Platinum Mining Corporation of India PLC Annual Report and Accounts 2005

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‘We want to develop India’s first world-class platinum mining operation’

- 1 in 4 companies in the mining sector on AIM are in exploration mode
- Our lease area is already known to contain a PGM resource
- Initial CMMI compliant in ground resource is $340 million
- Pre-mined material initial valuation $665 million
- CPR report quote: ‘the mineralization is more pervasive than was at first thought’
- First class, world respected, joint venture partner

Contents

Operational highlights

Sample grades shown to be as initially estimated

Pre-mined stockpile samples shown to be averaging 1.75 g/T Pt and Pd

Drillers on site commenced first 5,000m drilling

Extensive channel samples taken from exposed face of mine

Underground access allows for sampling at depth

Mineralisation 2km long by 74m wide by >200m depth

Chairman's statement

It has been a significant year for PMCI: a year where we achieved our goals of raising a substantial amount of finance and took the significant step of floating the Group on AIM. This has laid a strong platform for the future growth of the Group.

We raised £1 million in pre-IPO funding in the latter part of 2004 before our flotation on AIM on 19 April 2005 and raising £14 million (before costs) in our placing. The loss on ordinary activities for the Group for the year ending 31 July 2005 was £0.9 million reflecting our initial investments in the people and resources needed to move the business forward. Our cash balance was £12.1 million at the year end. We anticipate completing a JORC compliant resource statement on the deposit at Boula, Orissa, India in the second half of the calendar year 2006 and moving to a feasibility study in early 2007.

'After a four-times over-subscribed IPO, we accepted £14 million at flotation'

Business development

Since our flotation in April 2005, we have made progress at the mine site in Boula. We have hired an expert team of geologists and mineral industry professionals to run our mine exploration and development operations and have appointed Mining Associates of India to complete the 17,500 metres of diamond drilling as outlined in our prospectus. Of this, 5,000 metres is to be drilled by the middle of the first quarter of calander year 2006. Independent assays of previously mined material have begun and we have worked closely with our partner, FACOR, to organise practical matters at the site and progress the local formalities we need to resolve before mining commences. The rights to explore for PGMs have been included in FACOR's mining lease and FACOR are committed to applying for approval to the transfer of the lease to the joint venture company in keeping with the official administrative process that governs such lease transfers in India.

People
The Board has moved swiftly to strengthen the management team following the departure in May of two directors, Dr Steven Newbery and Ms Lisa Pickering. We have appointed a highly qualified geologist, experienced in mine evaluation work, as exploration manager. Working with him is an experienced and able team of international exploration geologists working in tandem with Indian specialists. We are also in discussions with SRK consultants, our Competent Person in the Group's prospectus issued at the time of our flotation. They have agreed to provide technical audit and other services.

I would like to thank our non-executives for their active involvement, and especially Patrick Gorman for stepping into the breach during the Monsoon season to move forward technical recruitment and other operational matters. In August, our Board was further strengthened by the recruitment of Alan Kingsley as a Non-Executive Director. Alan brings to the Group his expertise in corporate governance and mining sector transactions. PMCI's management approach is built on corporate best practice. To date we have demonstrated our commitment to robust corporate governance and professional management, and we will continue actively to involve independent experts when needed.

Community relations
We are committed to taking forward the Boula platinum project and are looking forward to regenerating the existing mining operation there, a move that will generate economic and social benefits for this part of Orissa, not least through the creation of employment opportunities. In addition, the Board will consider setting aside some of the future mining profits to fund community projects.

Outlook
In the last 12 months we have had a successful year, raising seed capital, substantial institutional investment, and floating the Group on AIM. Operationally we have also moved forward, expanding our team of experts, deepening our joint venture with FACOR, and progressing the exploration project at Boula. Based on work currently under way, I believe that within the next 12 months we will know the true scale and quality of our PGM asset at Boula and we will be developing further our understanding of how best to proceed with the mining operation. With continuing tight cost management, I believe we will be able to complete the current phase of works at Boula and go into the next stage with more than £5 million in cash resources.

The market fundamentals for PGMs are forecast to stay positive for the foreseeable future. The platinum market remains in deficit and prices are well supported by physical and investment demand. The palladium market has seen remarkable growth in jewellery consumption particularly in China over the past two years while the offloading of inventories appears to have run its course. Consequently we believe that average PGM prices are likely to remain relatively firm and at levels that we believe will allow Boula to deliver significant returns. These returns will be enhanced by Boula's proximity to its local markets in Asia which are all set to grow strongly: India in particular, is set to be one of the biggest growth markets for PGMs.

Since flotation, we have completed a conceptual financial model and are currently in the process of verifying its main assumptions. Once verified and published, we anticipate that this model will allow the market to significantly upgrade its view of our Company value. Test results to date, whilst too limited to be statistically valid, are consistent with management's expectations of the Group's potential. We plan to release to the market during the second half of 2006 a JORC compliant resource statement.

Richard Healey
Chairman
10 November 2005

Extensive drill programme under way

Extensive channel sampling in progress

SRK to oversee progress to ensure world-class feasibility study standards

South Africa production costs $420 per ounce, estimate Indian costs per ounce, half

Sample prep lab being built at Boula

Grab samples show 25g/T PGM

4.4g/T Rhodium current maximum

5%
Boula potentially 5% of world platinum production

Our place in the market

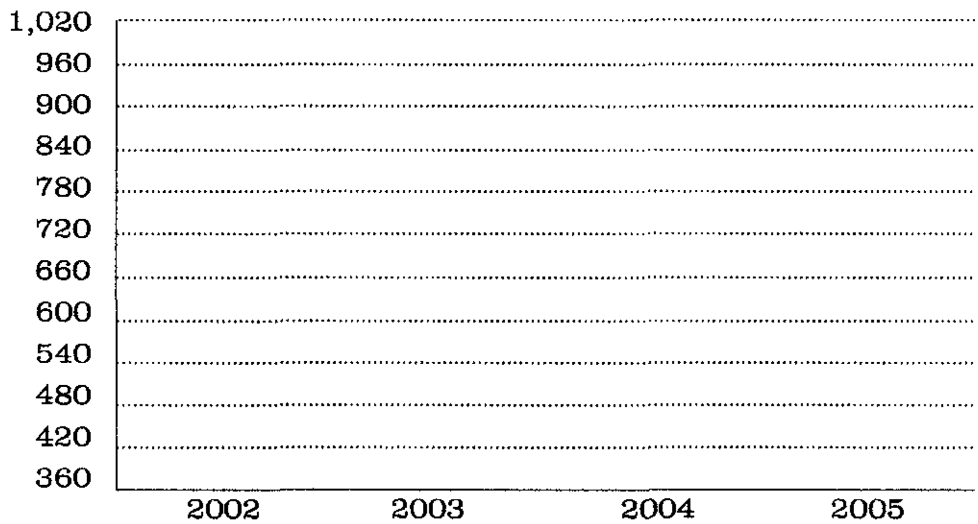
Listing forecast Pt:Pd
1:1 price $450/oz.
Current actual is +23%

+23%

Base Prices
US$ Daily*

Platinum

From 01 Jul 2001
To 10 Nov 2005



*Source: Johnson Matthey

Indian Government demonstrates commitment to enter world mining scene through modernisation and liberalisation of mining laws.

Orissa State, India's prime mining region, committed to support this sector through infrastructure development.

Johnson Matthey announces major new auto catalyst plant in India to meet exponential car owning projections in Asia.

Auto catalysts 43% of Pt market

43%

Pre-2004 industrial use under 18%. Growing at 9% pa

Ongoing industry forecast for Pt price is stable at around $900 per ounce

Mine infrastructure further developed at Boula

Strong JV partner, listed on Mumbai exchange

Current agreements cover further PGE potential projects

JV partner respected metals processing group since 1956

$6bn

World Pt supply 6.4 million oz pa worth $6 billion

32%

Growth in Pt market in last five years 32%

34%

Jewellery demand accounts for 34% of market

7.4%

Auto catalyst market growing at 7.4%

Operating review

Key achievements and objectives

Activity in last few months has focused on delivering the plans outlined at flotation to develop a full scale exploration project at Boula that is now drilling and sample checking across a wide area. The result of this work should be confirmation of the earlier exploratory results and an indication of the dimensions of the PGM deposit, supporting a decision to commence PGM mining.

The current task for the operations team is straightforward: we need to complete a series of agreed actions to our planned timetable.

September 2005 Monsoon drawing to a close. International team in place and necessary local infrastructure in place.

October 2005 Drilling contract finalised and drillers appointed and mobilised. Channel sampling of faces commenced and first 'dump' samples assay results received. International check assays under way.

November 2005 Drilling commences for first 5,000 metres. Underground sampling to provide indication of the depth and continuity of the mineralisation.

December 2005 Expected to have drilled about half of the first 5,000 metres and have further channel and underground samples tested.

Quarter 1 2006 Tests on metallurgy under way. Acceleration of drilling activity. Release of interim results.

Second Half 2006 A JORC compliant resource statement expected.

A growing market

The market for PGMs has continued to grow. Jewellery accounted for one third of global platinum consumption in 2004. Despite what is expected to be a short-term downturn reflecting some consumer resistance to recent price strength the overall secular strength of this market reflects the economic growth now under way in India, China and other parts of Asia. Auto Catalytic converters accounted for 43% of platinum consumption on a net basis. This market is expanding rapidly due to an explosion in the number of vehicles on the road in Asia. In addition, as emission controls bite harder in response to concerns over climate change, experience suggests that more PGMs will be needed in each vehicle despite attempts to thrift the metal usage.

The palladium market is dominated by usage in autocatalysts which represented half of total offtake net of catalyst recovery. Jewellery accounts for only 14% of total demand but grew nearly fourfold in 2004. It may be expected that the trend to the lower value metal will continue which will benefit palladium but hamper price advances in platinum. Nevertheless we believe that the average price for the metals that we expect to be producing at Boula will remain reasonably firm for the foreseeable future.

Building a competitive position

PMCI intends to build a strong position in these attractive markets. We are well placed geographically in Asia and, if we reach production in the timeframe anticipated, we will be the only producer within one of tomorrow's major new PGM customer countries. More importantly, our cost of production is expected to be relatively low. The state of Orissa provides a low-cost environment, enhanced by its creation of new infrastructure and its long history of mining. In addition, we will use the best of international practice in open cast mine optimisation, with a focus on keeping processing costs to a minimum.

From our work to date, we believe that a proportion of the PGMs at Boula are associated with the sulphides and thus we may be able to use leaching methods in the recovery process for part of the deposit. This is currently under further investigation.

At present, platinum costs typically $420 per ounce to produce in South Africa, the source of nearly 80% of all platinum. Based on our model we believe we can achieve costs per ounce at about half this level. There are many factors to take into account, but this has to be seen as one significant characteristic of the project.

Strategy and prospects

The Group's objectives are to build a significant PGM business taking its place among the world's lowest cost producers. We believe that we are well positioned to deliver this.

Orissa is a state with strong mining credentials and is now quickly developing its economy and infrastructure. The State Government is working closely with us and our partner FACOR and the success of our project is now recognised as being of wider interest to India.

The mine at Orissa is not a typical greenfield exploration play. It has been a chromite mine for 30 years and FACOR our partner and a leading French institute have both done work that shows that a sizeable PGM resource exists and we believe that there is the potential for a profitable PGM mine to be developed. Unlike most of the world's current platinum, the platinum in Boula is close to the surface, not deep underground, and there are substantial stockpiles of pre-mined material on the site.

We are carrying out the necessary work programmes with skilled professionals, independent oversight and review, and with a conservative and disciplined approach to the job. The current priority is to complete the actions necessary to get us to a decision to mine in 2007. Beyond that we will be choosing partners and funding methods for optimising the next phase.

Financial review

PMCI took some major steps forward during the year ended 31 July 2005. We raised enough funds in April to more than cover the cost of completing the promised work programme, and that programme is now under way. We aim to produce a resource statement next year and to reach a decision to mine a few months after that. We expect to have sufficient funds at the end of this stage to give us a strong position going into the next phase of our development.

Operating results

Our Group operating loss for the year was £1.0 million. In the year, the Group generated no revenue but earned an income of £0.1 million in interest, reducing the overall loss on ordinary activities to £0.9 million. The Group's cash costs were principally flotation-related fees and corporate development costs. The cash costs of listing represent approximately 60% of total cash expenditure in the year. In India, a modest amount of expenditure has brought us considerable value in terms of our knowledge, rights and infrastructure. It has always been a prime aim of PMCI to leverage high value assets from minimised expenditure with an overhead structure that is tightly managed. Having floated in London and having established an appropriate public company infrastructure, we now have our efforts devoted to work in India. Our budgets for the year from 1 August 2005 show that the majority of spend will be in India and focused on the mining operation.

Cash management

PMCI operates principally through Sterling bank accounts held by PMCI (UK) Limited. We maintain Indian Rupee bank accounts at our two Indian subsidiaries and transfer money to them as required to cover operating expenditure. Since listing, the Group has held deposits at Barclays Bank, totalling on average about £12 million. The Board has decided that some of this money may in future be invested in instruments other than simple bank treasury deposits. Any instruments used will be with major international financial institutions, and they will be simple and transparent products designed to optimise interest income without risking capital.

Board of directors

Richard Healey
Executive Chairman, age 58
Richard Healey joined PMCI as its Executive Chairman in 2002 a few months after its formation. Along with the founders, who have now left the Group, Richard played a central role in making PMCI what it is today.

Richard holds a degree in Mechanical Engineering and has studied commercial law and finance. In addition, he has guest lectured in the USA and the UK in both general and international management practice and operations on the MBA programmes at institutions such as UMIST, Georgia State University Business School, and the British Army's School of Management.

Richard's career has involved commercial and operational management at senior level in a range of global industrial organisations, mostly in leadership roles as chief executive and chairman. His first joint venture in India was in 1982 and since then, Richard has had very wide-ranging experience in India and the rest of Asia. After a spell as President of Alcatel's cable accessory group based in the USA, Richard ended the 1990s as Group Chief Executive of the main Asia-focused arm of Morgan Crucible PLC. He was then appointed as Chairman of AEI and soon afterwards became involved in PMCI, where he now works full time as the Senior Executive in the Group.

Malcolm Groat
Finance Director, age 44
Malcolm was brought in to join the board at PMCI in 2004 to help raise pre-IPO funds (£1 million in late 2004) and to float the Group (£14 million in April 2005). He is a full-time Executive Director with a wide brief in the business.

Malcolm graduated from St Andrews University with an MA in International Relations, then qualified with PricewaterhouseCoopers London as a Chartered Accountant. He worked in corporate finance, strategy consulting and investment banking in the UK, USA and Middle East and graduated with an MBA from Warwick University in 1992. In his career as finance director, Malcolm has served in T&N Plc and Morgan Crucible Plc, two FTSE 250 UK engineering groups, as Finance Director of large global divisions, and in two large global services groups as Group Finance Director. Malcolm has international experience, including the management of fast-growing operations in Asia.

Dr Robert Weinberg
Non-Executive Director, age 58
Rob Weinberg is a well-respected figure in the world of metals and mining and he joined the board in January 2005.

Rob gained his doctorate in geology from Oxford University. He has more than 30 years' experience of the international mining industry and is an independent mining research analyst and consultant. Prior to his current activities he was Managing Director, Institutional Investment at the World Gold Council, and a Director of Gold Bullion Securities. Previously he was a director of the investment banking division at Deutsche Bank in London after having been head of the global mining research team at SG Warburg Securities. He has also held senior positions within Société General and was head of the mining team at James Capel & Co. He was formerly marketing manager of the gold and uranium division of Anglo American Corporation of South Africa Ltd. Rob also currently sits as a Non-Executive Director on the board of Falkland Gold and Minerals Ltd. and on the committee of the Association of Mining analysts.

Patrick Gorman
Non-Executive Director, age 52
Patrick is a renowned international consultant in the mining sector and he joined the board of PMCI in January 2005. Patrick has been actively involved in shaping the current phase of evaluation work at Boula.

Patrick holds a BSc (Hons) degree in Mining Engineering from University of London, Imperial College and an MSc in Mining Engineering from Colorado School of Mines, USA. He is a Chartered Engineer (CEng) and European Engineer (EurIng) with 30 years experience in the mining industry in all aspects of operations, development and consulting. Patrick has worked for the Anglo American Corporation of South Africa; Utah International Inc (now part of BHP-Billiton plc) in the USA and Chile; Cluff Resources plc in the UK, Chile and Zimbabwe; and the United Nations Mission in Kosovo (UNMIK). Patrick's previous roles have included Development Engineer for Minera Escondida Limitada; Managing Director of Mineral Resources Development Limited; Vice President of Micon International Limited and Director Gerente of Signet Ingenieria S.A. (now part of the Fluor Daniel group).

Patrick has extensive experience in the preparation of pre-feasibility and feasibility studies and in preparing due diligence for acquisition, financing and development decisions. In the past Patrick has provided independent engineer reports for debt financing and competent person's reports and NI-43-101 compliant documents for raising equity in major stockmarkets. He is currently a Principal Associate of Independent Engineers (Australia) Pty Ltd; Vice President Development of MCK Mining Corporation; Director of Nyanza Goldfields Limited and Managing Director of Puma Resources Limited.

Alan Kingsley
Non-Executive Director, age 58
Alan is well-known in the London market and in the mining sector, having led the KPMG practice in this area. He became a Director of PMCI in August 2005.

Alan joined KPMG, the global professional services organisation, in 1971 after qualifying as a Chartered Accountant in 1970. He became a partner in 1984, undertaking a range of audit, advisory and corporate finance work for public and private companies of all sizes. At KPMG he specialised in the natural resources, chemicals and construction sectors. He retired from the KPMG partnership in 2002.

In the natural resources practice of KPMG, he advised a number of high profile clients on a variety of corporate finance transactions, including de-mergers, public flotations on the London Stock Exchange, acquisitions and privatisations.

Directors' report

Report and financial statements
The Directors present their Annual Report and the audited financial statements for the year ended 31 July 2005. On 15 March 2005, a new holding company was formed and it is this which is listed on AIM as Platinum Mining Corporation of India PLC ('PMCI PLC').

Principal activity
The principal activity of the Group is the evaluation of Platinum Group Metal mineralisation at the Boula Mine in Orissa, India, leading to mine development at the site. The Group is also leveraging its considerable contacts and knowledge in India to expand the geographical area of PGM activity.

Going concern
In common with many exploration companies, the Group raises finance for its exploration and development in discrete tranches. Further funding is raised as and when required. At present the Directors believe that the Group has more than enough funding to cover its exploration work at Boula up to a decision to mine.

Results, review of the business and future prospects
The consolidated profit and loss account is set out on page 15. The Directors' report should be read in conjunction with the Chairman's statement, the Operating review, and the Financial review on pages 2 to 8 which include information about the Group's business and performance during the period and an indication of future prospects.

Proposed dividend
The Directors do not recommend the payment of a dividend.

Changes in share capital
A statement of changes in share capital is set out in note 16 to the financial statements.

Supplier payment policy
The Group does not follow any specific external code or standard on payment terms. Instead, responsibility for determining payment terms is delegated to the individual businesses within the Group which take into account local market and industry practice. As a Group, the policy for determining payment terms is either to agree terms of payment at the start of a binding contract or to ensure that the supplier is aware of the individual businesses' usual payment terms. Payment is made in accordance with contractual and other legal obligations, and reflects local market practices.

At the year end there were 108 days purchases in trade creditors. This figure is inflated by fees relating to the Listing that were settled in August. A more typical level of creditor days experienced by the Group is around 30 days.

Directors and directors' interests
The Directors who held office during the period are set out as follows:
Formation Directors:

Mitre Directors Limited	resigned 18 March 2005

Other Directors:

Richard Healey	Appointed 18 March 2005
Malcolm Groat	Appointed 18 March 2005
Steven Newbery	Appointed 18 March 2005, ceased 4 June 2005
Lisa Pickering	Appointed 18 March 2005, ceased 4 June 2005
Robert Weinberg	Appointed 18 March 2005
Patrick Gorman	Appointed 18 March 2005

Alan Kingsley did not hold office during the financial year but became a Director of the Company on 1 August 2005.

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company according to the register of director's interests:

	Share options						Shares	
	At 31 July 2004	Granted	Exercised	At 31 July 2005	Option price	Exercise period	At 31 July 2004	At 31 July 2005
Richard Healey	Nil	1,756,364	Nil	1,756,364	22p	To 6/4/15	17,857,000	18,021,000
Malcolm Groat	Nil	3,161,455	Nil	3,161,455	22p	To 6/4/15	1,786,000	1,916,000
Robert Weinberg	Nil	878,182	Nil	878,182	22p	To 10/4/15	210,000	210,000
Patrick Gorman	Nil	878,182	Nil	878,182	22p	To 10/4/15	157,000	157,000

Major shareholdings

	Number of shares held at 31 July 2005	Number of shares held at 31 July 2004	% of all shares 31 July 2005	% of all shares 31 July 2004
Steven Newbery*	39,184,000	39,184,000	22	39
Richard Healey	18,021,000	17,857,000	10	18
Lisa Pickering*	12,800,000	12,800,000	7	13
Mellon Nominees Ltd	12,520,800	Nil	7	–
Ramon Newbery*	10,374,098	12,800,000	6	13
State Street Nominees Ltd	9,090,910	Nil	5	–
E Trade Securities Ltd	6,409,416	Nil	4	–
Bank of New York Nominees Ltd	5,723,458	Nil	3	–

*These holdings are now held through Fitel Nominees Ltd.

International Financial Reporting Standards

The Group will prepare its consolidated accounts for the year ending 31 July 2008 in accordance with International Financial Reporting Standards (IFRS) that have been endorsed by the European Union (including IFRS 6). AIM rules require conversion to IFRS for accounting periods on or after 1 January 2007 for AIM listed companies and as such the transition date for the Group will be 1 August 2006 and the first reporting under IFRS will be for the six months ended 31 January 2008.

The adoption of the relevant standards is expected to have a minimal impact on the reported losses and net assets of the Company but will result in a significant change in the level of disclosure required. The introduction of IFRS 2 will result in a change in the accounting for share-based payments. Where share options do not vest immediately on grant, the Group will charge the fair value of these options to the income statement over the vesting period. The introduction of IFRS 6 may alter the classification of assets but the carrying values are likely to remain unchanged. The Company is currently assessing the full impact of adopting IFRS on its results and financial statements.

Corporate Governance

The Directors are aware of the Combined Code applicable to listed companies. As a company which is quoted on AIM, the Company is not required to comply with the Combined Code. However all of the Directors view Corporate Governance as important and have taken the following steps to try and comply with its spirit and with its main provisions as far as is practicable having regard to the size of the Group.

Board structure and its committees

The Board now comprises of two Executive Directors and three Non-Executive Directors. Mr Alan Kingsley joined the Board as the third Non-Executive Director on 1 August 2005.The Board meets regularly throughout the year and meets additionally as issues arise which require board attention. The Board considers it important that from time to time its meetings should take place in India and that all Directors should make themselves familiar with the mine site itself. All current Directors have been to the mine and the Board met in India as recently as 7 October 2005.

Biographies of the Directors are set out on page 9 of this Annual Report.

The Chairman conducts Board and shareholder meetings and ensures that all Directors are properly briefed in a timely manner. The Directors are responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and senior personnel appointments. There is an agreed procedure for the Directors to take independent professional advice at the Company's expense, to have access to the Company Secretary and to receive appropriate training where necessary.

Directors' report continued

The Company has in place a Nominations Committee to appoint new Directors on merit, and all Directors are required to retire by rotation every three years, being able to offer themselves for re-election if eligible. The Company also has in place an Audit Committee, a Remuneration Committee and a Technical/Health, Safety, Environment and Community Committee. These committees, described further below, comprise only Non-Executive Directors, though executives may be invited to attend.

The Nominations Committee currently comprises Robert Weinberg (Chair), Patrick Gorman and Alan Kingsley, with Richard Healey in attendance.

The Audit Committee currently comprises Alan Kingsley (Chair) and Robert Weinberg, with Malcolm Groat in attendance. It meets at least twice a year and is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. It liaises with the auditors and reviews the reports from the auditors relating to the accounts and internal control systems. Mindful of the challenges that exist in the Group's main area of operation, the Committee supports the Finance Director in being committed to striving for best practice, as tailored to the Group's needs and size.

The Remuneration Committee currently comprises Robert Weinberg (Chair), Patrick Gorman and Alan Kingsley. Richard Healey is invited to attend meetings from time to time as appropriate. No Director may participate in discussions or decisions of the committee directly affecting their own remuneration. The Committee reviews the performance of the Executive Directors and sets the scale and structure of their remuneration on the basis of their service agreements with due regard to the interests of the Company's shareholders and the Group's performance. The Committee also makes recommendations to the Board regarding employee incentives, including the allocation of share options to employees.

The Technical and Health, Safety, Environment and Community Committee ("Tech & HSEC Committee") currently comprises Patrick Gorman (Chair) and Robert Weinberg, with Richard Healey, Malcolm Groat and other senior employees of the Group being in attendance as required. This Committee reviews periodically, and advises upon, the technical framework and practices operated by management, and oversees the application of suitable policies in respect of health and safety, and the environment.

Relations with shareholders

The Directors regard communications with the shareholders as a vital activity. The Executive Directors regularly speak to investors and analysts during the year. Press releases are also issued through the year concerning matters of interest and key developments. The Company's website (www.pmciplc.com) carries a range of useful current information about the Group.

Internal controls

The Board takes seriously its responsibility for establishing and maintaining adequate financial controls in the Group and for setting and policing high standards of personal integrity amongst employees who might be in a position to cause material misstatement or loss. During the year the Board's commitment to this was demonstrated in the dismissal of two Executive Directors, as announced in June 2005.

Operating financial procedures are reviewed on a regular basis as are compliance matters, and the Board sees its work in this area as an ongoing process of identifying and managing the significant risks faced by the Group.

Going concern

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the Going Concern basis in preparing the financial statements.

Political and charitable contributions

The Group made no political donations and no charitable donations.

Auditors

Following incorporation, the Board of Directors appointed KPMG Audit Plc as the Group's auditors. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Malcolm Groat
Company Secretary
10 November 2005

Arena Business Centre
Holy Rood Close, Poole, BH17 7FJ

Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period, and of the profit or loss of the Company and Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the Going Concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Platinum Mining Corporation of India PLC

We have audited the financial statements on pages 15 to 30.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The Directors are responsible for preparing the Directors' report and Annual Report. As described on page 20, the financial statements are in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 July 2005 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

10 November 2005

Consolidated profit and loss account

for the year ended 31 July 2005

	Note	2005 £	2004 £
Administrative expenses		(1,051,217)	(156,591)
Operating loss	2	(1,051,217)	(156,591)
Other interest receivable and similar income	2,6	108,184	335
Loss on ordinary activities before taxation	3	(943,033)	(156,256)
Tax on loss on ordinary activities	7	–	–
Loss on ordinary activities after taxation		(943,033)	(156,256)
Minority interests – equity	18	12,341	7
Retained loss for the financial year		(930,692)	(156,249)

		2005 pence	2004 pence
Basic and diluted loss per ordinary share	8	(0.7)	(0.1)

Loss on ordinary activities after taxation for the current and prior years arose on continuing operations.

The notes on pages 20 to 30 form part of the financial statements.

Consolidated balance sheet

at 31 July 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	9	98,205	2,294
Current assets			
Debtors	12	498,422	366
Cash at bank and in hand		12,054,615	89,827
		12,553,037	90,193
Creditors: amounts falling due within one year	13	(492,784)	(212,414)
Net current assets/(liabilities)		12,060,253	(122,221)
Total assets less current liabilities		12,158,458	(119,927)
Creditors: amounts falling due after more than one year	14	(9,410)	(11,443)
Net assets/(liabilities)	2	12,149,048	(131,370)
Capital and reserves			
Called up share capital	16	79,036	50,400
Share premium account	17	12,209,720	–
Merger reserve	17	1,014,980	25,582
Profit and loss account	17	(1,142,312)	(207,317)
Equity shareholders' funds/(deficit)		12,161,424	(131,335)
Minority interests – equity	18	(12,376)	(35)
		12,149,048	(131,370)

The notes on pages 20 to 30 form part of the financial statements.

These financial statements were approved by the Board of Directors on 10 November 2005 and were signed on its behalf by:

Malcolm Groat
Director

Company balance sheet
at 31 July 2005

	Note	2005 £
Fixed assets		
Investments	10	50,400
Current assets		
Debtors	12	12,328,480
Net assets		12,378,880
Capital and reserves		
Called up share capital	16	79,036
Share premium account	17	12,209,720
Profit and loss account	17	90,124
Equity shareholders' funds		12,378,880

There is no comparative information as the Company was incorporated on 15 March 2005 and this is the first financial period.

The notes on pages 20 to 30 form part of the financial statements.

These financial statements were approved by the Board of Directors on 10 November 2005 and were signed on its behalf by:

M J Groat

Malcolm Groat
Director

Consolidated cash flow statement
for the year ended 31 July 2005

	Note	2005 £	2004 £
Reconciliation of operating loss to net cash flow from operating activities			
Operating loss		(1,051,217)	(156,591)
Depreciation charges		5,365	855
(Increase)/decrease in debtors		(498,056)	262
Increase in creditors		379,808	78,609
Net cash outflow from operating activities		(1,164,100)	(76,865)
Cash flow statement			
Cash flow from operating activities		(1,164,100)	(76,865)
Returns on investments and servicing of finance			
Interest received		108,184	335
Capital expenditure and financial investment			
Expenditure in respect of fixed assets		(100,604)	(737)
Cash outflow before financing		(1,156,520)	(77,267)
Financing			
Issue of ordinary share capital		14,899,370	75,232
Share issue costs		(1,761,644)	–
Receipt of shareholder loan		–	90,028
Repayment of unsecured loan		(11,414)	–
Increase in cash in the period		11,969,792	87,993
Reconciliation of net cash flow to movement in net funds	21		
Increase in cash in the period		11,969,792	87,993
Issue of debt due within one year		–	(90,028)
Repayment of debt due after more than one year		11,414	–
Change in net debt resulting from cash flows		11,981,206	(2,035)
Conversion of debt to equity		90,028	–
Exchange movement		(4,975)	2,551
Movement in net debt in the period		12,066,259	516
Net debt at the start of the period		(11,644)	(12,160)
Net funds/(debt) at the end of the period		12,054,615	(11,644)

Consolidated statement of total recognised gains and losses

for the year ended 31 July 2005

	2005 £	2004 £
Loss for the financial year	(930,692)	(156,249)
Currency translation differences on foreign currency net investment	(4,303)	2,551
Total recognised gains and losses relating to the financial year	(934,995)	(153,698)

Consolidated reconciliation of movements in shareholders' funds

for the year ended 31 July 2005

	Company	Group	
	2005 £	2005 £	2004 £
Profit/(loss) for the financial year	90,124	(930,692)	(156,249)
Other recognised gains and losses relating to the year (net)	–	(4,303)	2,551
New share capital subscribed (net of issue costs)	12,288,756	12,288,756	75,232
Group reorganisation	–	989,398	–
Merger accounting	–	(50,400)	–
Net reduction/(increase) in equity shareholders' funds/(deficit)	12,378,880	12,292,759	(78,466)
Opening equity shareholders' deficit	–	(131,335)	(52,869)
Closing equity shareholders' funds/(deficit)	12,378,880	12,161,424	(131,335)

Notes
forming part of the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Group reorganisation

The Company was incorporated on 15 March 2005 and registered in England and Wales under the Companies Act 1985 as a private company limited by shares, with registered number 5301897 under the name Intercede 2029 Limited.

The name of the Company was changed on 16 March 2005 to Platinum Mining Corporation of India (UK) Limited.

On 7 April 2005 the Company acquired the whole of the issued share capital of PMCI (UK) Limited in exchange for the transfer of 112 million ordinary shares of 0.045 pence each to the shareholders of PMCI (UK) Limited.

On 8 April 2005 the Company changed its name to Platinum Mining Corporation of India Limited and was re-registered as a public company. The liability of the members is limited. The principal legislation under which the Company was formed and operates is the Companies Act 1985 and the regulations made thereunder. The Company operates as the holding company for a group of companies whose principal activity is the acquisition, exploration and development of precious and associated metals.

The Group consolidated financial statements treat the reorganisation in accordance with the merger accounting principles set out in Financial Reporting Standard 6 and Schedule 4(A) to the Companies Act 1985. The consolidated financial statements are therefore presented as if the business previously carried out through PMCI (UK) Limited had always been owned and controlled by the Company throughout the periods presented.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 31 July 2005. Unless otherwise stated the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computers and office equipment – 20% to 25% per annum.

Deferred exploration costs are not depreciated.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of the overseas subsidiary undertaking are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Taxation
The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred exploration costs
All directly related expenditure associated with mineral exploration and investments are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a project is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable ore reserves, the ability of the Group to obtain necessary financing to complete the development of ore reserves and future profitable production or proceeds from the disposition thereof.

Leases
Rentals paid on operating leases are charged to the consolidated profit and loss account on a straight line basis over the period of the lease term.

Post-retirement benefits
The Company does not operate any form of pension scheme.

Cash and cash equivalents
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Analysis of segmental information
All the Group's activities are related to the exploration for and the production of platinum group metals. There was no turnover in the year.

Loss before interest and taxation	2005 £	2004 £
By geographical market		
India	(25,281)	(16,424)
UK	(1,025,936)	(140,167)
Total	(1,051,217)	(156,591)

Net Interest income	2005 £	2004 £
By geographical market		
UK	108,184	335

Net operating assets/(liabilities)	2005 £	2004 £
By geographical market		
India	(52,292)	(23,427)
UK	12,201,340	(107,943)
Total	12,149,048	(131,370)

Notes continued
forming part of the financial statements

3 Loss on ordinary activities before taxation

	2005 £	2004 £
Loss on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Audit	46,216	332
Other services – fees paid to the auditor and its associates	12,500	375
Depreciation on tangible fixed assets – owned	5,365	855
Hire of other assets – rentals payable under operating leases	17,408	–

Other services provided by the auditors and their associates relate to tax services of £12,500 and transaction services relating to the Listing of £268,992. These transaction services costs have been charged to the share premium account.

4 Remuneration of directors

	Total remuneration	
	2005 £	2004 £
Richard Healey	105,278	21,750
Malcolm Groat	100,277	20,030
Robert Weinberg	16,917	–
Patrick Gorman	17,292	–
Steven Newbery	86,111	20,030
Lisa Pickering	60,833	4,173
Total	386,708	65,983

In the case of Non-Executive Directors, total remuneration represents Directors' fees. In the case of Executive Directors, total remuneration represents basic annual salaries, as paid under the different employment contracts that operated before and after the Listing.

5 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005 No.	2004 No.
Directors	5	2
Administration	1	1
	6	3

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	434,869	65,983
Social security costs	40,198	6,586
	475,067	72,569

6 Other interest receivable and similar income

	2005 £	2004 £
Bank interest	108,184	335

7 Taxation

Analysis of charge in period	2005 £	2004 £
UK corporation tax		
Current tax on charge for the period	–	–
Foreign tax		
Current tax on charge for the period	–	–
Tax on loss on ordinary activities	–	–

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2004: lower) than the standard rate of corporation tax in the UK (30%), (2004: 30%). The differences are explained below.

	2005 £	2004 £
Current tax reconciliation		
Loss on ordinary activities before tax	(943,033)	(156,256)
Current tax at 30% (2004: 30%)	(282,910)	(46,878)
Effects of:		
Expenses not deductible for tax purposes	2,101	296
Depreciation for the period in excess of capital allowances	1,609	257
Tax losses carried forward	279,200	46,325
Total current tax charge (see above)	–	–

Factors that may affect future current and total tax charges

The unrecognised deferred tax asset (note 15) may affect the future current and total tax charges if the realisability of the deferred tax asset is considered likely in future periods.

8 Loss per share

The calculation of loss per ordinary share, is based on losses of £930,692 (2004: £156,249) and the weighted average number of ordinary shares outstanding of 143,133,073 (2004: 143,133,073). There is no difference between the diluted loss per share and the basic loss per share presented as the share options are anti-dilutive.

Notes continued
forming part of the financial statements

9 Tangible fixed assets

	Group		
	Deferred exploration costs £	Computer and office equipment £	Total £
Cost			
At beginning of year	–	5,025	5,025
Exchange adjustments	–	834	834
Additions	72,189	28,415	100,604
At end of year	72,189	34,274	106,463
Depreciation			
At beginning of year	–	(2,731)	(2,731)
Exchange adjustments	–	(162)	(162)
Charge for the year	–	(5,365)	(5,365)
At 31 July 2005	–	(8,258)	(8,258)
Net book value			
At 31 July 2005	72,189	26,016	98,205
At 31 July 2004	–	2,294	2,294

The Company had no fixed assets at any time from incorporation in March 2005 to the year end at 31 July 2005. Deferred exploration and evaluation costs relate to activities at the Boula mine and are primarily personnel costs directly related to mining activities. The licence rights in respect of the Boula mine are held by the partner Ferro Alloys Corporation ("FACOR") and under the terms of the joint venture agreement, FACOR are committed to having their rights transferred to Boula Platinum Mining Private Limited as soon as possible.

10 Fixed asset investments

Company	Shares in Group undertakings £
Cost	
At beginning of year	–
Additions	50,400
At end of year	50,400
Net book value	
At 31 July 2005	50,400
At 31 July 2004	–

The investment is stated at cost and related to shares held in PMCI (UK) Limited. The Directors are satisfied that the carrying value is supported by the current market value of PMCI (UK) Limited.

11 Subsidiary undertakings

The undertakings in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation and principal place of operation	Principal activity	Class and percentage of shares held by the Company
Subsidiary undertakings			
Planet Metals India Private Limited	India	Exploration	99.96% ordinary shares
Boula Platinum Mining Private Limited	India	Exploration	70.00% ordinary shares
PMCI (UK) Limited	UK	Head Office	100.00% ordinary shares

Boula Platinum Mining Private Limited is accounted for as a 100% subsidiary undertaking for the purposes Group consolidation due to the management and control structure of the subsidiary.

12 Debtors

	Company	Group	
	2005	2005	2004
	£	£	£
Other debtors	–	–	366
Amounts owed by Group undertaking	12,321,690	–	–
Prepayments	6,790	498,422	–
	12,328,480	498,422	366

Amounts owed by Group undertaking is a receivable due from PMCI (UK) Limited which is due within one year and is subject to interest rates based on bank deposit rates.

13 Creditors: amounts falling due within one year

	Group	
	2005	2004
	£	£
Trade creditors	318,043	1,081
Taxation and social security	29,880	1,326
Other creditors	18,558	39,864
Unsecured shareholder loan	–	90,028
Accruals	126,303	80,115
	492,784	212,414

14 Creditors: amounts falling due after more than one year

	Group	
	2005	2004
	£	£
Unsecured loan from Dr Steven Newbery	–	11,443
Amounts owed to Ferro Alloys Corporation	9,410	–
	9,410	11,443

15 Deferred taxation

The elements of deferred unrecognised taxation are as follows:

	2005	2004
	£	£
Difference between accumulated depreciation and capital allowances	2,429	820
Tax losses	339,751	60,551
Unrecognised deferred tax asset	342,180	61,371

No deferred tax asset has been recognised for tax losses and difference between accumulated depreciation and capital allowances as the realisability of the deferred tax asset is not considered likely in the foreseeable future.

Notes continued
forming part of the financial statements

16 Called up share capital

	2005 £	2004 £
Authorised		
Equity: 300,000,000 ordinary shares of £0.00045 each	135,000	135,000
Allotted, called up and fully paid		
Equity: 175,636,364 ordinary shares of £0.00045 each	79,036	50,400

The Company was incorporated with an authorised share capital of £100 divided into 100 ordinary shares of £1 each of which one such ordinary share was issued nil paid to the subscriber to the memorandum of association and was subsequently paid up by the subscriber. On 18 March 2005, eight ordinary shares of £1 each were issued to the subscriber to the memorandum of association for £1 each. On 5 April 2005, the nine ordinary shares of £1 each held by the subscriber to the memorandum of association were transferred to Dr Robert Weinberg in consideration for £9.

Since the incorporation of the Company, there have been the following changes to its authorised and issued share capital.

Pursuant to a decision of the sole member of the Company passed on 5 April 2005:

(a) the authorised share capital of the Company was increased from £100 to £135,000 by the creation of 134,900 ordinary shares of £1 each to rank pari passu in all respects with the existing ordinary shares of £1 each in the capital of the Company;

(b) each ordinary share of £1 in the capital of the Company (of which nine were already in issue) was sub-divided into 2,222.22 ordinary shares of 0.45p each;

(c) the Directors were generally and unconditionally authorised to exercise all the powers of the Company pursuant to and in accordance with section 80 of the Companies Act 1985 to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £108,139, such authority to expire on the earlier of 15 months from the date of the sole member's decision or on the conclusion of the next Annual General Meeting of the Company to be held following the passing of the sole member's decision (unless renewed, varied or revoked by the Company) but so as to enable the Directors to allot relevant securities after the expiry of such period in pursuance of an offer or agreement entered into prior to such expiry;

(d) the Directors were empowered pursuant to section 95 of the Companies Act 1985 to allot for cash equity securities (as defined for the purposes of section 89 and 96 of the Companies Act 1985) as if section 89(1) of the Act did not apply to any such allotment, such power to expire on the earlier of 15 months from the date of the sole member's decision or on the conclusion of the next annual general meeting of the Company to be held following the passing of the sole member's decision (unless renewed, varied or revoked by the Company) being limited by the allotment of equity securities for cash in connection with (i) the issue of the Warrants pursuant to the WH Ireland Warrant Instrument (ii) the issue of the options to Mr. Gorman and Dr Weinberg pursuant to the Non-Executives' Share Option Plan (iii) the Placing (iv) other pre-emptive offers to shareholders and (v) otherwise up to an aggregate nominal amount of £3,952 (representing approximately 5% of the Enlarged Share Capital);

On 5 April 2005, the Company issued a total of 111,980,000 ordinary shares in consideration of the acquisition of the entire issued share capital of PMCI (UK).

Shares issued
During the year 10,453 ordinary shares of £0.01 were issued by PMCI (UK) Limited for cash consideration of £899,370. On 1 August 2004 the shareholder loan of £90,028 was converted into 1,547 common equity shares of £0.01 each in PMCI (UK) Limited. On 19 April 2005 63,636,364 ordinary shares of £0.00045 were issued by the Company for cash consideration of £14,000,000.

Share options
The Company has established a Share Option Plan under which options can be granted over ordinary shares, at the discretion of the Remuneration Committee, to selected Directors or employees of the Group. The Company has also established the Non-Executives' Share Option Plan under which options can be granted over ordinary shares to selected Non-Executive Directors of the Company.

At any time, the aggregate number of ordinary shares which have been issued by way of options granted under the Share Option Plan and the Non-Executives' Share Option Plan and the number of ordinary shares issuable under such outstanding options or awards in a rolling 10 year period may not exceed that number of ordinary shares which is equal to 10% of the Company's issued share capital at that time.

Grant of options

Options to acquire ordinary shares may be granted by the Remuneration Committee to any Director of the Company or any nominated subsidiary of the Company (a "Participating Company") who devotes not less than 25 hours per week to the business of the Company or the Group or any employee of the Company or a Participating Company provided such Director or employee is not within 6 months of retirement and provided such employee devotes substantially the whole of their working time to the business of the Company or the Group.

Options will normally only be granted in the period commencing on the fourth dealing day next following the date of the announcement of the Company's annual or interim results, and ending 42 days after such date.

No payment is required for the grant of an option and options are non-transferable. Until options are exercised, option holders have no voting or other rights in respect of the shares under option; and shares issued pursuant to the Share Option Plan will rank pari passu in all respects with the shares already then in issue except that they will not rank for rights attaching to shares by reference to a record date falling prior to the date of issue.

Acquisition price

The exercise price shall be determined by the Remuneration Committee in the case of an option to acquire shares by subscription. The exercise price shall be not less than the higher of the nominal value of an ordinary share in the Company and the market value of an ordinary share. Whilst the Company is listed on the London Stock Exchange or on AIM or on any other recognised investment exchange, market value shall be taken as the average of the mid-market price for the 3 dealing days immediately preceding the date of grant.

Exercise of options

Options may be exercised at any time between the third and tenth anniversaries of their date of grant provided that any exercise conditions to which they are subject have been fulfilled and that the option holder is an employee or Director of the Company or any other company in the Group at the time of exercise.

The table below shows the number of share options held at 31 July 2005 under the Company's share options schemes.

	At 31 July 2004	Granted	Exercised	At 31 July 2005	Option price	Exercise period
Richard Healey	–	1,756,364	–	1,756,364	22 pence	6 April 2015
Malcolm Groat	–	3,161,455	–	3,161,455	22 pence	6 April 2015
Umesh Sahdev	–	351,273	–	351,273	22 pence	6 April 2015
Robert Weinberg	–	878,182	–	878,182	22 pence	10 April 2015
Patrick Gorman	–	878,182	–	878,182	22 pence	10 April 2015
	–	7,025,456	–	7,025,456		

At 31 July 2005, 4,390,909 warrants granted on 19 April 2005 in favour of WH Ireland were unexercised. The exercise price of these warrants is 22 pence and the exercise period ends on 18 April 2008.

Notes continued
forming part of the financial statements

17 Reserves

	Merger reserve	Share premium account	Profit and loss account
Group			
At beginning of the year	25,582	–	(207,317)
Retained loss for the year	–	–	(930,692)
Currency translation	–	–	(4,303)
Premium on share issues	–	13,971,364	–
Share issue costs	–	(1,761,644)	–
Group reorganisation	989,398	–	–
At end of year	1,014,980	12,209,720	(1,142,312)
Company			
At beginning of the year	–	–	–
Retained profit for the year	–	–	90,124
Premium on share issues	–	13,971,364	–
Share issue costs	–	(1,761,644)	–
At end of year	–	12,209,720	90,124

The merger reserve as at 31 July 2005 relates to the Group reorganisation discussed in note 1.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company has not been separately presented in these financial statements. The profit attributable to the shareholders included in the accounts of the Company is £90,124.

18 Minority interests

	2005 £	2004 £
At beginning of year	(35)	(28)
Retained share of loss for year	(12,341)	(7)
At end of year	(12,376)	(35)

At 31 July 2005 an amount of £21 relates to Planet Metals India Private Limited where 0.04% of the shares are held by two unrelated Indian gentlemen (Mr Vijay Goel and Mr Shyam Lal Vema).

At 31 July 2005 an amount of £12,355 relates to Boula Platinum Mining Private Limited where 30% of the shares are held by FACOR. Under the terms of the joint venture agreement, the funds that PMCI (UK) Limited is obliged to invest in the project are to be invested as preference shares on a basis that ensures that FACOR's 30% equity stake is not diluted.

19 Financial instruments

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate risks. The main risks for which such instruments may be appropriate are interest rate risk, liquidity risk, foreign currency risk and commodity price risk each of which is discussed below. Throughout the period ending 31 July 2005 no trading in commodity contracts was undertaken.

In accordance with FRS13, short term debtors and creditors are excluded from the numerical disclosures with the exception of currency risk disclosures.

Currency risk

The Group has potential currency exposures in respect of items denominated in foreign currencies comprising:

- transactional exposure in respect of operating costs, capital expenditures and, to a lesser extent, sales incurred in currencies other than the functional currency of operations and in respect of certain exchange control restrictions which require funds to be maintained in currencies other than the functional currency of operations; and
- translational exposures in respect of investments in overseas operations which have functional currencies other than £ Sterling. Currency risk in respect of non-functional currency expenditure is reviewed by the Board.

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than the Group functional currency (£ Sterling). Foreign exchange differences on retranslation of such assets and liabilities are taken to the profit and loss account.

	2005 £	2004 £
Indian Rupees	312,921	(14,411)

Interest rate risk

The Group has no bank borrowings at present. It maintains modest cash balances for operational purposes in current accounts and the remainder of the funds raised from share issues and not yet committed to operational requirements is currently invested in mainstream sterling bank deposits with 30 to 90 day fixed interest periods.

Liquidity risk

The Group raises funds as required in accordance with board strategy and budgeted operational requirements looking at least twelve months ahead. When funds are sought, the Group balances the costs and benefits of equity and debt financing. When funds are received they are deposited with banks of high standing. Funds are provided to local sites monthly, based on the sites' forecast expenditure.

Commodity risk

The Group is not currently exposed to movements in the price of metals. The Group has not engaged in any hedges or instruments to mitigate any such risk.

20 Commitments and contingencies

(a) Annual commitments for the Group under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Operating leases which expire:				
Within one year	6,351	–	–	–

At 31 July 2005 the operating lease relates to the rental of an office in Delhi, India. On 27 August 2005 the office was vacated because a fire rendered it unusable, and the rental commitment has been cancelled.

(b) Under the terms of the joint venture agreement with FACOR, PMCI (UK) Limited has committed to sole fund up to a maximum of US$ 40 million (US$ 50 million if a smelter is required) as an investment through preference shares in Boula Platinum Mining Private Limited ('BPM') in the event that the Board of BPM makes a formal decision to commence PGM mining operations at Boula.

(c) There are no material contingent liabilities requiring disclosing.

Notes continued
forming part of the financial statements

21 Analysis of net (debt)/cash

	At 31 July 2004 £	Cash flow £	Repayment of unsecured loan £	Conversion of debt to equity £	Exchange movement £	At 31 July 2005 £
Cash in hand, at bank	89,827	11,969,792	–	–	(5,004)	12,054,615
Debt due after one year	(11,443)	–	11,414	–	29	–
Debt due within one year	(90,028)	–	–	90,028	–	–
Total	(11,644)	11,969,792	11,414	90,028	(4,975)	12,054,615

On 1 August 2004 the shareholder loan of £90,028 was converted into 1,547 common equity shares of £0.01 each.
On 30 November 2004 the unsecured loan of £11,443 from Dr. Steven Newbury was fully repaid.

22 Related party disclosures

The Directors do not consider there to be an ultimate controlling party.

As at 31 July 2004 there was an unsecured loan due to Dr Steven Newbery which was repaid on 30 November 2004.

As at 31 July 2004 there was a shareholder loan which was converted into common equity shares in the Company on 1 August 2004.

During the year ended 31 July 2005 fees and expenses totalling £21,837 were paid by the Group to Puma Resources Limited, a company which provided the services of Patrick Gorman as a consultant for several weeks. Mr Gorman is a Non-Executive Director of the company. Further amounts in respect of this activity have been paid to Puma Resources Limited since the year end.

During the year ended 31 July 2005, payments totalling £24,580 were paid by the Group to Planet Metals Australia Pty Limited, a company in which the Group has no interest, in return for it providing the services of Dr Steven Newbery prior to him becoming an employee of the Group in April 2004.

Notes

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