



Platinum : Platinum Australia Limited (PLA)

Market Statistics	VISIT TO SMOKEY HILLS AND KALPLATS			23 March 2006
Year Low/High:	\$0.10 - \$0.595	Shares :	Recommendation	SPEC BUY
Diluted No. Shares	168.8m	155.3m ords	Share Price	A\$0.555
Diluted Mkt Cap :	A\$94m	13.6m options	Net Cash	A\$8.6m
By : Eagle Research (Keith Goode) 15m for Smokey www.platinumaus.com				T:+618 9324 1491

Platinum Australia Ltd (PLA) – Bringing Smokey Hills into Production at ~95,000ozpa 4E (>40,000ozpa platinum)

- *Platinum Australia (PLA) currently has two main projects in South Africa that are in the process of being taken through to platinum production, namely Smokey Hills in the east (~13km NW of Steelpoort) and Kalplats (~90km SW of Mafeking).*
- *PLA expects both projects to soon receive their “New Order” Prospecting Rights allowing Smokey Hills to convert to a Mining Right after completing the BFS in June 2006, and Kalplats to extend the exploration, upgrade the ore resource and complete a BFS by June 2007.*
- *Smokey Hills is a conventional UG2 eastern limb (of the Bushveld) reef that is expected to initially be mined by open-cut and then underground, very similar to the UG2 being mined underground on the adjacent Modikwa (ARM/Angloplats) platinum mine about 4km further south. Production has been estimated at ~95,000ozpa 4E PGM (Pt, Pd, Rh, Au) based on diluted grades of 5.0g/t and 82.5% recoveries, although >5.2g/t 4E and >=85% recoveries appear to be achievable.*
- *Kalplats represents a previously unrecognised style of platinum mineralisation in 3bn year-old greenstone rocks. Initial studies show that production from the >3.5g/t higher grade reefs could result in 3E PGM production rates ~190,000ozpa, although we have used a more conservative model on 3.25g/t and ~175,000ozpa.*
- *Both Smokey Hills and Kalplats appear to have significant upside potential. Smokey Hills could extend its planned mining west across the boundary into Modikwa ground in an arrangement with ARM/Angloplats, while Kalplats appears to have been misunderstood, with recoveries ~80% using conventional techniques, and possibly material extensions on strike and on parallel structures.*

FINANCIAL ESTIMATES : (Note : This ERA scenario is just one of a number of possible scenarios that could occur)

Year end June	2006e	DH06e	JH07e	2007e	2008e	2009e	2010e
Smokey PGMs Sold (100%)	000oz	3	26	28	88	102	102
Kalplats PGMs Sold (100%)	000oz	0	0	0	0	145	176
Platinum Sold (100%)	000oz	1	12	13	40	119	134
Attrib PGMs Sold	000oz	2	18	20	62	143	158
Attrib Platinum Sold	000oz	1	8	9	28	68	75
Smokey Platinum Cash Cost	US\$/oz	-439	-465	-463	-454	-340	-294
Kalplats Platinum Cash Cost	US\$/oz	0	0	0	0	212	252
Distrib Profit	A\$m	0.8	8.5	9.4	30.0	44.1	42.5
Simple Cashflow	A\$m	1.0	10.3	11.4	36.3	60.0	60.3
PER (A\$0.555:184m shares)	x			10.9	3.4	2.3	2.4

OTHER KEY POINTS:

- **PLAs 7.5%NPV on our base case prices is 77Ac (A\$142m) on 70%Smokey (58c) and 49% Kalplats (19c), excluding the Panton Project & upside potential within each project**
- **PLAs NPV increases by 15Ac (A\$27m) per US\$100/oz increase in Platinum or 7c (\$14m) per US\$500/oz increase in Rhodium.**
- **PLAs NPV at current PGM prices is 113Ac (Pt at US\$1045/oz, Rh at US\$4250/oz, Pd at US\$322/oz, Au at US\$550/oz on 23 Mar 06)**
- **PLA’s Panton Project in WA is under BFS review by Sally Malay (SMY) for possible treatment of its high grade ore to produce a PGM concentrate.**
- **The Panton Project has a JORC resource of 2.4moz 7E PGM (14.3mt @ 5.2g/t) incl 2moz high grade (10.1mt @ 6.1g/t) 7E PGM.**
- **PLA has identified and pegged similar PGM mineralisation SE of Perth that appears to contain Kalplats-style host rocks.**

Corporate Overview

Platinum Australia Limited (PLA) completed a detailed feasibility study on their Panton (Sill) Project in northern WA (about 60km north of Halls Creek) in August 2003 which showed that although it was technically feasible, it was then not commercially viable at the prevailing metal prices and US\$ exchange rate. In 2004, PLA decided to diversify into South/Southern Africa focusing on higher grade PGM orebodies that had been rejected or overlooked by other platinum producers or junior platinum explorers.

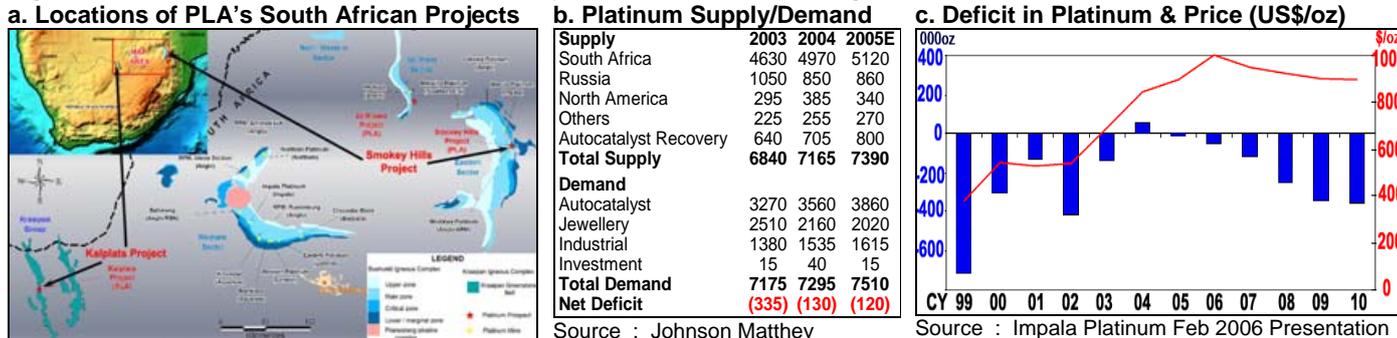
PLA were able to enter into joint ventures over two PGM projects in South Africa namely Smokey Hills (because its resource was less than the 2moz perceived minimum required for PGMs in South Africa), and Kalplats (because it is located in a 3bn year old Archaean greenstone belt and hence does not fit into the recognised platinum-bearing orebody eras of ~1.8bn years (Bushveld) or ~2.4bn years (Great Dyke)).

PLA placed 18.2m shares at 20c raising A\$3.6m to purchase and acquire the Smokey Hills project and advance the Kalplats project in DQ04, followed by two further placements during 2005. The first was of 25m shares at 11c in July 2005 raising \$2.75m to further the feasibility studies on both South African projects, followed by a placement of 30m shares at 20c in November 2005 raising A\$6m to complete the BFS on Smokey Hills and the PFS on Kalplats. This has resulted in the current **155.26m fpo shares** in issue and **13.6m options** that are all-in-the-money at various exercise prices and dates to 11 Dec 2009.

PLA's Panton Project is located about 60km south of Sally Malay, and under an agreement SMY is to spend \$0.75m on a BFS that evaluates mining the high grade ore from Panton and process it through the Sally Malay plant to produce a high grade PGM concentrate. If the study is positive, and some conditions are satisfied, SMY can earn a 50% interest on the first 1.5mt of high grade ore mined from the Panton Project. In our (ERA) review of SMY in October 2005, there appeared to be spare capacity in SMY's plant of ~250,000tpa.

As shown in Figure 1a, besides Smokey Hills and Kalplats, PLA also has its 24 Rivers Project on Platreef south of Mokopane (previously Potgietersrus). Due to ERAs knowledge of some of the complexities associated with Platreef and the water restrictions in the vicinity of Mokopane we have not reviewed the 24 Rivers project and hence this report has focused on the current two key projects of Smokey Hills and Kalplats that we visited in mid-February 2006.

Figure 1. Locations of PLA's South African Projects, Estimated Increasing Deficit in Platinum & US\$/oz Price Forecast



Platinum Market

Although a platinum mine produces a number of different metals (platinum, palladium, rhodium, gold etc), the platinum is often perceived to be "free" with the other metals paying for the costs, and hence the main focus is on platinum production and the platinum market. Although platinum producers have increased their production, **platinum demand still exceeds supply**, mainly due to the gradual introduction of tighter restrictions on what noxious gaseous emissions are allowed from petrol and diesel driven vehicles in Europe and North America, which results in higher loadings of platinum in the autocatalysts used.

These increased loadings have been forecast by Implats (Impala Platinum) to result in an almost doubling of consumption by light duty diesel vehicles in Western Europe from 1.38mozPt in 2005 to 2.59mozPt in 2010, and a total increase due to diesel vehicles in Western Europe and North America from 1.83mozPt in 2005 to 3.73mozPt in 2010. These demand numbers represent only a portion of the total autocatalyst demand shown in Figure 1b based on figures supplied by Johnson Matthey in their Annual and Interim Platinum 2005 Reviews. Jewellery demand appears to have stabilised after the fall in 2004 despite the higher price, and industrial consumption remains high in glass for flat screens & electronics for hard disks.

Implats have made a projection for the platinum price as shown in Figure 1c of it averaging US\$1,000/oz in 2006 and then falling to a long-term average of US\$900/oz from 2009. Given the projected levels of rising consumption demand for platinum, *this could be a conservative estimate for the platinum price. For our modelling, which applies mainly from 2007 we have used US\$1000/oz and applied sensitivities.*

Smokey Hills Project (PLA acquiring 80%, possibly holding 70% post BEE)

Location and Joint Venture

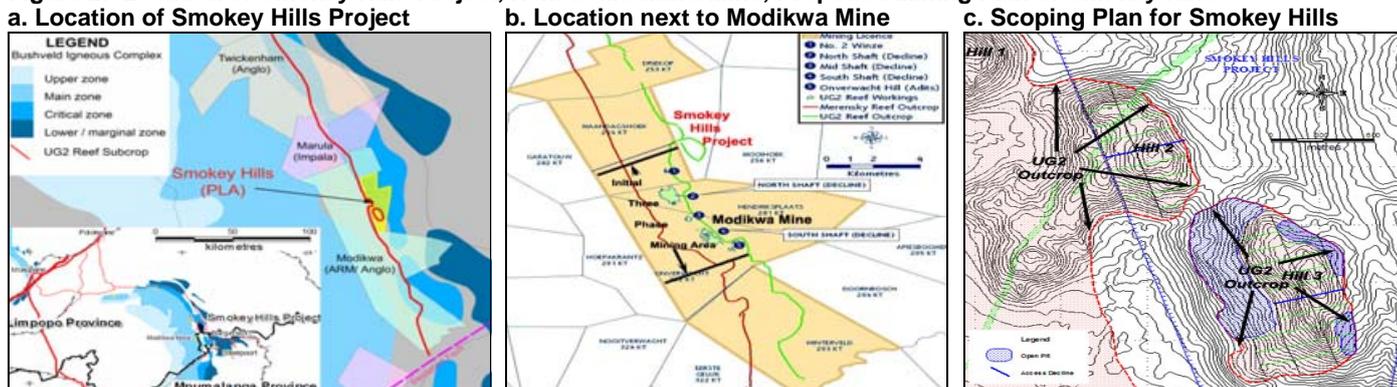
Platinum Australia's Smokey Hills Project is located on the eastern limb of the Bushveld complex about 13km NW of Steelpoort and 100km SE of Polokwane (prev Pietersburg) on the farm Maandagshoek 254 KT in the Limpopo Province of South Africa as shown in Figure 2a. PLA is in the process of acquiring an 80% holding in SHP (Smokey Hills Platinum P/L) for US\$3.4m and 15m PLA shares, with the remaining 20% held 15% by Corridor Mining Resources P/L (CMR, a subsidiary of the Limpopo Development Corporation [LimDev]) and 5% by the local community. A 5% deposit has been paid to CMR, with the fund balance held in a Bank Guarantee now waiting for the "New Order" Prospecting Right to be transferred into the name of the JV (the current work is being undertaken under the existing Prospecting Permit).

The 15m PLA shares represent a 26% interest in SHP and can only be issued following the receipt of the Prospecting Right. PLA through SHP is the manager for the Project. Funding for the BFS is to be provided by SHP (84.2%) and CMR (15.8%), with construction costs borne by the three parties based on their equity positions. Post the Prospecting Right, PLA expects a re-weighting to occur such that it may relinquish possibly 10% to 15% of the project to satisfy the 26% BEE holding, possibly separate to the local community's 5% holding.

Geology

The Project is based on a 6km long outcropping exposure of UG2 reef around the margin of two adjacent hills immediately west of Modikwa's mining lease area as shown in Figures 2b and 2c. The Modikwa mine was originally Anglo Platinum's (Angloplats') Maandagshoek Project which became Modikwa in a BEE with Angloplats holding 50%, African Rainbow Minerals (ARM) 41.5% & the local population 8.5%.

Figure 2. Location of Smokey Hills Project, Next to Modikwa Mine, Proposed Mining Plan of Smokey Hills



Modikwa has been ramping up to full production mainly through the underground mining of a UG2 (Upper Group 2) "chrome" reef that is uniformly ~60cm thick as shown in Figure 3a, and producing a concentrate that is trucked to Angloplats' smelter at Polokwane. Smokey Hills' UG2 outcrop similarly shows a fairly consistent ~62cm thick reef horizon that dips at ~12° to 15° west as shown in Figures 3b and 3c.

Figure 3. Modikwa's Stopping Profile, Outcropping UG2 at Smokey Hills on Hills 2 and 3



On 7 March 2006, PLA announced a preliminary resource estimate for Smokey Hills, as shown in Table 1.

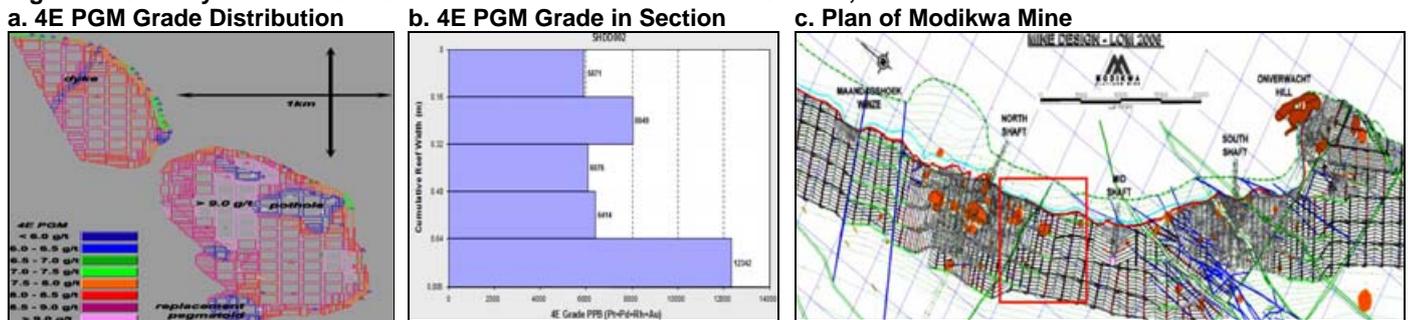
Table 1. Preliminary UG2 Resources for Smokey Hills

g/t	Tonnes	Platinum	Palladium	Rhodium	Gold	Total	000oz	Ruthenium	Iridium	Total	000oz
PGE Element	mt	Pt	Pd	Rh	Au	4E	4E	Ru	Ir	6E	6E
Indicated	4.0	2.7	2.7	0.6	0.1	6.1	950	0.9	0.2	7.2	1120
Inferred	0.9	2.7	2.6	0.6	0.1						
Total	4.9	2.7	2.7	0.6	0.1	6.1	950	0.9	0.2	7.2	1120
%		44.3%	44.3%	9.8%	1.6%	100.0%					

The indicated and inferred resource consists of 4.9mt at 6.1g/t 4E (platinum, palladium, rhodium, gold) for 950,000oz 4E PGM (or a grade of 7.1g/t 6E [also including ruthenium and iridium] for 1.12moz 6E PGM).

The average grade of 6.1g/t 4E is based on a 15cm footwall cut and 20cm hangingwall cut to result in a stoping width of ~1m. The undiluted grade has been stated as 8.65g/t, inferring that the average grade of the dilution above and below the reef horizon is ~1.6g/t 4E. The tonnage amount of 4.9mt is post the deduction of a 20.5% geological loss provision for potholes, dykes, faults & replacement Fe-rich pegmatite etc. PLA also stated that they expect to release a final measured and indicated resource by the end of March 2006 including results from a further 10 recently completed drillholes.

Figure 4. Smokey Hills 4E PGM Grade Distribution Plan and Reef Section, Plan of Modikwa Mine



As shown in Figure 4a, the grade distribution at Smokey Hills is fairly uniform with some areas >9g/t 4E PGM (such as the northern part of Hill 3). The blue areas relate to dykes, replacement (IRUP) pegmatoids or potholes. Figure 4b shows the bottom loading of the 4E distribution (which is apparently common to the eastern limb UG2), necessitating the 15cm footwall cut, the hangingwall cut being a function of the overlying stringers of mineralisation. On the site tour, the bottom 25cm was quoted as ranging from 12.5g/t to 18.0g/t 4E, with the 25cm into the footwall averaging about 2.0g/t 4E and the 25cm into the hangingwall averaging about 1.5g/t 4E, so the grade assumptions appear to be reasonable.

A Modikwa Oct 2005 plan shows its pothole distribution on the mine as signified by the brown spots in Figure 4c. Modikwa makes a 25% to 30% provision for its geological losses, comprised mainly of potholes and structural complexities. The 30% provision was regarded as “high”, and did not allow for recovery of the potholes which was expected (particularly the large up to 200m diameter ones). Looking at some of the Modikwa plans, Smokey Hills’ Hill 2 and 3 appear to lie within a structurally relatively quiescent zone.

Mining and Treatment

Modikwa’s target stoping width was an average of 102cm, with the mill width targeted at 110cm. It has been >120cm with relatively high mechanisation, but the mining method was being changed and the widths were hence expected to reduce. 4E PGM recoveries on the eastern limb’s UG2 are relatively high with 85% being achieved in the concentrator (and expectations of it being increased to possibly 88%, with IMP’s Morula reputedly achieving as high as 90%). Modikwa was producing ~130,000ozpa Pt (ramping up to 160,000ozpa Pt) in a concentrate consisting of ~45.5%Pt, 43.7%Pd, almost 10%Rh and ~1%Au. There was minor nickel at 600tpa and copper at ~180tpa, and Cr was being considered for recovery.

The new DRA plants are apparently much cheaper than the old Amandebult style used for Modikwa, with Kroondal 2’s 3mtpa plant costing ~R300m for 3mtpa including a DMS. No DMS is currently planned for Smokey Hills (and apparently testwork at Modikwa showed that it did not work for their UG2 ore). Hence the pre-feas for Smokey Hills estimated a cost of possibly ~R150m for a 720,000tpa concentrator, with the project capex at ~US\$35m to US\$40m. **The BFS is scheduled for completion in June 2006.**

PLA’s current ideal scenario was to start mining the ore at Smokey Hills by open-cut in the September Quarter 2006, and toll treat the ore through either the Angloplats/ARM plant at Modikwa or Impala’s plant at Morula (both of which currently had spare capacity). PLA then planned to start construction of their own plant by the end of 2006 so as to commission the plant by mid-2007. (Such fast-tracking to production is common in Australia and has been shown to be capable in South Africa by Aquarius Platinum on both the western and eastern limbs of the BIC. AQP’s most recent mine is the room-and-pillar underground Everest operation in which the UG2 reef on the eastern limb lies within a 250m deep basin under a hill. The ~R800m 3mtpa Everest mine started production in less than 12 months, in November 2005).

Upside Potential

Aside from possible areas that can be mined outside of mine lease areas, the upside potential for Smokey Hills, has to be **the possibility of extending mining across the boundary into the Modikwa mine** with Modikwa reputedly on a >50 year life, and the fact that Angloplats have entered into two “pool and share” arrangements with Aquarius Platinum in which AQP has extended their mining deeper across the adjoining Angloplats lease boundaries on two of their mines (Kroondal and Marikana). **Should it happen, Smokey Hills’ production could rise to a much higher level than the proposed 95,000ozpa 4E PGM.**

Kalplats Project (PLA earning 49%, with a 50% holding in the Extension Project)

Location and Joint Venture

PLA's Kalplats Project is located on the western N/S striking (Stella) belt within the Kraaipan Greenstone belts (Kalgold being on the eastern (Goldridge) belt), about 25km north of the small farming community of Stella, and ~90km SW of Mafeking as shown in Figures 1a and 5a.

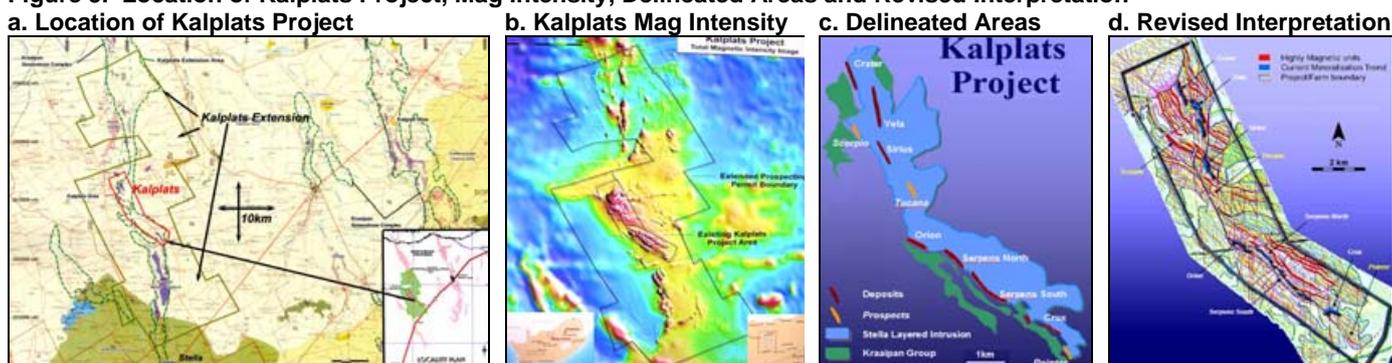
PLA entered into a JV with ARMplats (African Rainbow Minerals Platinum) in 2005 to earn a 49% interest in the Kalplats Project by completing a BFS and providing the Project to have the right (if required) to use PLA's Panton Process. In December 2005, PLA and ARMplats established a further JV (the Kalplats Extension Project) on a 50/50 contributing basis to cover strike extensions north and south of the Kalplats Project. PLA is the manager of both Kalplats Projects through to a decision to mine and which point ARMplats can elect to take over the management role. Since ARM is a Black Empowerment (BEE) Company both joint ventures already satisfy the requirements of BEE. Application has been made for the "New Order" Prospecting Rights over both projects, to initially continue exploration.

Geology

The Kalplats Project is based on a 12km strike length of the Stella Layered Intrusion (SLI). The SLI is a completely different form of platinum mineralisation to the standard types we (ERA) have previously encountered in that most platinum-bearing reefs are either ~1.8bn years' old (like Merensky and UG2 in the BIC), or ~2.4bn years' old (like the Great Dyke of Zimbabwe), whereas the SLI is in a 3bn year old Archaean greenstone belt that is hidden under 3m to 8m of unconsolidated aeolian Kalahari sand.

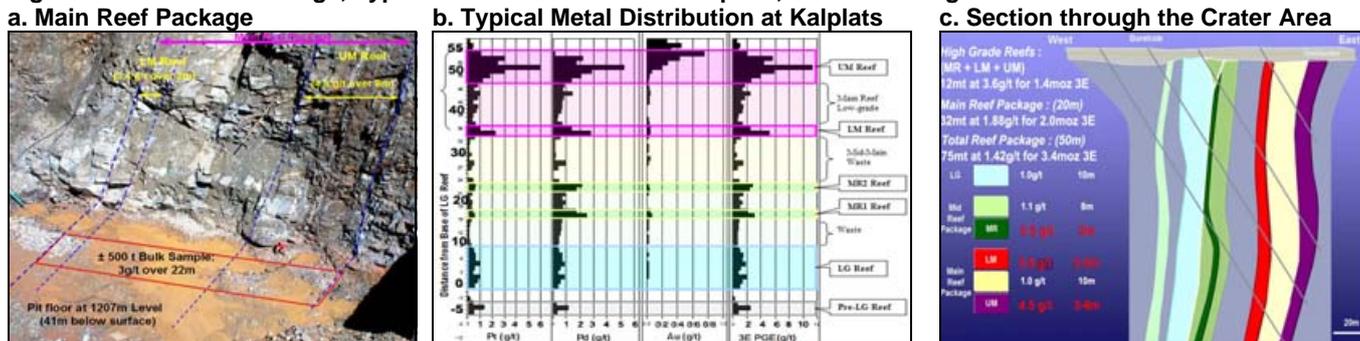
The SLI was identified from 200m spaced regional aeromag in 1973. Anglo found a palladium anomaly in 1990 which they subsequently drilled and further followed up. West Rand Cons acquired the property in 1998, but WRC was then taken over by Harmony (HAR) in 2000. Although there is a clear boat shape in the broad aeromag it was ignored in favour of the higher mag response further south, that resulted in the main Kalplats Project shown in the revised PLA plan in Figure 5b (based on PLA's 50m spaced aeromag).

Figure 5. Location of Kalplats Project, Mag Intensity, Delineated Areas and Revised Interpretation



After extensive RC drilling, HAR delineated a number of areas of mineralisation as shown in Figure 5c. However, there appeared to be some discontinuities, so PLA flew the closer spaced aeromag resulting in the interpretation shown in Figure 5d, and a number of additional targets. In 2002, HAR cut an extended box-cut to expose the orebody and its footwall as shown in Figure 6a, and retrieve bulk samples for metallurgical testing. The orebody consists of a series of magnetite-rich gabbroic units with varying grades as shown in Figure 6c. HAR focused on the Main Reef Package which contained a 10m thick 1.0g/t 3E PGM low grade unit between the 4.5g/t UM and the 3.8g/t LM reefs, to result in an overall grade ~1.6g/t.

Figure 6. Main Reef Package, Typical Metal Distribution at Kalplats, Section through the Crater Area



The grades were quoted in TPM meaning total precious metals comprised of platinum, palladium and gold (or 3E PGM). There appears to be little record of other PGMs or base metals, although chalcopyrite (copper) is visible in the eastern half of the UM along with higher gold values. The Pt : Pd ratio changes across the orebody being ~1 : 1 in the Main Reef Package, 1 : 3 in the Mid Reef and 4 : 3 in the LG Reef. The typical metal distribution across the reefs is shown in Figure 6b.

Mining and Treatment

Harmony's BFS concluded that the mine was not viable as an underground mine (open-cut was not considered) and recoveries were relatively low at 66% for the complete ~1.6g/t Main Reef package. Testwork by PLA showed that if the Panton process (which incorporates heating the concentrates before cyanide leaching) was used then recoveries could increase to 80%. However, testwork also showed that the recoveries were a function of grade (inferring similar tail grades), such that if the higher grade zones were selectively mined, then recoveries could be improved through conventional flotation to ~78%. It is thought that fine grinding can enhance recoveries even further, but that can be part of the PFS / BFS.

PLA conducted a scoping study based on open-cuts to a depth of 200m, and selectively mining the high grade reefs (which contain a current JORC resource of 12mt at 3.6g/t as shown in Table 2), viz :

Table 2. Harmony's JORC Resources for Kalplats (based on polygons and Datamine, and checked)

Deposit	Depth	High Grade Reefs			Main Reef Package			Total Reef Package		
		mt	3E g/t	000oz 3E	mt	3E g/t	000oz 3E	mt	3E g/t	000oz 3E
Orion	200m	2.91	3.71	347	7.19	2.02	468	12.18	1.69	662
Crater	200m	2.48	3.55	284	4.70	2.18	329	9.87	1.62	513
Serpens S	150m	0.85	5.10	139	5.89	1.71	324	10.76	1.34	462
Crux	150m	1.67	3.47	186	6.06	1.64	320	13.58	1.33	583
Serpens N	150m	1.52	3.41	166	3.58	1.72	198	8.94	1.37	394
Sirius	150m	1.48	3.22	154	2.57	2.00	165	9.77	1.33	419
Vela	150m	1.13	3.22	117	2.43	1.96	153	10.13	1.22	398
Total		12.04	3.60	1392	32.42	1.88	1957	75.23	1.42	3430

The scoping results showed the project to be economically feasible for a 2.1mtpa plant producing ~190,000ozpa 3E PGM at overall capex ~US\$95m. Further drilling was expected to extend the resource and higher throughput rates (e.g. 3mtpa) were also a consideration for the PFS and subsequent BFS (expected to be completed by June 2007), after the "New Order" Prospecting Permits have been received.

Upside Potential

The initial interpretation of the Kalplats mineralisation by Harmony was found to have been based on geochem. Through relogging the core and the more detailed aeromag, there appear to be a number of parallel structures that could contain mineable mineralisation. The drilling depths and drillhole spacings were not uniform amongst the potential pits, with the deepest "main zone" intersections ranging from 65m at Sirius, to 165m at Crater, 190m at Orion and 330m at Crux, inferring that possibly all the pits can be extended to 200m depths or greater depending on the current economic cut-off.

There is also potential north and south on strike covering a length of 50km (including the apparent boat-shaped structure immediately north). The PGM mineralisation occurs in a particular type of magnetite. PLA searched records in Australia and found a possible occurrence south of Perth called Kattaning, which they have pegged and applied for. There is the possibility of finding other similar unrecognised Kalplats-style occurrences elsewhere in the world.

Financial Considerations

Table 3. Metal Prices Since January 2005 & Assumed prices in US\$/oz & US\$/t (Note \$4200/t = \$1.90/lb & \$13200/t = \$5.90/lb)

Quarter	Platinum	Palladium	Rhodium	Gold	Smokey	Kalplats	Ruthenium	Iridium	Copper	Nickel	A\$/US\$	ZAR/US\$
US\$/oz	Pt	Pd	Rh	Au	Basket	Basket	Ru	Ir	Cu	Ni	A\$	ZAR
Smokey/Kalplats	45% / 50%	44% / 45%	10% / 0%?	1% / 5%	4E PGM	3E PGM	US\$/oz	US\$/oz	US\$/t	US\$/t		
Mar Qtr 2005	866	191	1523	427	630	540	61	155	3266	15344	0.778	5.997
Jun Qtr 2005	873	193	1633	427	645	545	68	157	3387	16375	0.769	6.408
Sep Qtr 2005	898	188	2157	440	707	556	83	176	3755	14553	0.760	6.507
Dec Qtr 2005	959	241	2901	486	833	613	85	188	3926	13225	0.744	6.530
Mar Qtr 2006E	1035	302	3702	553	974	681	144	241	4870	14771	0.743	6.145
23-Mar-06	1045	322	4250	550	1042	695	160	285	5236	15350	0.715	6.298
Base Case	1000	250	3000	500	865	638	125	200	4200	13200	0.740	6.200

For our modelling analysis shown in Table 4, we have assumed that the Smokey Hills concentrate consists of 45%Pt, 44%Pd, 10%Rh and 1%Au. We have used the base prices shown in Table 3 due to the varying nature in the past year of the suite of metal prices that Smokey Hills can receive, and conducted sensitivities on the platinum, rhodium and 4E basket prices, **with currently the greatest influence being the escalating price of Rhodium.**

For Kalplats, we have assumed the same parameters that HAR apparently used for the high grade portion of the Main Reef being 50%Pt, 45%Pd, and 5%Au, plus 0.1%Cu to generate the profile shown in Table 4. We have also assumed that the reserve grade falls by 10% due to dilution, to 3.25g/t, and the PGM recoveries can improve to 80%. This results at 2.1mtpa in production ~175,000ozpa 3E PGM, or ~88,000ozpa Pt. It should be noted that **our model for Kalplats is a preliminary estimate**, since greater definition is expected from the two planned drilling campaigns that form the PFS and the BFS. There could also be other metal credits from some of the other PGMs or even minor nickel, since all the historic samples do not appear to have been fully assayed. **It should be recognised that this production scenario is an ERA scenario, and is just one of a number of possible scenarios that could occur.**

Table 4. Production and Cashflow Estimate for Platinum Australia Limited

PLA's A\$8.6m in net cash includes \$2.6m for Smokey Hills...

...with the balance enough to complete Smokey's BFS

We have allowed for a 2.5% PGM royalty & 2% base metal royalty from July 2010...

..although they have yet to be promulgated...

...and reduced the revenues by allowing for a 20% refining fee.

We have provided for a 10% relinquishment in BEE with the monies used to partly finance the PFS and BFS on Kalplats

Using Current (23 Mar 06) prices increases the NPV by almost 50% as shown in the sensitivity table below

Platinum Australia Smokey Hills (100%)	55.5Ac	2006e	DH06e	JH07e	2007e	2008e	2009e	2010e
Year end June					1	2	3	4
Milling	000t		20	180	200	620	720	720
O/cut Tonnes Milled	000t		20	180	200	600	200	0
U/grnd Tonnes Milled	000t		0	0	0	20	520	720
4E PGM	g/t		5.0	5.2	5.2	5.2	5.2	5.2
4E PGM In-situ	000oz		3	30	33	104	120	120
4E PGM Sold	000oz		3	26	28	88	102	102
Platinum Sold	000oz		1	12	13	40	46	46
Kalplats (100%)								
O/cut Tonnes Milled	000t						1600	2100
3E PGM	g/t						3.63	3.25
3E PGM In-situ	000oz						186	219
3E PGM Sold	000oz						145	176
Platinum Sold	000oz						73	88
Attributable (Smokey 70%, Kalplats 49%)								
PGM Sales	000oz		1.9	17.9	19.8	61.7	142.9	157.6
Platinum	000oz		0.9	8.1	8.9	27.8	67.9	75.2
Palladium	000oz		0.8	7.9	8.7	27.1	63.6	70.2
Rhodium	000oz		0.2	1.8	2.0	6.2	7.2	7.2
Gold	000oz		0.0	0.2	0.2	0.6	4.3	5.0
Nickel	t		4	37	41	128	149	149
Copper	t		1	11	12	38	554	713
Prices and Net Revenues								
Platinum : US\$1000/oz, Palladium : US\$250/oz, Rhodium : US\$3000/oz, Gold : US\$550/oz, Smokey : US\$865/oz, Kalplats : US\$638/oz								
Base Metals : Nickel : US\$13200/t (US\$6.00/lb), Copper : US\$4200/t (US\$1.91/lb).								
Smokey Hills PGM Revenue	US\$m		1.3	12.4	13.7	42.7	49.6	49.6
Kalplats PGM Revenue	US\$m		0.0	0.0	0.0	0.0	36.3	43.9
Smokey Hills Total Revenue	US\$m		1.4	12.9	14.3	44.3	51.4	51.4
Kalplats Total Revenue	US\$m		0.0	0.0	0.0	0.0	38.2	46.2
Total Revenue	US\$m		1.4	12.9	14.3	44.3	89.6	97.6
Costs								
(Smokey Hills based on mining o/cut ZAR100/t, u/g ZAR165/t, milling ZAR42/t, Admin ZAR10/t)								
(Kalplats based on mining o/cut ZAR90/t, milling ZAR40/t, Admin ZAR10/t)								
Operating	US\$m		0.3	3.1	3.4	10.8	33.9	40.9
Royalties (2.5%PGM, 2%Base)	US\$m		0.0	0.0	0.0	0.0	0.0	0.0
Total Costs	US\$m		0.3	3.1	3.4	10.8	33.9	40.9
4E PGM Cost Smokey Hills	US\$/oz		179	173	173	175	226	246
3E PGM Cost Kalplats	US\$/oz		0	0	0	0	248	270
By-prod credits	US\$m		0.7	6.8	7.6	23.4	37.3	39.5
Cash cost	US\$m		-0.4	-3.7	-4.1	-12.6	-3.4	1.4
Cash cost Platinum Smokey	US\$/oz		-439	-465	-463	-454	-340	-294
Cash cost Platinum Kalplats	US\$/oz		0	0	0	0	212	252
D & A : Sm : 75/oz, K: 90/oz	US\$m		0.1	1.3	1.5	4.6	11.8	13.1
Total Expenses	US\$m		0.5	4.4	4.9	15.4	45.7	54.0
EBIT	US\$m		0.9	8.5	9.4	28.9	43.9	43.6
Interest Paid	US\$m		0.0	-0.5	-0.5	-2.9	-2.7	-1.3
EBT	US\$m		0.9	9.0	9.9	31.8	46.6	45.0
Tax	30%		0.3	2.7	3.0	9.5	14.0	13.5
NPAT	US\$m		0.6	6.3	6.9	22.2	32.6	31.5
Distrib Pft	US\$m		0.6	6.3	6.9	22.2	32.6	31.5
0.74	A\$m		0.8	8.5	9.4	30.0	44.1	42.5
EPS (169m + 15m)	Ac		0.5	4.6	5.1	16.3	23.9	23.1
PER	x		n/a	n/a	10.9	3.4	2.3	2.4
Add D & A	US\$m		0.1	1.3	1.5	4.6	11.8	13.1
Simple Cashflow	US\$m		0.8	7.6	8.4	26.9	44.4	44.6
	A\$m		1.0	10.3	11.4	36.3	60.0	60.3
Cashflow (70% Smokey, 49% Kalplats)		2006e	DH06e	JH07e	2007e	2008e	2009e	2010e
Receipts from customers	US\$m		1.4	12.9	14.3	44.3	89.6	97.6
+ Net Interest	US\$m		0.0	-0.6	-0.6	-2.9	-2.7	-1.3
+ Equity Raised	US\$m		0.0	0.0	0.0	0.0	0.0	0.0
+ Loans	US\$m		10.5	14.4	24.9	42.6	0.0	0.0
Total Receipts	US\$m		11.9	26.7	38.6	84.1	86.9	96.3
- Operating Costs	US\$m		-0.3	-3.1	-3.4	-10.8	-33.9	-40.9
- Corporate Cost	US\$m		-0.4	-0.6	-0.9	-0.5	-0.5	-0.5
- Royalties	US\$m		0.0	0.0	0.0	0.0	0.0	0.0
- Capex	US\$m		-5.6	-13.7	-19.4	-52.9	-5.3	-3.3
- Oth/Sustaining Capex	US\$m		-0.7	-0.7	-1.4	-1.4	-1.2	-1.2
- Loan Repaid	US\$m		0.0	0.0	0.0	-7.0	-19.3	-26.6
- Tax Paid	US\$m		-0.3	-2.7	-3.0	-9.0	-14.0	-13.5
Total Expenditures	US\$m		-7.3	-20.8	-28.1	-81.6	-74.1	-86.0
Net Cash Flow	US\$m		4.6	5.9	10.4	2.5	12.9	10.3
	A\$m		6.2	8.0	14.1	3.4	17.4	14.0
Relinquish 10% of Smokey	A\$m	0.0	9.0	0.0	9.0	0.0	0.0	0.0
- Purchase assets	A\$m	-2.6	0.0	0.0	0.0	0.0	0.0	0.0
- Exploration	A\$m	-2.6	-1.5	-1.5	-3.0	-4.5	-3.5	-3.5
- Corporate Costs	A\$m	-6.0	-9.8	-0.8	-10.5	-1.5	-1.5	-1.5
- Net other	A\$m	0.7	-0.1	-0.1	-0.2	-0.2	-0.4	-0.4
Net cashflow	A\$m	-2.2	3.8	5.6	9.4	-2.8	12.0	8.6
NPV Base	A\$m	0.3	3.8	5.6	9.4	-2.8	12.0	8.6
NPV	A\$m		142	0.77				
	Yrs	7.50%	10		on 184m	168.8	183.8	

Table 5. Sensitivity Analysis of Platinum Australia Limited

There are very clear sensitivities to both platinum & rhodium...

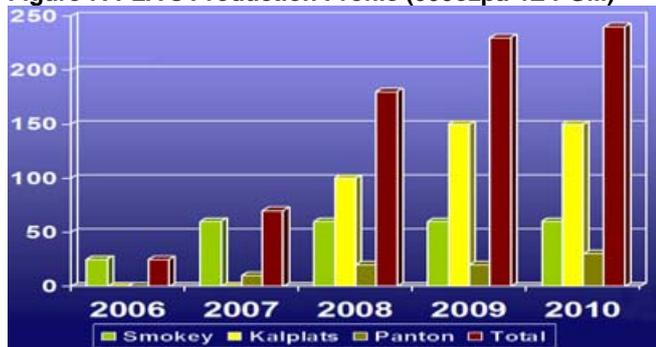
...and hence the basket prices...

A 1% lower refining charge also adds 3c to the NPV

Sensitivity Analysis	Year	NPV	2007	2008	2009	2007	2008	2009
Platinum Price		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
US\$1000/oz	1000	0.77	6.9	22.2	32.6	3.8	12.1	17.7
US\$800/oz	800	0.48	5.9	19.1	25.0	3.2	10.4	13.6
US\$1200/oz	1200	1.07	7.9	25.3	40.2	4.3	13.8	21.9
Rhodium Price		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
US\$3000/oz	3000	0.77	6.9	22.2	32.6	3.8	12.1	17.7
US\$3500/oz	3500	0.84	7.5	24.0	34.6	4.1	12.0	18.8
US\$4000/oz	4000	0.92	8.0	25.7	36.6	4.4	12.3	19.9
Basket Price (US\$/oz)		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
Base : Sm : 865 / K : 638	0	0.77	6.9	22.2	32.6	3.8	12.1	17.7
Mid : Sm : 954 / K : 666	0	0.95	7.9	25.3	37.3	4.3	13.8	20.3
Current : Sm 1042 / K : 695	0	1.13	8.9	28.4	42.0	4.8	15.4	22.9
Refining Fee		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
Base	20%	0.77	6.9	22.2	32.6	3.8	12.1	17.7
1% Lower	19%	0.80	7.0	22.6	33.4	3.8	12.3	18.2
2% Lower	18%	0.83	7.2	23.0	34.2	3.9	12.5	18.6

Potential Production – 250,000ozpa within 4 years

Figure 7. PLA's Production Profile (000ozpa 4E PGM)



Should all PLA's projects commence timeously, PLA could achieve its targeted attributable production build-up to ~250,000ozpa 4E PGM within the coming 5 years as shown from a recent presentation in Figure 7.

This profile appears to assume Kalplats treats 3mtpa for ~300,000ozpa PGM, but does not include any upside potential for extending Smokey Hills across the boundary at depth, or the significant potential extensions along strike at Kalplats.

Management

Board of Directors

Peter Allchurch – Non-Executive Chairman since June 2000. Peter is a geologist with almost 40 years' experience in mineral and petroleum exploration, through development to production. Peter has been an executive director of a number of listed Australian resource companies since 1980.

John Lewins – Managing Director since May 2001. John is a Mineral Engineer with more than 20 years' experience in senior mining management roles developing mines from resources, through feasibility studies, commissioning and profitable mining in Africa, the former Soviet Union and Australia.

Michael Blakiston – Non-Executive Director since June 2000. Michael is a solicitor in the firm Blakiston and Crabb who has practised extensively in the field of corporate and resource law and has held and still holds a number of directorships with mainly Australian listed resource companies.

Eric Hughes – Non-Executive Director since June 2000. Eric is a Chartered Accountant with more than 20 years' experience. During the last 13 years, Eric has been directly involved in the management or directorship of mining and petroleum companies, involving project evaluation, development & operations.

Lex Hansen – Non-Executive Director since January 2004. Lex has more than 35 years' experience in senior positions in the mining industry in a career spanning exploration, mine operations and development, corporate finance, stockbroking and investment. Lex has held a number of directorships.

Gillian Swaby – Company Secretary

Senior Management

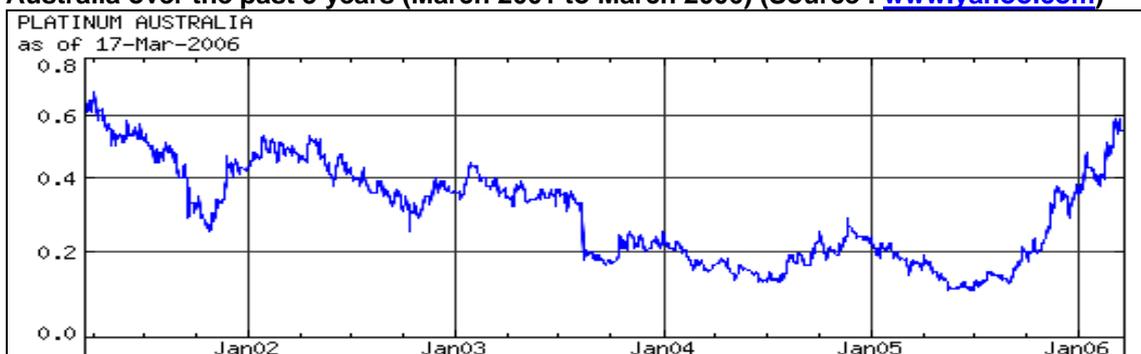
Tony Greenaway – Manager Geology & Resources since late 2000. Tony is a Geologist with almost 15 years' experience in mineral exploration and resource development. Tony is currently managing the feasibility study for the Smokey Hills and the Kalplats Projects.

Richard Wallis – General Manager, South Africa since late 2004. Richard is a Mining Engineer with over 20 years' senior management experience in managing and developing mining operations from resource through to production in Africa and Central Europe.

Chart of Platinum Australia over the past 5 years (March 2001 to March 2006) (Source : www.yahoo.com)

PLA has returned to previous resistance at about 60c...

....and appears capable of rising further



Disclosure

Platinum Australia Limited commissioned Keith Goode (who is an Authorised Representative with Taylor Collison Ltd ACN 008 172 450, and is a consultant with Eagle Research Advisory Pty Ltd ACN 098 051 677) to compile this report, for which Eagle Research Advisory Pty Ltd has received a consultancy fee. At the date of this report Keith Goode and his associates held interests in shares issued by Platinum Australia Limited. At the date of this report, Taylor Collison Limited or their associates within the meaning of the Corporations Act, may hold interests in shares issued by Platinum Australia Limited.

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