**
Measured	Upper Psuedo										
Indicated	Upper Psuedo	0.39	3.86	1.50	0.05	2.19	1.31	0.21	0.14	432	1724
Meas + Ind	**Upper Psuedo**	**0.39**	**3.85**	**1.50**	**0.05**	2.19	1.31	0.21	0.14	432	1724
Inferred	Upper Psuedo	3.46	3.02	10.47	0.34	2.32	0.33	0.22	0.15	561	1393
Sub Total	**Upper Psuedo**	**3.85**	**3.11**	**11.97**	**0.38**	**2.31**	**0.43**	**0.22**	**0.15**	**548**	**1427**
Measured	Lower Psuedo	0.43	2.45	1.06	0.03	1.44	0.75	0.12	0.14	288	1574
Indicated	Lower Psuedo	0.80	2.37	1.89	0.06	1.40	0.72	0.11	0.14	286	1645
Meas + Ind	**Lower Psuedo**	**1.23**	**2.40**	**2.95**	**0.09**	1.42	0.73	0.11	0.14	287	1620
Inferred	Lower Psuedo	7.41	1.79	13.24	0.43	1.05	0.56	0.08	0.09	219	1413
Sub Total	**Lower Psuedo**	**8.64**	**1.87**	**16.19**	**0.52**	**1.10**	**0.58**	**0.08**	**0.10**	**229**	**1443**
Measured	UG2	2.12	5.05	10.74	0.35	3.02	1.38	0.63	0.02	20	1202
Indicated	UG2	4.96	5.25	26.06	0.84	3.09	1.51	0.63	0.03	21	1212
Meas + Ind	**UG2**	**7.08**	**5.19**	**36.80**	**1.18**	3.07	1.47	0.63	0.02	21	1209
Inferred	UG2	6.44	5.52	35.54	1.14	3.19	1.62	0.68	0.02	16	1225
Sub Total	**UG2**	**13.52**	**5.35**	**72.34**	**2.33**	**3.13**	**1.54**	**0.65**	**0.02**	**18**	**1217**
Measured	TOTAL	2.62	4.89	12.84	0.41	2.93	1.35	0.55	0.05	108	1320
Indicated	TOTAL	6.76	5.30	35.81	1.15	3.18	1.50	0.54	0.07	189	1415
Meas + Ind	**TOTAL**	**9.38**	**5.19**	**48.65**	**1.56**	3.11	1.46	0.54	0.07	167	1388
Inferred	TOTAL	19.45	4.25	82.60	2.66	2.68	1.10	0.36	0.11	348	1511
TOTAL	**TOTAL**	**28.83**	**4.55**	**131.25**	**4.22**	**2.82**	**1.21**	**0.42**	**0.10**	**289**	**1471**

PANTON PGM PROJECT

Platinum Australia 100%

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

The Company completed a Bankable Feasibility Study on the Project in August 2003. The BFS showed that the project was technically sound but not commercially viable at the prevailing PGM prices and US$ exchange rate. The BFS was based on the Resource Estimate detailed in Table 8 below.

Table 8 Panton Resource Estimates

Top and Middle Reef Resource by Classification							
Top Reef							
Classification	**Tonnes Million**	**PGM + Au g/t**	**Pt g/t**	**Pd g/t**	**Au g/t**	**Ni %**	**Cu %**
Measured	4.4	6.01	2.46	2.83	0.42	0.28	0.08
Indicated	4.13	6.65	2.73	3.21	0.38	0.31	0.09
Inferred	1.56	5.11	2.1	2.35	0.38	0.36	0.13
Total	**10.08**	**6.13**	**2.51**	**2.91**	**0.4**	**0.3**	**0.09**
Middle Reef							
Classification	**Tonnes Million**	**PGM + Au g/t**	**Pt g/t**	**Pd g/t**	**Au g/t**	**Ni %**	**Cu %**
Measured	2.13	2.86	1.36	1.09	0.1	0.18	0.03
Indicated	1.5	3.28	1.56	1.28	0.1	0.19	0.04
Inferred	0.6	2.68	1.22	1.07	0.01	0.19	0.05
Total	**4.22**	**2.99**	**1.41**	**1.15**	**0.1**	**0.18**	**0.03**
Top + Middle Reef							
Classification	**Tonnes Million**	**PGM + Au g/t**	**Pt g/t**	**Pd g/t**	**Au g/t**	**Ni %**	**Cu %**
Measured	6.53	4.98	2.10	2.26	0.32	0.25	0.06
Indicated	5.63	5.75	2.42	2.70	0.31	0.28	0.08
Inferred	2.16	4.44	1.86	1.99	0.28	0.31	0.11
Total	**14.32**	**5.20**	**2.19**	**2.39**	**0.31**	**0.27**	**0.08**

Following an increase in metal prices of between 250% and 500% of those used in the BFS, the company has initiated a review of the Panton Project, engaging Tetra Tech Australia Pty Ltd to undertake a review of the design, capital and operating cost of the open pit and underground mine. DRA Pacific Pty Ltd have been appointed to review the plant design, capital and operating costs.

Results from the optimisation work completed to date indicate that the pit would be up to 50% larger than previously designed and provide a three year life ahead of the underground mine. Indications are also that this increased size of pit would have almost no affect on the design or reserves of the underground mine. Following completion of this review process, a decision will be made on the next step for this project.

KATANNING PGM EXPLORATION PROJECT

This Project is covered by a joint venture with Accent Resources NL ("Accent") under which they are currently undertaking exploration for non PGM minerals, primarily Vanadium and Titanium, on the Exploration Licence. PLA retains 100% of the PGM's and associated minerals and a 1% net smelter royalty on other minerals which may be processed by Accent. A limited drilling program was completed by Accent during the year.

MELVILLE GOLD EXPLORATION PROJECT

Platinum Australia 25% free carry

No work was undertaken on the project during the year by Prosperity Resources Pty Ltd who retain a 75% interest in the project.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors of Platinum Australia Limited ("Platinum" or "the Company") is responsible for the corporate governance of the Group.

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. This Corporate Governance Statement outlines the key principles and practices of the Company which, taken as a whole, is the system of governance.

The Company reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and good practice. The website (www.platinumaus.com.au) includes copies or summaries of key corporate governance policy documents.

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The Company, during the financial year ended 30 June 2011 (the **Reporting Period**), unless otherwise stated, has continued to follow the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**).

1. Management and Oversight

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

Performance evaluations of senior executives are undertaken by the Managing Director on an informal basis. The Managing Director's performance is evaluated by the Remuneration Committee on an informal basis.

2. Board Structure

2.1 Board Composition and Independence

During the reporting period the Directors were Mr Peter Allchurch (Chairman), Mr John Lewins (Managing Director), Mr Michael Blakiston, Mr Lex Hansen and Mr Eric Hughes (resigned 20 April 2011). The majority of the Board are independent directors and profiles of the Directors are set out in the Directors' Report.

Peter Allchurch, William Hansen, and while appointed to the Board, Eric Hughes were independent directors of the Company. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Michael Blakiston is also an independent director of the Company. Mr Blakiston is a principal of the firm Gilbert & Tobin (which acquired Blakiston & Crabb on 1 July 2011). Blakiston & Crabb have been the main provider of legal services to the Company in respect of matters concerning Australian law. The Company has paid legal fees on a normal commercial basis to Blakiston & Crabb. As a result of Mr Blakiston being a principal of Blakiston & Crabb he does not fit within paragraph 3 of the Company's Policy on Assessing the Independence of Directors, however, Mr Blakiston passes all other aspects of this Policy. The Board (in the absence of Mr Blakiston) considers he is capable of, and demonstrates that he consistently makes decisions and takes actions which are designed to be for the best interests of the Company. The Board notes the fees paid to Blakiston & Crabb are not material to the Company and are not of a high enough level to be material to Mr Blakiston's practice or the firm Blakiston & Crabb. Therefore the Board considers Mr Blakiston to be independent.

2.2 Term of Office

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director must retire from office no later than the third annual general meeting of the Company or 3 years following that director's last election or appointment, whichever is the longer. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

2.3 Access to Advice

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a Director then, provided the Director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

2.4 Nomination Committee

The members of the Nomination Committee are Messrs Allchurch (Chair), Lewins and Blakiston. No meetings were held during the period. In determining candidates for the Board, the Nomination Committee follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness. The Committee operates under a written charter.

2.5 Evaluation of Board Performance

Improvement in Board processes and effectiveness is a continuing objective and the primary purpose of Board evaluation is to identify ways to improve performance. The Chairman is responsible for conducting an annual review of the Board performance.

An evaluation of the performance of the Board has been carried out for the 2011 financial year. This process involves completion of individual questionnaires focused on process, structure, effectiveness and contributions of the Board and the individual Directors. This process was also undertaken in respect of the Board committees.

3. Ethical and Responsible Decision Making

3.1 Code of Conduct and Recognition of Stakeholder Interests

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has also established a policy concerning trading in the Company's securities by Directors, senior executives and employees.

3.2 Diversity

The Board has implemented a Diversity policy in line with Corporate Governance guidelines. It believes that the promotion of diversity on its boards, in senior management and within the organisation generally is good practice and adds to the strength of the group.

The policy affirms existing employment arrangements which seek to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the groups' workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

Gender Diversity

The Corporate Governance guidelines relating to reporting are effective from 1 July 2011 and require the Company to set 'measureable objectives' for achieving gender diversity and to report against them. The Company is still developing objectives which will focus on ensuring the selection process at all levels within the organisation is formal and transparent.

At 30 June 2011 the Company had a diverse workforce with operations in Australia and Africa. Of the total employees of 40, 20 people are based in South Africa. There a total of 10 females across the group representing 25% of the workforce.

4. Integrity of Financial Reporting

The Board has established a structure to independently verify and safeguard the integrity of the Company's financial reporting and to ensure the independence and competence of the Company's external auditor.

The Board requires the Managing Director and the Chief Financial Officer to state in writing that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; that this opinion is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. These written statements were received by the Board in respect of the year under review.

During the year the Audit and Risk Committee, which operates under a written charter, comprised Messrs Hughes (Chair), Blakiston and Hansen. Following the resignation of Mr Hughes, Mr Allchurch was appointed to the committee with Mr Hansen assuming the Chair. The committee membership will be reviewed in the event a director is appointed to replace Mr Hughes.

The members of the committee are well qualified to carry out the functions of the committee by virtue of their professional background, experience and personal qualities. Mr Hughes has over 22 years experience as an accountant, Mr Blakiston as over 27 years of experience advising on legal, corporate and commercial matters in the resources industry and is therefore well qualified by his industry knowledge, and Mr Hansen has financial expertise through his academic qualifications and practical experience in management and executive roles in the resources industry. Mr Allchurch has been an executive director of a number of listed Australian mining and oil and gas companies since 1980 and has considerable experience in corporate management.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

5. Timely and Balanced Disclosure

The Board is committed to ensuring that the Company complies with its continuous disclosure obligations under the Corporations Act and the listing rules of the ASX. The Board has established a policy and procedures for compliance with these requirements and to ensure accountability at a senior management level for that compliance.

6. Shareholder Communications

The Board has established a communications strategy to promote effective communication with shareholders and encourage effective participation of shareholders at general meetings.

The Company maintains an up to date website comprising corporate information, synopses of the Company's projects, periodic reports and announcements. Hard copies of publicly released documents are available from the Company on request. Shareholders are given a reasonable opportunity to ask questions of the Board at general meetings and the external auditor is invited to such meetings to answer questions from shareholders on matters relating to the audit of the Company's financial statements.

All 'presentations' made at technical or investor conferences are lodged with the ASX and published on the Company's website thereby providing wide accessibility.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed for disclosure to the market.

7. Risk Management

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter he believes appropriate, with the prior approval of the Board. The Board has established a separate Audit and Risk management Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

a. the Board has established authority limits for management which, if exceeded, will require prior Board approval;

b. the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and

c. the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company has established systems to manage its material business risks. This system includes among other things the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. The process of management of material business risks is the responsibility of the Managing Director, with assistance from senior executives. The risk register is subject to periodic review and updated, as required, with reporting to the Board as to the effectiveness of the Company's management of its material business risks.

The Company is committed to continual improvement of the risk management process and procedures.

8. Remuneration

The Board's remuneration policy (including the distinction between the structure of executive and non-executive remuneration and the use of equity incentives) is set out in the Remuneration Report section of the Directors' Report. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities and their remuneration is not linked to individual performance. From time to time the Company may issue options to non-executive directors. The Company does not pay or provide for termination or retirement benefits for non-executive directors.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Remuneration Committee, subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

The Remuneration Committee during the year comprised Messrs Blakiston (Chair) and Hughes. Following the resignation of Mr Hughes, Messrs Hansen and Allchurch were appointed to the committee. The committee operates under a written charter which includes a statement of the Company's policy on prohibiting executives entering into transactions or arrangements which limit the risk of participating in unvested entitlements.

DIRECTORS' REPORT

The Directors of Platinum Australia Limited ("Platinum" or "the Company") present their report and financial report of Platinum and its subsidiaries (collectively "the Group") for the financial year ended 30 June 2011.

1. DIRECTORS

The Directors in office at any time during the year or since the end of the year are:

Mr Peter Donald Allchurch (Non-Executive Chairman – Age 68) *B.Sc. FAusIMM, MPESA.*

Mr Allchurch is a geologist with more than 40 years' experience in mineral exploration, mining and petroleum exploration, development and production. Mr Allchurch has been an executive director of a number of listed Australian mining and oil and gas companies since 1980 and has considerable experience in corporate management.

Mr Allchurch was appointed as a Director on 21 June 2000.

Special Responsibilities
Chairman of the Board
Member of Nomination Committee
Member of Audit Committee
Member of Remuneration Committee

Mr John Derek Lewins (Managing Director – Age 53) *Bsc (Mineral Eng), Grad Dip Management.*

Mr Lewins is an engineer with more than 20 years' experience in senior mining management roles, including development of mining projects from a resource stage through feasibility studies, commissioning of mines and sustained profitable mining operations.

Mr Lewins was appointed as a Director on 3 May 2001.

Special Responsibilities
Managing Director
Member of Nomination Committee

Mr Michael Gerrard Blakiston (Non-Executive Director – Age 53) *B.Juris LLB*

Mr Blakiston is a partner in the firm Gilbert & Tobin. For some 27 years he has practised extensively in the field of corporate and resource law and has had considerable experience in commercial and corporate management. Mr Blakiston is a director of Axiom Properties Limited (2006) and Sundance Resources Limited (2010).

Mr Blakiston was appointed as a Director on 21 June 2000.

Former directorships of listed companies in last 3 years
Vulcan Resources Limited 2002 to 2010
Rox Resources Limited 2003 to 2010
Aurora Oil and Gas Limited 2003 to 2010

Special Responsibilities
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee

Mr Eric Edward Hughes (Non-Executive Director – Age 49) *B.Bus, CPA*

Mr Hughes is an accountant with some 22 years' experience in both corporate and practice environments. During the last 15 years he has been directly involved in the management of petroleum and mining companies as a senior manager, executive and non-executive director. Mr Hughes is experienced in the evaluation, development and operation of resource projects.

Mr Hughes was appointed as a Director on 21 June 2000.

Mr Hughes resigned as a Director on 20 April 2011.

Mr William A (Lex) Hansen (Non-Executive Director – Age 71), *BSc (Geology and Metallurgy), MBA, FAusIMM, FAICD*

Mr Hansen has more than 48 years' experience in senior positions in the mining industry. His career has spanned exploration, mine operations and development, corporate finance, stockbroking and investment. His most recent position was Executive Director of Corporate Finance (Mining) at HSBC Bank Australia with regional responsibility for resources debt and equity investment appraisals and underwriting transactions. Mr Hansen is a director of Heemskirk Consolidated Limited and also Endocoal Limited.

Mr Hansen was appointed as a Director on 21 January 2004.

Former directorships of listed companies in last 3 years

Core Resources Limited from 2005 to 2008

Special Responsibilities

Member of Audit Committee (Chairman)

Member of Remuneration Committee

Ms Gillian Swaby (Company Secretary – Age 51) *B.Bus, FCIS, FAICD*

Ms Swaby has been involved in financial and corporate administration for listed companies, as both Director and Company Secretary covering a broad range of industry sectors, for over 25 years. Ms Swaby has extensive experience in the area of secretarial practice, management accounting and corporate and financial management and sits on a number of advisory committees.

Ms Swaby is past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company.

2. DIRECTORS' MEETINGS

The number of Directors' meetings and meetings of committees held in the period each Director held office during the financial year, and the number of meetings attended by each Director are:

	Board of Directors'		Audit Committee		Remuneration Committee		Nomination Committee	
	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Mr PD Allchurch	7	7	1	1	-	-	-	-
Mr JD Lewins	7	7	-	-	-	-	-	-
Mr MG Blakiston	6	7	2	3	2	2	-	-
Mr EE Hughes	4	6	2	2	2	2	-	-
Mr WA Hansen	5	7	3	3	2	2	-	-

3. PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were platinum and palladium exploration, development and production.

4. FINANCIAL RESULTS

The operating loss after income tax and non-controlling interest of the Group for the financial year ended 30 June 2011 totalled $12,346,130 (2010: $16,286,512).

5. DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year and to the date of this report.

6. REVIEW OF OPERATIONS

The Company's main operations are platinum-palladium exploration, development and production in Southern Africa and Australia. Please refer to the Review of Company Activities Report immediately preceding this Directors' Report for details of the Company's activities.

7. LIKELY DEVELOPMENTS

The Group intends to continue exploration, development and the production of Platinum Group Metals.

8. STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report.

9. REMUNERATION REPORT

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

A Principles used to determine the nature and amount of remuneration

The Remuneration Committee, on behalf of the Board of Directors, monitors compensation of Directors and Executives of the Company.

Generally, compensation is provided by the Company to its Directors and Executives, by way of base salary, granting of employee options and superannuation. The overall objective is to ensure that remuneration is fair and reasonable and sufficient to attract and retain qualified and experienced Directors and Executives.

The remuneration program for the Directors and Executives of the Company is designed to ensure that the level and form of remuneration achieves certain objectives, including:

(a) attracting and retaining talented, qualified and effective Directors and Executives;
(b) motivating their short and long-term performance; and
(c) aligning their interests with those of the Company's shareholders.

Given the evolving nature of the Company's business, the Remuneration Committee continues to review and redesign the overall compensation plan for Directors and Executives so as to continue to address the objectives identified above.

Company Performance

The overall level of remuneration takes into account the growth in shareholder wealth of the Company via participation in the Employee Share Option Plan.

As a result of the exploration, development and early stages of production nature of the Company's activities the overall level of remuneration does not focus on the earnings of the Company.

Directors' Fees

Fees payable to Non-Executive Directors, other than the Chairman, are set at $57,000 per annum, inclusive of any superannuation obligations. The Chairman receives $78,000 per annum, inclusive of superannuation.

Compensation paid to the Managing Director is set out under Section C - Service Agreements.

In addition, the Company's Constitution provides for additional remuneration to be paid if any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or the business of the Company.

The Directors may remunerate such Directors in accordance with such services or exertions, and such remuneration may be either in addition to or in substitution for the Directors' fees referred to above.

Base Salary

The first step to attracting and retaining talented, qualified and effective Directors and Executives is paying base salaries which are competitive in the markets in which the Company operates. Competitive salary information on companies earning comparable revenues in a similar industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications.

The Remuneration Committee is responsible for assessing whether the measures are met and will take into account, amongst other things, the progress of the Company in meeting its objectives, the financial performance of the Company, and the growth in market capitalisation.

Company Employee Share Option Plan

The Company believes that encouraging its Directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's Employee Share Option Plan taking into account a number of factors, including the amount and term of options previously granted, base salary and competitive factors. Options have also been issued to Directors pursuant to specific approval of shareholders as to the terms and conditions.

Information on the Employee Share Option Plan is set out under Section D - Share-based Compensation below. Options granted during the year included specific performance conditions that are required to be met by the Company in order for the options to vest.

B Details of Remuneration (this information has been audited)

Details of the remuneration of each Director are set out in the following tables.

Directors of the Company

	Year	Primary Salary/Fees $	Post Employment Superannuation $	Equity Options $	Total $	Percentage of Remuneration Performance related
Mr PD Allchurch	**2011**	**71,560**	**6,440**	**-**	**78,000**	**0%**
(Non-Executive Chairman)	**2010**	71,561	6,440	-	78,001	0%
Mr JD Lewins	**2011**	**550,000**	**15,199**	**-**	**565,199**	**0%**
(Managing Director)	**2010**	550,000	14,461	-	564,461	0%
Mr MG Blakiston	**2011**	**52,294**	**4,707**	**-**	**57,001**	**0%**
(Non-Executive Director)	2010	52,295	4,707	-	57,002	0%
Mr EE Hughes	**2011**	**43,433**	**3,909**	**-**	**47,342**	**0%**
(Non-Executive Director)	2010	52,295	4,707	-	57,002	0%
Mr WA Hansen	**2011**	**52,294**	**4,707**	**-**	**57,001**	**0%**
(Non-Executive Director)	2010	52,295	4,707	-	57,002	0%
Total	**2011**	**769,581**	**34,962**	**-**	**804,543**	**0%**
	2010	778,446	35,022	-	813,468	0%

Specified Executives of the Company

	Year	Primary Salary/Fees $	Post Employment Superannuation $	Equity Options $	Total $	Percentage of Remuneration Performance related
Mr DG Neill	**2011**	**340,000**	**15,199**	**-**	**355,199**	**0%**
(Chief Financial Officer)	2010	330,000	14,461	-	344,461	0%
Mr K Freeman *	**2011**	**481,355**	**-**	**-**	**481,355**	**0%**
(Chief Operating Officer SA) Platinum Australia SA (Pty) Ltd	2010	166,701	-	111,205	277,906	40%
Mr RA Wallis	**2011**	**218,269**	**-**	**-**	**218,269**	**0%**
(General Manager - Mining) Platinum Australia SA (Pty) Ltd	2010	215,056	-	-	215,056	0%
Mr W Smart	**2011**	**220,340**	**-**	**-**	**220,340**	**0%**
(General Manager - Smokey Hills) Platinum Australia SA (Pty) Ltd	2010	198,461	-	-	198,461	0%
Mr GW Ramsay	**2011**	**215,279**	**-**	**-**	**215,279**	**0%**
(General Manager Projects and Engineering) Platinum Australia SA (Pty) Ltd	2010	196,793	-	119,059	315,852	38%
Mr G Ferguson **	**2011**	**5,385**	**485**	**-**	**5,870**	**0%**
(Chief Operating Officer SA)	2010	**-**	**-**	-	**-**	0%
Total	**2011**	**1,480,628**	**15,684**	**-**	**1,496,312**	**0%**
	2010	**1,107,011**	**14,461**	**230,264**	**1,351,736**	17%

*Mr K Freeman resigned as Chief Operating Officer on 17th June 2011

**Mr G Ferguson was appointed as Chief Operating Officer 27th June 2011.

The Company paid legal fees on normal commercial terms to Blakiston & Crabb, a legal firm of which Mr Blakiston, a director of the Company, was a partner. The amount paid by the Company for the year ended 30 June 2011 to Blakiston and Crabb was $85,109 (2010: $66,611).

C Service Agreements

Remuneration and other terms of employment for the Managing Director are formalised in an employment contract with the Company pursuant to which he received a salary of $550,000 and statutory superannuation of $15,199. Options issued to Mr Lewins contain performance hurdles which must be achieved before they can be exercised, therefore enhanced corporate performance will return a financial benefit to Mr Lewins via those options. Performance hurdles are determined by the Board.

Messrs Allchurch, Blakiston, Hughes, and Hansen receive fees in cash. The fees are fixed and approved by shareholders and are not related to the performance of the Company. The Company's Constitution provides that Directors may collectively be paid a fixed sum not exceeding the aggregate maximum per annum from time to time as determined by the Company. A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Remuneration and other terms of employment for the Specified Executives of the Company are also formalised in an employment contract whereby they are entitled to a base salary inclusive of superannuation, and are entitled to participate in the Company Employee Share Option Plan.

D Share-based Compensation

Options are granted under the Company Employee Share Option Plan for no consideration. Options are granted for a five year period and entitlements to the options are vested as soon as performance conditions have been met. Options are exercisable in defined tranches with conditions attaching to each tranche to reflect the Company's development strategy and align the interests of Directors and Executives to those of shareholders.

The amounts disclosed for emoluments relating to options are the assessed fair values at grant date of options granted to Directors and other Executives, allocated equally over the period from grant date to expiry. Fair values at grant date are independently determined using the Binomial Tree Model method of valuation that takes into account the exercise price, the term of the option, the vesting and market related criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and the risk of the underlying share and the risk-free interest rate for the term of the option.

A summary of the performance conditions applicable to the options issued above are as follows:

1. Successful completion of a bankable feasibility study at Kalahari Platinum Project (vested 9 November 2010)
2. Successful completion of Bankable Feasibility Study at the Kalahari Platinum Project with a high grade resource greater than 2.5g/t resource = 2.5Moz (vested 9 November 2010)
3. Commencement of construction at Kalahari Platinum Project
4. Commencement of production at Kalahari Platinum Project
5. First commercial concentrate shipped at Kalahari Platinum Project
6. Commencement of production at Smokey Hills Project (vested 12 March 2009)
7. Completion of open pit mining at Smokey Hills (vested December 2009)
8. Completion of first full (financial) year of production at Smokey Hills (vested 30 June 2010)
9. Achievement of design production and recovery over a twelve month period at Smokey Hills
10. Achievement of 60,000tpm ore production from Smokey Hills underground mine
11. Achievement of "completion" at Smokey Hills (as defined in Standard Bank documents)
12. Achievement of 24,000ozs 4E production in a quarter
13. Achievement of 95,000ozs 4E production in a 12 month period
14. Additional 1Moz PGM outside of the Smokey Hills and Kalplats Projects is identified or acquired (vested 22 May 2009)
15. Commencement of production at the Panton Project, or any other project that the company may acquire
16. Achievement of 720,000 tonnes over a 12 month period from underground at Smokey Hills

The following terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Performance condition	Exercise price	Value per option at grant date
21 December 2006	31 December 2013	2,3,5,14,15	$1.23	62.9 cents
31 July 2008	31 July 2012	6,7,8,9,10	$2.33	63.2 cents
31 July 2008	31 July 2012	6,8,9,10,11	$2.39	58.6 cents
22 December 2009	31 July 2013	1,3,4	84 cents	47.6 cents
30 June 2010	30 April 2014	10,12,13,16	94 cents	22.8 cents
31 March 2011	31 July 2012	6,7,8,9,10,11	94 cents	9.73 cents

Options granted under the plan carry no dividend or voting rights.

The exercise price of the options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the week up to and including the date of grant.

Details of options over ordinary shares in the Company provided as remuneration to each Director of Platinum Australia Limited and each of the specified executives of the parent entity and the Group are set out below. When exercisable, each option is convertible into one ordinary share of Platinum Australia Limited.

Name	Number of options granted during the year		Number of options vested during the year		Number of options exercised during the year		
	2011	2010	2011	2010	2011	2010	Date
Directors of Platinum Australia Limited							
Mr JD Lewins	-	-	500,000	500,000	-	3,850,000	
Mr PD Allchurch	-	-	-	-	-	1,850,000	
Mr WA Hansen	-	-	-	-	-	200,000	

Name	Number of options granted during the year		Number of options vested during the year		Number of options exercised during the year		
	2011	2010	2011	2010	2011	2010	Date
Specified Executives							
Mr DG Neill	-	-	-	50,000	-	50,000 100,000 100,000	
Mr K Freeman	-	500,000	-	-	-	-	
Mr RAG Wallis	-	-	-	30,000	-	90,000	
Mr G W Ramsay	-	250,000	50,000	-	-	-	

During the year 500,000 options held by Mr K Freeman were forfeited at the date of resignation, 17 June 2011. 200,000 options held by Mr W Smart (2010: Nil), 250,000 options held by Mr R Wallis (2010: Nil), 250,000 options held by Mr DG Neill (2010: Nil) lapsed during the year.

10. DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

	Fully Paid Shares	Options*
Mr PA Allchurch	9,437,434	-
Mr JD Lewins	5,572,421	3,000,000
Mr MG Blakiston	1,147,621	-
Mr WA Hansen	228,572	-
Mr EE Hughes	428,573	-

The particulars of Directors' interests in shares and options are as at the date of this report.

* Unlisted and exercisable at $1.23 on or before 31 December 2013; 1,000,000 have vested at 30 June 2011.

11. SHARES UNDER OPTION

Non-issued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of options	Number under option
Unlisted Options			
21 December 2006	31 December 2013	$1.23	3,000,000
28 July 2008	31 July 2012	$2.39	100,000
28 July 2008	31 July 2012	$2.33	115,000
31 July 2009	31 July 2013	$0.84	250,000
30 June 2010	30 April 2014	$0.94	100,000
7 September 2009	31 August 2011	$1.03	1,428,571
31 December 2009	31 August 2011	$1.03	1,428,571
31 March 2010	31 August 2011	$1.03	1,428,571
30 June 2010	31 August 2011	$1.03	1,428,571
30 September 2010	31 August 2011	$1.03	1,428,571
31 March 2011	31 July 2012	$0.94	215,000
Total			10,922,855

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

12. SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of the Company issued during the year ended 30 June 2011 on the exercise of options.

13. ENVIRONMENTAL COMPLIANCE

The Group is subject to a range of environmental laws and regulations in respect to its exploration and development activities.

The Company aims to ensure the appropriate standard of environmental care is achieved and, in doing so, that it is aware of and is in compliance with all relevant environmental legislation.

During the year, the Company met all reporting requirements in relation to the above environmental legislation.
No circumstances arose which resulted in an incident to be reported under environmental legislation.

14. NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

During the year ended 30 June 2011, the auditor assisted in a capital raising by preparing a report to the due diligence committee. There were no other non-audit services provided.

The Directors received an Independence Declaration from the auditor of the Company and a copy, as required under section 307C of the Corporation Act 2001 is set out on page 26.

15. INDEMNIFICATION OF OFFICERS

An indemnity agreement has been entered into with each of the Directors of the Company named earlier in this report. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. There is no monetary limit to the extent of this indemnity.

During the financial year, the Company has paid premiums to insure the Directors and Executives against certain liabilities arising out of their conduct while acting as an officer of the Company. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

Signed in accordance with a resolution of Directors.

JOHN D. LEWINS
MANAGING DIRECTOR
Perth, Western Australia
13 September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Platinum Australia Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
13 September 2011

W M CLARK
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Revenue from ordinary activities	2	41,921,193	51,810,466
Cost of sales		(44,630,188)	(57,336,789)
Other Income	2	7,847,890	7,932,510
Exploration expenditure		(6,047,375)	(6,469,460)
Impairment of loans to associate entities		(22,161)	(39,471)
Share based payments expense		(52,717)	352,812
Depreciation and amortisation expenses		(11,803,382)	(16,965,581)
Finance costs		(3,363,189)	(4,530,096)
Other expenses from ordinary activities	2	(10,412,001)	(7,694,552)
Loss before income tax expense		(26,561,930)	(32,940,161)
Income tax benefit	3	7,686,992	10,655,141
Loss after tax		(18,874,938)	(22,285,020)
Other comprehensive income/(expense)			
Exchange differences on translation of foreign operations		(16,418,000)	(4,044,374)
Changes in fair value of cash flow hedges		-	(756,618)
Income tax relating to components of other comprehensive income		-	211,853
Other comprehensive income/(expense) for the year, net of tax		**(16,418,000)**	**(4,589,139)**
Total comprehensive income/(expense) for the year		**(35,292,938)**	**(26,874,159)**
Profit/(loss) attributable to:			
Owners of the parent		(12,346,130)	(16,286,512)
Non-controlling interest		(6,528,808)	(5,998,508)
		(18,874,938)	(22,285,020)
Total comprehensive income/(expense) for the year is attributable to:			
Owners of the parent		(29,802,066)	(20,555,038)
Non-controlling interests		(5,490,872)	(6,319,121)
		(35,292,938)	(26,874,159)
Basic earnings/(loss) per share (cents per share)	5	(3.41)	(5.30)
Diluted earnings/(loss) per share (cents per share)	5	(3.41)	(5.30)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Assets			
Current Assets			
Cash and cash equivalents	6	22,707,455	12,366,135
Receivables	7	9,964,590	8,550,749
Inventories	8	3,194,198	1,733,867
Other financial assets	9	609,714	-
Total Current Assets		**36,475,957**	**22,650,751**
Non-Current Assets			
Receivables	7	13,022,307	13,230,862
Other financial assets	9	1,207,858	769,305
Development costs capitalised	10	31,090,759	38,749,915
Property, plant and equipment	11	59,845,641	73,506,223
Deferred tax asset	3	19,730,991	12,467,132
Total Non-Current Assets		**124,897,556**	**138,723,437**
Total Assets		**161,373,513**	**161,374,188**
Liabilities			
Current Liabilities			
Trade and other payables		15,500,092	12,861,745
Provisions	13	707,384	693,353
Interest bearing liabilities	14	15,000,000	-
Current taxation payable	3	163,408	772,633
Total Current Liabilities		**31,370,884**	**14,327,731**
Non-Current Liabilities			
Payables		35,569	16,726
Provisions	13	2,528,291	3,178,119
Interest bearing liabilities	14	962,073	15,977,738
Deferred tax liability	3	8,137,029	10,151,859
Total Non-Current Liabilities		**11,662,962**	**29,324,442**
Total Liabilities		**43,033,846**	**43,652,173**
Net Assets		**118,339,667**	**117,722,015**
Equity			
Issued Capital	16	237,460,710	198,450,847
Reserves	16	(10,951,680)	8,085,609
Accumulated losses		(93,121,106)	(80,774,976)
Parent entity interest		133,387,924	125,761,480
Non-controlling interests	16	(15,048,257)	(8,039,465)
Total Equity		**118,339,667**	**117,722,015**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $	2010 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		38,662,419	52,487,151
Payments to suppliers and employees		(7,483,446)	(6,207,465)
Payments for exploration activities		(6,144,100)	(3,521,159)
Payments for mining activities		(45,174,268)	(49,185,613)
Other income		502,069	5,013
Interest received		1,239,885	860,604
Finance charges		(2,270,373)	(2,183,673)
Income tax and royalty payments		(1,008,334)	(1,204,237)
Net cash (used in) operating activities	6(c)	(21,676,148)	(8,949,379)
Cash flows from investing activities			
Payment for purchase of non-current assets		(106,635)	(89,152)
Proceeds from sale of non-current assets		31,500	29,000
Payments for development costs		(4,896,492)	(23,423,186)
Payments for purchase of exploration tenements		-	(2,025,536)
Loans - related parties		(921,453)	103,878
Net cash (used in) investing activities		(5,893,080)	(25,404,996)
Cash flows from financing activities			
Proceeds from issue of shares		40,812,780	57,546,666
Costs associated with issue of shares		(1,802,917)	(2,321,927)
Funding from financial institutions		-	15,000,000
Repayments of loans from financial institutions		-	(48,662,210)
Receipt on closeout of hedges relating to project financing		-	18,959,594
Net cash provided by financing activities		39,009,863	40,522,123
Net increase/(decrease) in cash held		11,440,635	6,167,748
Effects of exchange rate changes on cash		(1,099,315)	(1,097,174)
Cash and cash equivalents at the beginning of the year		12,366,135	7,295,561
Cash and cash equivalents at the end of the year	6	22,707,455	12,366,135

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Issued Capital $	Accumulated Losses $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Hedge Accounting Reserve $	Minority Contribution Reserve $	Non-Controlling Interest $	Total Equity $
Balance at 30 June 2009	**142,442,989**	**(64,488,464)**	**3,480,351**	**(4,665,319)**	**11,623,243**	**5,749,226**	**(146,307)**	**93,995,719**
Loss after tax	-	(16,286,512)	-	-	-	-	(5,998,508)	(22,285,020)
Exchange differences on translation of foreign operations	-	-	-	(3,910,343)	-	-	(134,031)	(4,044,374)
Changes in fair value of cash flow hedges	-	-	-	-	(497,476)	-	(259,142)	(756,618)
Income tax relating to components of other comprehensive income	-	-	-	-	139,293	-	72,560	211,853
Total comprehensive loss for the year	**-**	**(16,286,512)**	**-**	**(3,910,343)**	**(358,183)**	**-**	**(6,319,121)**	**(26,874,159)**
Shares placements	55,535,516	-	-	-	-	-	-	55,535,516
Share issue expense	(2,324,927)	-	-	-	-	-	-	(2,324,927)
Exercise of options	2,011,150	-	-	-	-	-	-	2,011,150
Employee options share based payment expense	-	-	(352,812)	-	-	-	-	(352,812)
Transfer to issued capital on exercise of employee options	786,119	-	(786,119)	-	-	-	-	-
Consolidation adjustment	-	-	327,256	-	-	-	-	327,256
Transfer of hedge revenue	-	-	-	-	(3,021,691)	-	(1,574,037)	(4,595,728)
Sub-total	**56,007,858**	**(16,286,512)**	**(811,675)**	**(3,910,343)**	**(3,379,874)**	**-**	**(7,893,158)**	**23,726,296**
Balance at 30 June 2010	**198,450,847**	**(80,774,976)**	**2,668,676**	**(8,575,662)**	**8,243,369**	**5,749,226**	**(8,039,465)**	**117,722,015**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Issued Capital $	Accumulated Losses $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Hedge Accounting Reserve $	Minority Contribution Reserve $	Non-Controlling Interest $	Total Equity $
Balance at 30 June 2010	**198,450,847**	**(80,774,976)**	**2,668,676**	**(8,575,662)**	**8,243,369**	**5,749,226**	**(8,039,465)**	**117,722,015**
Loss after tax	-	(12,346,130)	-	-	-	-	(6,528,808)	(18,874,938)
Exchange differences on translation of foreign operations	-	-	-	(17,455,936)	-	-	1,037,936	(16,418,000)
Total comprehensive loss for the year	**-**	**(12,346,130)**	**-**	**(17,455,936)**	**-**	**-**	**(5,490,872)**	**(35,292,938)**
Share placements	40,812,780	-	-	-	-	-	-	40,812,780
Share issue expense	(1,802,917)	-	-	-	-	-	-	(1,802,917)
Employee options share based payment expense	-	-	52,717	-	-	-	-	52,717
Finance charges share based payment expense	-	-	1,279,893	-	-	-	-	1,279,893
Transfer of hedge revenue	-	-	-	-	(2,913,963)	-	(1,517,920)	(4,431,883)
Sub-total	**39,009,863**	**-**	**1,332,610**	**-**	**(2,913,963)**	**-**	**(1,517,920)**	**35,910,590**
Balance at 30 June 2011	**237,460,710**	**(93,121,106)**	**4,001,286**	**(26,031,598)**	**5,329,406**	**5,749,226**	**(15,048,257)**	**118,339,667**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis and is presented in Australian Dollars.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Platinum Australia Limited and its subsidiaries.

The Company is a listed public company incorporated in Australia and operating in Australia and South Africa.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards
In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet mandatory for the year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 13 September 2011, subject to final drafting and audit clearance.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of Consolidation

The consolidated financial statements comprise the separate financial statements of Platinum Australia Limited ("Company") and its subsidiaries as at 30 June each year (the "Group"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Business combinations have been accounted for using the acquisition method of accounting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of Consolidation (continued)

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Platinum Australia Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Share-based payment transactions
The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Binomial Tree model, using the assumptions detailed in Note 12.

ii) Provision for restoration and rehabilitation and dismantling plant and equipment
Provision for restoration and rehabilitation and dismantling plant and equipment is estimated taking into account estimates of expenditures based on information available at balance date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, after taking into account the time value of money.

iii) Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting judgements and key sources of estimation uncertainty (continued)

iv) Recovery of development costs capitalised and property, plant and equipment
The future recoverability of development costs capitalised and property, plant and equipment is dependent on a number of factors, including:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices and foreign exchange rates;
- future cash costs of production and capital expenditure;
- future technological changes; and
- future legal changes (including changes to environmental restoration obligations).

In assessing the recoverability of these assets, the directors are required to make assumptions and estimates regarding future economic conditions. Significant variations to these assumptions and estimates could result in changes to the assessment of the recoverability of these assets. To the extent of any future determination that development costs capitalised or property, plant and equipment are not recoverable, profits and net assets in the period in which this determination is made will be reduced.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Exploration, evaluation and exploration tenement acquisition expenditure

Exploration, evaluation and exploration tenement acquisition expenditure is expensed in the year in which it is incurred.

(h) Development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production of an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units-of-production basis.

(i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases (Continued)

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Long-term deposits comprise funds held at call with a maturity date between 3 months and 1 year.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

Consumable Stores – The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Run of mine stock (underground ore) – The cost of inventories is assigned using the average mining cost incurred including a proportionate direct overhead cost allocation in bringing the inventories to their present location and condition.

Run of mine stock (Ore delivered to plant) – The cost of inventories is assigned using the average mining cost incurred including extraction and transport together with a proportionate direct overhead cost allocation in bringing the inventories to their present location and condition.

Concentrate stock (Ore processed through plant) – The cost of inventories is assigned using the average mining cost and average plant cost incurred including a proportionate direct overhead cost allocation in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward commodity price contracts to hedge its risks associated with commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of forward commodity price contracts is calculated by reference to current forward prices for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges
Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured to fair value and gains and losses from both are taken to profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(n) Foreign currency translation

Both the functional and presentation currency of Platinum Australia Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Foreign currency translation (continued)

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the foreign operations, Platinum Australia SA (Pty) Ltd, Stella Platinum (Pty) Ltd, Platinum Rivers Project (Pty) Ltd, Stellex Platinum (Pty) Ltd, EL Platinum (Pty) Ltd, Smokey Hills Platinum (Pty) Ltd, Phokathaba Platinum (Pty) Ltd, Limpopo Platinum Holdings (Pty) Ltd, Bofule Platinum (Pty) Ltd, Vryberg Platinum (Pty) Ltd, PLA Platinum Investments (Pty) Ltd, Stella Platinum Mining (Mauritius), Smokey Hills Platinum Mining (Mauritius) and Rivers Platinum Mining (Mauritius), is South African Rand (ZAR).

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Platinum Australia Limited at the rate of exchange ruling at the balance date and their income statements are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(o) Investment in associated entities

The Group's investment in its associates are accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost.

The associates are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Interest in a jointly controlled operation

The Group has interests in joint ventures that are jointly controlled operations. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(q) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation
Platinum Australia Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Platinum Australia Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which its has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

(r) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Property, plant and equipment (continued)

Depreciation is provided on all fixed assets so as to write off the assets progressively over their useful lives to the Group and is calculated using both the prime cost method and diminishing value method.

The principal depreciation rates used are as follows:

Mining plant and equipment		Units of Production basis over the life of the mine
Motor vehicles	20-22.5%	Prime Cost and Diminishing Value
Plant and equipment	20%	Prime Cost
All other assets	33%	Prime Cost

(i) Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.
The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.
An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.
Impairment losses are recognised in the Statement of Comprehensive Income.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(t) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Investments and other financial assets (continued)

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Recoverable amount
Non-current financial assets measured using the cost basis were not carried at an amount above their recoverable amount, and when a carrying value exceeded this recoverable amount, the financial asset was written down to its recoverable amount.

(u) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are shown as current liabilities unless payment is not due within 12 months.

(w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(x) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(y) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Share-based payment transactions

The Group provides benefits to employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently in place an Employee Share Option Plan (ESOP), which provides benefits to directors and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 12.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Platinum Australia Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects;

(i) the extent to which the vesting period has expired; and

(ii)the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The charge or credit in the Statement of Comprehensive Income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

The Group provides benefits to employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

(aa) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ab) Earnings per share

Basic earnings per share is calculated as net result attributable to members of the parent, adjusted to exclude any costs of servicing equity or loss, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net result or loss attributable to members of the parent, adjusted for:
- costs of servicing equity; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ac) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of Platinum Australia Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

(ae) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2: REVENUES AND EXPENSES

	Consolidated	
	2011	2010
	$	$
(a) Revenue		
Sale of concentrate	39,659,448	49,737,587
Interest received	2,261,745	2,072,879
	41,921,193	51,810,466
(b) Other income		
Management fees	26,400	26,400
Employee wages recharged to joint venture partners and subsidiaries	138,757	1,605,455
Hedge contribution	7,646,907	6,252,856
Other	35,826	47,799
	7,847,890	7,932,510
(c) Other Expenses		
Auditors remuneration		
- Audit and review of financial statements	175,896	165,936
ASX & AIM listing and maintenance fees	79,002	220,888
Conferences	144,381	133,629
Corporate investor relations expense	12,958	57,175
Corporate travel	316,516	362,783
Employee remuneration	4,715,843	3,894,537
Insurances	82,819	88,417
Network & database costs	92,978	36,063
Mining related administration expenses	2,898,411	1,298,376
Other	1,893,197	1,436,748
	10,412,001	7,694,552

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3: INCOME TAX

	Consolidated 2011 $	Consolidated 2010 $
The components of income tax benefit comprise:		
Current tax	163,408	772,633
Deferred tax	(7,243,737)	(11,637,739)
Effect of foreign currency translation	(606,663)	209,965
Income tax benefit recognised in profit or loss	(7,686,992)	(10,655,141)
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting loss before income tax	(26,561,930)	(32,940,161)
Income tax benefit calculated at 30%	(7,968,579)	(9,882,048)
Effect of overseas tax rate	695,647	733,452
Non-Assessable or deductible expenses	818,215	(489,906)
Prior year over provision	(15,977)	(1,072,647)
Exploration expenditure - tax benefit not recognised	969,886	1,245,855
Cost of tenement acquisition written off	-	563,542
Share based payments	15,815	(105,843)
Benefit of tax losses not previously recognised	(2,201,999)	(1,647,546)
Income tax benefit	(7,686,992)	(10,655,141)
Deferred tax asset comprises:		
Losses available for offset against future taxable income	13,029,027	7,582,722
Exploration expenditure	-	639,247
Deferred tax asset in relation to property plant & equipment	6,325,677	4,391,786
Rehabilitation provision	376,287	(146,623)
Balance at 30 June 2011	19,730,991	12,467,132
Deferred tax liability comprises:		
Fair value adjustment on acquisition	8,137,029	10,151,859
Balance at 30 June 2011	8,137,029	10,151,859

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2011	2010
Deferred exploration expenditure	28,616,655	23,076,735
Tax losses	18,563,153	25,473,912
Total unrecognised losses	47,133,661	48,550,647
Income tax benefit at applicable tax rate:	13,496,908	14,033,578

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3: INCOME TAX (continued)

Tax Consolidation

Platinum Australia Limited and its 100% owned Australian resident subsidiaries implemented the tax consolidation legislation from 1 July 2003. The accounting policy for the implementation of the tax consolidation legislation is set out in note 1(q).

The entities in the tax consolidated group entered into a tax sharing agreement on adoption of the tax consolidation legislation which, in the opinion of the directors, limits the joint and several liability of the controlled entities in the case of a default by the head entity, Platinum Australia Limited.

Platinum Australia and its controlled entities have entered into a tax funding agreement under which the 100% owned Australian resident subsidiaries compensate Platinum Australia Limited for all current tax payable assumed and are compensated by Platinum Australia Limited for any current tax receivable and deferred tax assets which relate to unused tax credits or unused tax losses that, under the tax consolidation legislation, are transferred to Platinum Australia Limited. These amounts are determined by reference to the amounts which are recognised in the financial statements of each entity in the tax consolidated group.

The amounts receivable/payable under the tax funding agreement are due on receipt of the funding advice from Platinum Australia Limited, which is issued as soon as practicable after the financial year end. Platinum Australia Limited may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: SEGMENT REPORTING

Operating segments by business activity

Reporting information presented to the Managing Director is categorised by the following business activities; Corporate, Exploration, and Mining and Production.

Segment Information

The following table presents the revenue and result information regarding the segment information provided to the Managing Director for the years ended 30 June 2010 and 30 June 2011.

	Continuing operations			
	Corporate	**Exploration**	**Mining and Production**	**Consolidated**
	$	**$**	**$**	**$**
Year ended				
30 June 2011				
Segment revenue	2,102,973	-	39,818,220	**41,921,193**
Segment result	(318,715)	(8,192,161)	(10,364,062)	**(18,874,938)**
Segment assets	36,285,260	37,762	125,050,491	**161,373,513**
Segment liabilities	21,125,866	1,738,998	20,168,982	**43,033,846**
Included within segment result:				
Depreciation and amortisation	116,054	3,311	11,684,017	**11,803,382**
Interest revenue	2,102,973	-	158,772	**2,261,745**
Income tax (expense)/benefit	(322,668)	-	8,009,660	**7,686,992**

	Continuing operations			
	Corporate	**Exploration**	**Mining and Production**	**Consolidated**
	$	**$**	**$**	**$**
Year ended				
30 June 2010				
Segment revenue	1,860,255	-	49,950,211	**51,810,466**
Segment result	160,010	(6,410,971)	(16,034,059)	**(22,285,020)**
Segment assets	26,161,139	1,457,195	133,755,854	**161,374,188**
Segment liabilities	19,273,457	977,216	23,401,500	**43,652,173**
Included within segment result:				
Depreciation and amortisation	108,827	45,568	16,811,186	**16,965,581**
Interest revenue	1,865,062	-	207,817	**2,072,879**
Income tax benefit	2,752,048	-	7,903,093	**10,655,141**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5: LOSS PER SHARE

	Consolidated	
	2011	2010
	Cents per share	Cents per share
Basic loss per share:	(3.41)	(5.30)

Basic loss per share

		$
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Loss (refer (i))	(12,346,130)	(16,286,512)
Weighted average number of ordinary shares for the purposes of basic loss per share	362,565,678	305,672,732
(i) Loss used in the calculation of total basic loss per share reconciles to net loss in the Statement of Comprehensive Income as follows:		
Net loss	(18,874,938)	(22,285,020)
Losses attributable to non-controlling interests	6,528,808	5,998,508
Loss used in the calculation of basic loss per share	(12,346,130)	(16,286,512)

Diluted loss per share

Diluted earnings per share has not been disclosed as it is not materially different from the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2011	2010
	$	$
Cash at bank and on hand	341,564	337,031
Short-term deposits (b)	22,365,891	12,029,104
	22,707,455	12,366,135

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Long-term deposits are made for periods between 3 months and 1 year, earning interest at the respective long-term rates. As they mature they are reinvested according to the cash requirements of the Group into further short-term and long-term deposits.

(a) Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the Statement of Cash Flows are reconciled to the related items in the Statement of Financial Position:

	2011	2010
Cash and cash equivalents	22,707,455	12,366,135

(b) Cash balances restricted for use

Included in this balance is an amount of $116,500 (2010: $116,500) which is used as security for Department of Industry and Resources performance bonds amounting to $116,500 (2010: $116,500).

An amount of R106,000,000 ($14,648,977) included in short term deposits is held by Macquarie Bank Limited as security against a bank guarantee issued by Macquarie Bank Limited in favour of Phokathaba Platinum (Pty) Ltd's former Mining contractor, pending the outcome of arbitration proceedings referred to in Note 23, Contingent Liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

	Consolidated 2011 $	Consolidated 2010 $
(c) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(18,874,938)	(22,285,020)
Depreciation and amortisation	11,803,382	16,965,581
Income tax benefit	(7,686,992)	(10,655,141)
Impairment of loan to associated entity	22,161	39,471
Development expenses not capitalised	1,327,165	14,148,377
Non-cash expenditure	1,469,582	2,346,422
Employee options	52,717	(352,812)
Non-cash income	(8,327,221)	(6,252,856)
Change in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Current receivables	(1,413,841)	(3,138,780)
Inventories	(1,460,331)	4,791,829
Increase/(decrease) in liabilities:		
Current payables	2,638,347	(4,104,829)
Other current liabilities	(595,194)	(598,983)
Non-current provisions	(630,985)	147,362
Net cash from operating activities	(21,676,148)	(8,949,379)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: RECEIVABLES

	Consolidated	
	2011	2010
	$	$
Current		
Other receivables & prepayments	9,964,590	8,550,749
Non-Current		
Loan to associated entity	297,168	250,933
Less accumulated impairment	(273,094)	(250,933)
	24,074	-
Loans to Joint Venture Participants	4,930	23,117
Loans to Smokey Hills Project participants	12,993,303	13,207,745
	12,998,233	13,230,862
	13,022,307	13,230,862

NOTE 8: INVENTORIES

	Consolidated	
	2011	2010
	$	$
Inventories		
Ore and concentrate stockpile	2,200,113	525,132
Consumables & strategic spares	994,085	1,208,735
	3,194,198	1,733,867

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 9: OTHER FINANCIAL ASSETS

	Consolidated	
	2010	**2010**
	$	**$**
Current		
Purchased Platinum and Palladium Collar Option contracts	609,714	-
	609,714	-
Non-Current		
Purchased Platinum and Palladium Collar Option contracts	55,646	-
Investment in relation to money market unit trust (Rehabilitation)	1,152,212	769,305
	1,207,858	769,305

NOTE 10: DEVELOPMENT COSTS CAPITALISED

	Consolidated	
	2011	**2010**
	$	**$**
Costs carried forward in respect of:		
Development phase – at cost		
Tenement acquisition during development	44,861,160	44,861,160
- Less amortisation	(10,592,758)	(7,573,213)
Expenditure incurred	989,429	989,429
- Less amortisation	(209,901)	(156,850)
Rehabilitation provision capitalised	1,800,624	1,800,624
- Less amortisation	(487,038)	(365,315)
Exchange differences	(5,270,757)	(805,920)
Total development expenditure	31,090,759	38,749,915

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units-of-production basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2011 $	Consolidated 2010 $
Plant, equipment, vehicles and furniture – cost	85,558,058	90,186,522
Less: Accumulated depreciation	(25,712,417)	(16,680,299)
Total Property Plant & Equipment	59,845,641	73,506,223

Reconciliation:	**Mining Plant & Infrastructure**	**Motor Vehicles**	**Plant & Equipment**	**Office Furniture**	**Total**
2011	**$**	**$**	**$**	**$**	**$**
Opening written down value	73,133,438	212,196	144,049	16,540	73,506,223
Additions	3,554,976	33,255	81,601	9,913	3,679,745
Disposals/transfers	-	(4,134)	-	-	(4,134)
Depreciation	(7,952,650)	(80,820)	(112,214)	(9,385)	(8,155,069)
Exchange differences	(9,156,158)	(15,787)	(8,143)	(1,036)	(9,181,124)
Closing written down value	59,579,606	144,710	105,293	16,032	59,845,641
2010					
Opening written down value	80,040,947	265,567	255,984	15,577	80,578,075
Additions	9,150,721	59,636	55,936	9,380	9,275,673
Disposals/transfers	(1,486,776)	(19,506)	(47,243)	-	(1,553,525)
Depreciation	(11,467,103)	(83,319)	(113,468)	(7,747)	(11,671,637)
Exchange differences	(3,104,351)	(10,182)	(7,160)	(670)	(3,122,363)
Closing written down value	73,133,438	212,196	144,049	16,540	73,506,223

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12: SHARE BASED PAYMENT PLANS

Employee Share Option Plan

Options are granted under the Company Employee Share Option Plan for no consideration. Options are granted for a period of 3 to 5 years and entitlements to the options are vested as soon as performance conditions have been met. Options are exercisable in defined tranches with conditions attaching to each tranche to reflect the Company's development strategy and align the interests of Directors and executives to those of shareholders.

The expense recognised in the Statement of Comprehensive Income in relation to share based payments amounts to $52,717 (2010: ($352,812)). The amount assessed at fair value at grant date of the options is allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using the Binomial Tree Model method of valuation that take into account the exercise price, the terms of the option, the vesting and market related criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and the risk of the underlying share and the risk free interest rate for the term of the option.

The following table illustrates the number and weighted average exercise price of, and movements in, share options issued during the year:

	2011 Number	2011 Weighted average exercise price (¢)	2010 Number	2010 Weighted average exercise price (¢)
Outstanding at the beginning of the year	5,215,000	132.01	11,295,000	81.52
Granted during the year	215,000	94.00	1,100,000	106.30
Exercised during the year	-	-	(6,545,000)	30.73
Expired or cancelled during the year	(1,650,000)	91.50	(635,000)	144.48
Outstanding at the end of the year	3,780,000	117.70	5,215,000	132.01

The outstanding balance as at 30 June 2011 is represented by:

- 3,000,000 options over ordinary shares with an exercise price of $1.23 each, 1,000,000 of which had vested at 30 June 2011, exercisable by 31 December 2013;
- 215,000 options over ordinary shares with an exercise price of $0.94 each, 135,000 of which had vested at 30 June 2011, exercisable by 31 July 2012;
- 115,000 options over ordinary shares with an exercise price of $2.33 each, 75,000 of which had vested at 30 June 2011, exercisable by 31 July 2012;
- 100,000 options over ordinary shares with an exercise price of $2.39 each, 60,000 of which had vested at 30 June 2011, exercisable by 31 July 2012;
- 250,000 options over ordinary shares with an exercise price of $0.84 each, 50,000 of which had vested at 30 June 2011, exercisable by 31 July 2013; and
- 100,000 options over ordinary shares with an exercise price of $0.94 each, none of which had vested at 30 June 2011, exercisable by 30 April 2014.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12: SHARE BASED PAYMENT PLANS (continued)

The following table lists the inputs to the model used for the years ended 30 June 2010 and 30 June 2011:

	2011	2010
Volatility (%)	53%	78-84%
Risk-free interest rate (%)	4.87%	4.61-5.17%
Expected life of option (years)	2 years	4 years
Exercise price (cents)	$0.94	$0.86-$1.05
Weighted average share price at grant date (cents)	$0.66	$0.84

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The fair value of the cash-settled options is measured at the grant date using the Binomial Tree option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is re-measured at each reporting date with changes in fair value recognised in profit or loss.

NOTE 13: PROVISIONS

	Consolidated	
	2011 $	2010 $
Current		
Annual leave	544,246	547,541
Long service leave	163,138	145,812
	707,384	693,353
Non-Current		
Long service leave	32,195	-
Environmental rehabilitation	2,496,096	3,178,119
	2,528,291	3,178,119
Total Provisions	3,235,675	3,871,472

The number of employees of the Group at balance date was 38 (2010:45).

NOTE 14: INTEREST BEARING LIABILITIES

	Consolidated	
	2011 $	2010 $
Current		
Bank Loan – secured	15,000,000	-
Non-Current		
Bank Loan – secured	-	15,000,000
Amount payable to non-group project participant	962,073	977,738
	962,073	15,977,738
	962,073	15,977,738

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14: INTEREST BEARING LIABILITIES (continued)

The Macquarie Bank Limited Facility ("the Facility") was repaid in full on 6 September 2011 (see note 26: Subsequent events). It carried an interest rate of 8% per annum. The Facility was secured by a floating charge over the assets of the parent entity. This is the only facility the Group had at 30 June 2011 and was fully drawn at that date.

At 30 June 2011, 7,142,855 (2010: 5,714,284) options had been issued to Macquarie Bank Limited under the facility. These options were issued at an exercise price of $1.05 per share. These options were repriced to $1.03 per share in line with the ASX listing rules formula to reflect the discount entitlement on the rights issue undertaken in December 2010. The options expired on 31 August 2011.

The fair value of the options are measured at the grant date using the Binomial Tree option pricing model taking into account the terms and conditions upon which the instruments were granted. The value is amortised as a finance cost in the profit and loss over the remaining period of the Facility.

The following table lists the inputs to the model used for the years ended 30 June 2010 and 30 June 2011:

	2011	**2010**
Volatility (%)	74-84%	74-84%
Risk-free interest rate (%)	4.61-5.17%	4.61-5.17%
Expected life of option (years)	1 year	2 years
Exercise price (cents)	103	105

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2011 $	2010 $
Derivative financial instruments carried at fair value	665,360	-

The Group enters into various derivative financial instruments to hedge part of its future platinum and palladium production.

At balance date, the details of outstanding platinum and palladium option contracts are:

	Quantity Hedged Ounces		Average Price Rand/Ounce	
Maturity	**2011**	**2010**	**2011**	**2010**
Platinum collar options				
2011	9,047	-	15,380-11,500	-
2012	848	-	15,380-11,500	-
Palladium collar options				
2011	9,047	-	6,620-5,250	-
2012	848	-	6,620-5,250	-

For further details on the Group's derivative financial instruments and policies relating to them, please refer to note 1(l), note 9 and note 17.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 16: CONTRIBUTED EQUITY AND RESERVES

	Parent	
Issued capital:	**2011**	**2010**
	$	**$**
392,430,039 ordinary fully paid shares (2010: 321,130,521 ordinary shares)	237,460,710	198,450,847

Movements during the Year

	No. of Shares	$
Balance at 30 June 2009	252,418,348	142,442,989
Placements	62,167,173	55,935,516
Unlisted options conversions	6,545,000	2,011,150
Share issue costs	-	(2,324,927)
Transfer on exercise of options	-	786,119
Balance at 30 June 2010	321,130,521	198,450,847
Placements	29,501,659	17,405,979
Rights Issue	41,797,859	23,406,801
Share issue costs	-	(1,802,917)
Balance at 30 June 2011	392,430,039	237,460,710

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 16: CONTRIBUTED EQUITY AND RESERVES (continued)

Reserves:

Consolidated	**Share Based Payment Reserve $**	**Foreign Currency Translation Reserve $**	**Hedge Accounting Reserve $**	**Minority Contribution Reserve $**	**Total $**
At 30 June 2009	3,480,351	(4,665,319)	11,623,243	5,749,226	16,187,501
Currency translation differences	-	(3,910,343)	-	-	(3,910,343)
Share based payments	(25,556)	-	-	-	(25,556)
Transferred to issued capital	(786,119)	-	-	-	(786,119)
Mark to market adjustment	-	-	(358,183)	-	(358,183)
Transfer to hedge revenue	-	-	(3,021,691)	-	(3,021,691)
At 30 June 2010	2,668,676	(8,575,662)	8,243,369	5,749,226	8,085,609
Currency translation differences	-	(17,455,936)	-	-	(17,455,936)
Share based payments	1,332,610	-	-	-	1,332,610
Transfer to hedge revenue	-	-	(2,913,963)	-	(2,913,963)
At 30 June 2011	**4,001,286**	**(26,031,598)**	**5,329,406**	**5,749,226**	**(10,951,680)**

Share based payment reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 12 for further details of these plans. The Directors' Report also provides further information on Shares under Option and details of the performance conditions, please refer to notes 9 - 11 in the Directors' Report. The reserve is also used to record the value of share based payments provided to the financiers and other suppliers (note 14).

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Hedge Accounting Reserve

The reserve records the portion of the gain or loss on hedging instruments in cash flow hedges that are determined to be effective hedges. The reserve also records the gain on sale, termination or exercise without replacement of hedges. Refer note 1(l)

Minority Contribution Reserve

The reserve records the parent entity's share of the equity contribution by non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 16: CONTRIBUTED EQUITY AND RESERVES (continued)

Non-Controlling Interests:

	Consolidated	
	2011	**2010**
	$	**$**
Interest in:		
Share capital	(2,390,742)	(2,390,742)
Accumulated losses	(15,947,584)	(9,418,776)
Reserves	3,290,069	3,770,053
	(15,048,257)	(8,039,465)

Options:

The Company has on issue 10,922,855 (2010: 10,929,284) options. Options are issued to employees under the Company's Employee Share Option Plan. Refer to note 12 for further details. 7,142,855 options are issued to Macquarie Bank Limited in relation to the Bridging Facility provided by Macquarie Bank Limited. Refer to Note 14 for further details.

NOTE 17: FINANCIAL INSTRUMENT DISCLOSURES

(a) Capital Risk Management:

The Group's total capital is defined as Platinum Australia Limited's shareholders' funds plus amounts attributable to outside equity shareholders plus net debt.

The Group's over-riding objectives when managing capital are to safeguard the business as a going concern and maximise returns to shareholders. The group constantly reviews funding requirements for exploration, project development, working capital and possible acquisitions.

The only borrowings of the Group are currently the facility from Macquarie Bank Limited. The main financial covenant is to maintain a current ratio (excluding any current portion of the facility) of 1:1.

(b) Categories of financial instruments:

	Consolidated	
Financial assets	**2011**	**2010**
	$	**$**
Derivative instruments	665,360	-
Held to maturity investments	1,152,212	769,305
Cash and deposits	22,707,455	12,366,135
Loans receivable	13,022,307	13,230,862
Receivables	9,964,590	8,550,749
	47,511,924	34,917,051

	Consolidated	
Financial liabilities at amortised cost	**2011**	**2010**
	$	**$**
Loans payable	15,962,073	15,997,738
Trade creditors and accruals	15,535,661	12,878,471
	31,497,734	28,876,209

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL INSTRUMENT DISCLOSURES (continued)

(c) Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group monitors and manages those risks with the use of appropriate derivative financial instruments to hedge those risk exposures, when deemed appropriate, within written policies and principles approved by the board of directors. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(d) Market risk

The Group's activities expose it primarily to financial risks of changes in foreign currency exchange rates, commodity prices and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to commodity price risk including bought options and forward exchange contracts to hedge the commodity price risk on its production.

Scenarios are run for major interest bearing positions, based on debt outstanding at 30 June 2011. Based on simulations run, the impact on annual post tax profit and shareholders' equity of a 200 base points shift in interest rates would be a maximum increase or decrease of $13,423 (2010: $Nil). These balances will not remain consistent and therefore these numbers should be used with care.

Scenarios are run on the impact on the mark to market of commodity derivatives on hand at 30 June 2011, used to hedge the price risk of the Group's future production. A 10% increase in the palladium price, with all other variables held constant, would result in a decrease in receivables of $25,336 (2010: $Nil) and a 10% increase in the platinum price would result in a decrease in receivables of $22,570 (2010: $Nil).

(e) Foreign currency risk management

The Group undertakes certain transactions in foreign currencies, hence exposures to exchange rate fluctuations arise. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2011	2010	2011	2010
	$	$	$	$
South African Rand	16,106,787	13,602,187	21,915,691	21,601,674

The following table shows the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in equity where the Australian Dollar strengthens against the respective currency, for a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on equity.

	Consolidated	
	2011	2010
	$	$
South African Rand	380,219	523,603

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL INSTRUMENT DISCLOSURES (continued)

(f) Interest rate risk management

The Group is not currently exposed to interest risk as its facility with Macquarie Bank Limited is at a fixed interest rate of 8% per annum.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group considers public data to evaluate the counterparties it deals with and continuously monitors such data.

The Group's major credit exposures are to its bankers all of which have high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(h) Liquidity risk management

The Group monitors its short, medium and long term liquidity requirements on an ongoing basis. Borrowing maturity profiles are carefully matched to forecast project cashflows, with an adequate margin being maintained between cashflows and debt service requirements.

Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated	Weighted Average Effective Interest Rate %	1 Year or less	1 to 5 years	More than 5 years
2011				
Non-interest bearing		15,456,900	35,569	-
Variable interest rate	9%	-	1,259,011	-
Fixed interest rate	8%	15,107,053	-	-
		30,563,953	1,294,580	-
2010				
Non-interest bearing		12,861,745	16,726	-
Variable interest rate	10%	-	1,318,168	-
Fixed interest rate	8%	-	16,400,000	-
		12,861,745	17,734,894	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL INSTRUMENT DISCLOSURES (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. These have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that cash flow will occur in a different period.

Consolidated	**Weighted Average Effective Interest Rate %**	**1 Year or less**	**1 to 5 years**	**More than 5 years**
2011				
Non-interest bearing		10,265,030	-	-
Variable interest instruments	5.69%	7,401,766	17,003,625	-
		17,666,796	17,003,625	-
2010				
Non-interest bearing		8,833,110	-	-
Variable interest instruments	5.36%	12,137,034	17,806,442	-
		20,970,144	17,806,442	-

The following table details the Group's liquidity analysis for its non-derivative financial instruments. The table is based upon the undiscounted net cash inflows/(outflows) on the derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

Consolidated	**1 year or less**	**1 to 5 years**	**More than 5 years**
2011			
Net Settled			
Platinum and Palladium collars	609,714	55,646	-
	609,714	55,646	-
2010			
Net Settled			
Platinum and Palladium collars	-	-	-
	-	-	-

(i) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of other financial assets and liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of a discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives.

The fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Derivatives

Commodity price forward contracts are measured using quoted forward commodity prices and yield curves derived from quoted interest rates matching maturities of the contracts.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18: COMMITMENTS AND CONTINGENCIES

Commitments

There are no outstanding commitments not provided for in the financial statements of the Group as at 30 June 2011 other than:

(a) Capital commitments;

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows;

	Consolidated	
	2011	**2010**
Mining Property	**$**	**$**
Payable within one year	221,117	3,130,755
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	221,117	3,130,755

(b) In order to maintain rights of tenure, the Group is committed to outlay an aggregate amount of approximately $376,849 in 2011/2012, (2010/2011: $342,810) for mining tenement rentals and shire rates and to meet the statutory minimum expenditure conditions applying to its tenements. Expenditure commitments for the ensuing year and beyond 2011/2012 will vary according to whether:

(i) any of the existing tenements are relinquished or converted to other forms of title;

(ii) any of the existing tenements are farmed out;

(iii) new tenements are acquired; and

(iv) total or partial exemption from expenditure commitments is applied for and granted in respect of individual tenements.

(c) Leases

(i) Operating Leases

	Consolidated	
	2011	**2010**
Commitments for minimum lease payments in relation to non-cancellable operating Leases (rental of premises) are payable as follows:	**$**	**$**
Within one year	270,385	203,839
Later than one year but not later than 5 years	403,032	30,294
Later than 5 years	-	-
	673,417	234,133

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18: COMMITMENTS AND CONTINGENCIES (continued)

(c) Leases (continued)

(ii) Finance Leases
The Group has vehicles under finance lease with a carrying value of $20,778 (2010: $98,898) expiring within 5 years. Under the terms of the leases, the Group has the option to acquire the leased assets for the residual balance of the cost of the asset.

	Consolidated	
Commitments for minimum lease payments in relation finance leases are payable as follows:	**2011** **$**	**2010** **$**
Within one year	21,852	44,823
Later than one year but not later than 5 years	23,345	57,843
Later than 5 years	-	-
	45,197	102,666

Contingencies

(a) Native Title Claims
Legislative developments and judicial decisions (in particular the uncertainty created in the area of Native Title rights by the High Court's decisions in the "Mabo", "Wik" and "Miriuwung-Gajerrong" cases and native title legislation) may have an adverse impact on the Group's exploration and production activities and its ability to fund those activities. It is impossible at this stage to quantify the impact (if any) which these developments may have on the Group's operations.

The Company is aware of native title claims in respect of areas in which the Group currently has an interest. It is possible that further claims could be made in the future. However, the Company cannot determine whether any current or future claims, if made, will succeed and if so, what the implications would be for the Group. In the case of the Panton Project, however, as these leases were granted prior to January 1994 there are no native title implications.

(b) Performance Bonds
As disclosed in Note 6(b) the Group has provided performance bonds amounting to $116,500 (2010: $116,500) to the Department of Industry and Resources in respect of compliance with environmental conditions in relation to certain tenements.

NOTE 19: JOINT VENTURES

At 30 June 2011 the Group has interests in unincorporated joint ventures as follows:

Joint Venture	Percentage Interest	Principal Activities
Melville	25%	Mineral Exploration - Carried interest
Kalplats	12%	Mineral Exploration - Earning in 49%
Kalplats Area of Influence	50%	Mineral Exploration - Participation and Manager
Rooderand	30%	Mineral Exploration - Earning up to 70%

There are no assets held in these joint ventures.

NOTE 20: INTEREST IN ASSOCIATE

Name:	PlatTech Pty Ltd
Balance date:	30 June
Ownership interest held by parent entity:	50%
Principal Activity:	The associated company holds the intellectual property rights subsisting in the Leachate Process.
Name:	Stellex Platinum (Pty) Ltd
Balance date:	30 June
Ownership interest held by parent entity:	49%
Principal Activity:	The associated company explores for Platinum Group Metals in the North Western Province of South Africa.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21: RELATED PARTY DISCLOSURES

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors and Specified Executives
Disclosures relating to Directors and Specified Executives are set out in the Directors' Report under the section titled Remuneration Report.

Subsidiaries
The ultimate parent entity in the Group is Platinum Australia Limited.

(i) Subsidiaries	**Country of Incorporation**	**2011 % Holding**	**2010 % Holding**
Subsidiaries of *Platinum Australia Limited:*			
Platinum Exploration NL	Australia	100	100
Platinum Australia SA (Pty) Ltd	South Africa	100	100
Rivers Platinum Mining (Mauritius)	Mauritius	100	100
Smokey Hills Platinum Mining (Mauritius)	Mauritius	100	100
Stella Platinum Mining (Mauritius)	Mauritius	100	100
PLA Platinum Investments SA (Pty) Ltd	South Africa	100	100
Platinum Rivers Project (Pty) Ltd	South Africa	100	100
Stella Platinum (Pty) Ltd	South Africa	100	100
EL Platinum (Pty) Ltd	South Africa	100	100
Bofule Platinum (Pty) Ltd	South Africa	100	100
Vryburg Platinum (Pty) Ltd	South Africa	100	100
Smokey Hills Platinum (Pty) Ltd	South Africa	73.75	73.75
Phokathaba Platinum (Pty) Ltd	South Africa	65.75	65.75
Limpopo Platinum Holdings (Pty) Ltd	South Africa	45	45

All subsidiaries are owned by Platinum Australia Limited except Platinum Rivers Project (Pty) Ltd, which is owned by Rivers Platinum Mining (Mauritius), Stella Platinum (Pty) Ltd which is owned by Stella Platinum Mining (Mauritius), EL Platinum (Pty) Ltd and PLA Platinum Investments Pty Ltd, which are owned by Smokey Hills Platinum Mining (Mauritius), Smokey Hills Platinum (Pty) Ltd, Limpopo Platinum Holdings (Pty) Ltd, Bofule Platinum (Pty) Ltd and Vryburg Platinum (Pty) Ltd which are owned by EL Platinum (Pty) Ltd and Phokathaba Platinum (Pty) Ltd which is owned by Smokey Hills Platinum (Pty) Ltd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22: PARENT ENTITY DISCLOSURES

Financial position

	2011 $	2010 $
Assets		
Current assets	25,540,587	13,315,375
Non-current assets	173,442,252	157,080,802
Total assets	198,982,839	170,396,177
Liabilities		
Current liabilities	16,119,010	760,331
Non-current liabilities	32,195	15,001,380
Total liabilities	16,151,205	15,761,711
Net assets	182,831,634	154,634,466
Equity		
Issued capital	237,460,710	198,450,847
Retained earnings	(58,630,362)	(46,485,057)
Share-based payments	4,001,286	2,668,676
Total equity	182,831,634	154,634,466

Financial performance

	2011 $	2010 $
Profit/(Loss) for the year	(12,145,305)	3,863,654
Other comprehensive income	-	-
Total comprehensive income	(12,145,305)	3,863,654

Contingent liabilities of the parent entity

The parent company has subordinated to other creditors various loans to 100% owned subsidiaries, until such time as those subsidiaries' Financial Statements show that their assets exceed their liabilities. These loans amount to $33,438,235 (2010: $27,692,947).

Commitments for the acquisition of property, plant and equipment by the parent entity

There are no capital commitments of the parent entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23: CONTINGENT LIABILITY

A contractor to Phokathaba Platinum (Pty) Limited (a 65.75% subsidiary) has made a claim for additional costs incurred during the period to 30 June 2010 amounting to R80,211,158 ($11,085,014). This claim is subject to arbitration proceedings in South Africa.

Phokathaba Platinum (Pty) Limited has a counterclaim against the contractor, subject to the same arbitration proceedings, amounting to R194,178,233 ($26,835,024).

The amount of the contractor's claim that may become payable, if any, and the amount of Phokathaba Platinum (Pty) Limited's counter claim cannot presently be measured with sufficient reliability and consequently, in accordance with AASB 137, no liability has been recognised, nor has any asset been recognised in relation to the counterclaim.

NOTE 24: AUDITORS' REMUNERATION

The auditors of Platinum Australia Limited are HLB Mann Judd.

	Consolidated 2011 $	Consolidated 2010 $
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the Company and any other entity in the Group	70,250	77,500
Due diligence relating to rights issue	10,000	-
Amounts received or due and receivable by other auditors for:		
An audit or review of the financial report of subsidiaries	97,896	88,436
	178,146	165,936

NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel compensation
The Company has transferred the detailed remuneration disclosures to the Directors' Report in accordance with Corporations Amendment Regulations 2006 (No. 4). These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report under Details of Remuneration and are designated as audited.

(b) Shareholdings of Key Management Personnel

Directors	Balance 1.7.10	Net Change	Balance 30.6.11
Mr PD Allchurch	8,257,753	1,179,681	9,437,434
Mr JD Lewins	5,194,868	377,553	5,572,421
Mr MG Blakiston	1,004,167	143,454	1,147,621
Mr EE Hughes *	425,000	3,573	428,573
Mr WA Hansen	200,000	28,572	228,572
	15,081,788	1,732,833	16,814,621

*Mr Hughes ceased to be Key Management personnel on 20 April 2011.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Other Key Management Personnel	Balance 1.7.10	Net Change	Balance 30.6.11
Mr DG Neill	200,000	78,572	278,572
Mr GW Ramsay	-	-	-
Mr RA Wallis	-	-	-
Mr W Smart	-	-	-
Mr GJ Ferguson	-	-	-
	200,000	78,572	278,572

(c) Option holdings of Key Management Personnel

Directors	Balance 1.7.10	Options Granted during the year as remuneration	Other changes during the year	Options Lapsed/ Sold	Balance 30.6.11	Vested and Exercisable 30.6.11
Mr PD Allchurch	-	-	-	-	-	-
Mr JD Lewins	3,000,000	-	-	-	3,000,000	1,000,000
Mr MG Blakiston	-	-	-	-	-	-
Mr EE Hughes	-	-	-	-	-	-
Mr WA Hansen	-	-	-	-	-	-
	3,000,000	-	-	-	3,000,000	1,000,000

Other Key Management Personnel

	Balance 1.7.10	Options Granted during the year as remuneration	Other changes during the year	Options Lapsed/ Sold	Balance 30.6.11	Vested and Exercisable 30.6.11
Mr DG Neill	250,000	-	-	(250,000)	-	-
Mr GW Ramsay	250,000	-	-	-	250,000	50,000
Mr RA Wallis	250,000	-	-	(250,000)	-	-
Mr W Smart	200,000	-	-	(200,000)	-	-
Mr G Ferguson	-	-	-	-	-	-
	950,000	-	-	(700,000)	250,000	50,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 26: SUBSEQUENT EVENTS

On 5 September 2011, the entity received settlement for the placement of 24,700,00 ordinary shares to institutional investors. The shares were placed at 20 cents per share for a total of $4,940,000.

On 6 September 2011, a $10,000,000 working capital facility was established with Macquarie Bank Limited. This working capital facility carries an interest rate of BBSW plus 4.5% per annum and an undrawn line fee of 2.5% per annum and is secured by a floating charge over the assets of the entity. The facility is repayable on 30 June 2013. As part of this arrangement Macquarie Bank Limited was issued with 15 million options over ordinary shares in the entity, exercisable at 30 cents per share. The options expire on 30 June 2013.

The proceeds of the working capital facility and funds on hand, including those raised through the placement, were utilised to retire the Macquarie Bank Limited's facility that was recorded in the Financial Statements at Balance date, see note 14.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of the Company:

   a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year then ended; and

      ii. complying with Accounting Standards and Corporations Regulations 2001; professional reporting requirements and other mandatory requirements.

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.

JD LEWINS
Managing Director
Dated this 13th day of September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Platinum Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Platinum Australia Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

HLB Mann Judd

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Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Platinum Australia Limited for the financial year ended 30 June 2011 included on Platinum Australia Limited's website. The company's directors are responsible for the integrity of the Platinum Australia Limited website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Platinum Australia Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Platinum Australia Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants

W M Clark

Perth, Western Australia
13 September 2011

W M CLARK
Partner

SCHEDULE OF MINING TENEMENTS AT 13 SEPTEMBER 2011

WESTERN AUSTRALIA:

TENEMENT TYPE AND NUMBER	***PROJECT NAME***	**MINERAL**	**OWNERSHIP**
M 80/103	Panton	PGM	100% Platinum Exploration NL
M 80/104	Panton	PGM	100% Platinum Exploration NL
M 80/105	Panton	PGM	100% Platinum Exploration NL
E 70/2729	Katanning	PGM	100% Platinum Australia Limited
M 59/282	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/283	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/284	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/285	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/322	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/323	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/324	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/329	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/408	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/428	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)
M 59/429	Melville JV	Gold	25% PLA (75% Prosperity Resources Limited & Manager)

Notes:

E - Exploration Licence
JV - Joint Venture
M - Mining Lease
PGM - Platinum Group Metals
PLA - Platinum Australia Limited

SOUTH AFRICA:

Smokey Hills	Phokathaba Platinum (Pty) Ltd Mining Right reference # LP 30/5/1/2/2/69 MR Maandagshock 254 KT Mineral Area 4
Kalplats (Project Area)	African Rainbow Minerals Platinum (Pty) Ltd Prospecting Right reference # NW 30/5/1/1/2/748 PR
Kalplats (Area of Influence)	African Rainbow Minerals Platinum (Pty) Ltd Prospecting Right reference # NW30/5/1/1/2/1056PR
Stella North (Logageng)	Stellex Platinum (Pty) Ltd Prospecting Right reference # NW30/5/1/1/2/1787 PR
Rooderand	*Atla Mining Resources (Pty) Ltd* *Prospecting Right reference # NW30/5/1/1/2/2420 PR*

SHAREHOLDER INFORMATION
AT 12 SEPTEMBER 2011

Twenty Largest Shareholders	Number of Shares	%
Ordinary Shares		
HSBC Custody Nominees (Australia)	53,653,997	12.86
National Nominees Limited	52,271,179	12.53
JP Morgan Nominees Australia Limited	50,291,548	12.06
Merrill Lynch (Australia) Nominees Pty Limited	31,552,980	7.56
JP Morgan Nominees Australia Limited (Cash Income A/C)	16,651,974	3.99
Mr Peter Adrian Vanderspuy	13,330,545	3.20
Citcorp Nominees Pty Limited	8,064,902	1.93
Macquarie Bank Limited (Metals & Energy Capital A/C)	8,000,000	1.92
Mr Peter Donald Allchurch	4,000,000	0.96
RBC Dexia Investor Services Australia Nominees Pty Limited (BKCUST A/C)	3,869,446	0.93
Haifa Pty Ltd*	3,492,860	0.84
Citcorp Nominees Pty Limited (CWLTH Bank off Super A/C)	2,547,289	0.61
Mr John Derek Lewins	2,422,868	0.58
Ucan Nominees Pty Ltd	2,350,000	0.56
Comsec Nominees Pty Limited	2,211,065	0.53
MLEQ Nominees Pty Ltd (Unpaid1 A/C)	2,206,128	0.53
Berne No 132 Nominees Pty Ltd (376804 A/C)	2,070,000	0.50
Mrs Concetta Maria Nicoletti-Lewins	1,550,000	0.37
Mr Maxwell James Deason & Mrs Gillian Audrey Deason	1,400,000	0.34
Macquarie Bank Limited (Metals & Energy Cap Div A/C)	1,399,180	0.34
Total	**263,335,961**	**63.13**

* Company associated with Mr P Allchurch

Distribution of Shareholdings			Number of Shareholders	Number of Shares Held
1	-	1,000	793	473,545
1,001	-	5000	1767	5,298,886
5001	-	10,000	1095	9,043,115
10,001	-	100,000	1,880	61,889,597
100,001	-	Over	306	340,424,896
Total			**5,841**	**417,130,039**
Holding less than a marketable parcel			**1449**	**1,589,165**

SHAREHOLDER INFORMATION
AT 12 SEPTEMBER 2011

Substantial Shareholders	Number of Shares
Northcape Capital Pty Ltd	40,014,314 Fully Paid Shares
Paradice Investment Management Pty Ltd	26,986,154 Fully Paid Shares
Bank of America Limited	28,793,896 Fully Paid Shares

Voting Rights

Voting rights of members are governed by the Constitution. In summary, on a show of hands every member present in person or by proxy shall have one vote and in the event of a poll, every such member shall be entitled to one vote for each ordinary fully paid share held. Partly paid shares carry voting rights pro-rata to the amount paid up.

GLOSSARY

AIM	Alternative Investment Market (London)
AoI	Kalplats "Area of Influence"
ASX	Australian Securities Exchange
Au	Gold
BEE	Black Economic Empowerment
BFS	Bankable Feasibility Study
BIC	Bushveld Igneous Complex
Cu	Copper
DFS	Definitive Feasibility Study
EPCM	Engineering, Procurement and Construction Management
ESOP	Employee Share Option Plan
g/t	Grams per tonne
Ir	Iridium
JORC	Joint Ore Reserves Committee
Kalplats	Kalahari PGM Project
LHD	Load Haul Dump machines
LM	Lower Main (Reef)
MM	Mid Main (Reef)
MR	Mid Reef
Mark to Market	Assigning a value to a position held in a financial instrument based on current market price for that instrument or similar instruments
Pd	Palladium
PGM	Platinum Group Metals
3E PGM	Platinum Group Metals including Platinum, Palladium & Gold
4E PGM	Platinum Group Metals including Platinum, Palladium, Gold and Rhodium
6E PGM	Platinum Group Metals including Platinum, Palladium, Gold, Rhodium, Ruthenium & Iridium
Pt	Platinum
PTP	Phokathaba Platinum (Pty) Ltd
RC	Reverse circulation drilling
Rh	Rhodium
Ru	Ruthenium
SAMREC	South African Mineral Resource Committee
SLI	Stella Layered Intrusion
Tpm	Tonnes per month
UG2	Upper Group 2
UM	Upper Main (Reef)