



PLATINUM AUSTRALIA LIMITED

ACN 093 417 942

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31 October 2011

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

OPERATIONS

SMOKEY HILLS

Summary

Production for the quarter increased to 9,021 ozs 4E from 8,799 ozs 4E achieved in the previous quarter, while the tonnes milled were almost unchanged at 99,586 tonnes. Plant recoveries continued to improve increasing to 79.33% from the 75.85% achieved in the previous quarter.

While the production figures were disappointing, a marginal increase in production was achieved despite the loss of 20% of the total underground production days during the quarter due to DMR suspension, road blockage by nearby communities and an industry wide NUM Action Day stoppage.

Mining

JIC Mining Services (Pty) Ltd (“JIC”) completed the build up of their new workforce during the quarter which resulted in improved performance. However a total of approximately 14 underground production days were lost due to DMR suspension of operations, blockage of a major access road by nearby communities and an industry wide NUM Day of Action. This constitutes approximately 20% of the available production days for the quarter.

Processing

The plant throughout was almost unchanged at 99,586, however an increase in recoveries to 79.33% resulted in a 2.5% increase in production to 9,021 ozs 4E from 8,799 ozs 4E achieved in the previous quarter.

Safety

There was one lost time injury during the quarter and the Lost Time Incident Frequency Rate (“LTIFR”) increased to 4.92 (Based on 1,000,000 man hours worked – 12 month average).

Production Statistics

		June Quarter	September Quarter
Tonnes Milled	Tonnes	99,765	99,586
Head Grade	g/t 4E	3.62	3.57
Recovery	%	75.85	79.33
4E PGM	Ozs	8,799	9,021
Cash Costs	ZAR/tonne	818	957

KALAHARI PLATINUM PROJECT

The Company is currently finalizing arrangements for the mining of a bulk sample from the existing trail pit to be run through a pilot plant as part of the implementation of the project. It is anticipated that this work will be completed in the March Quarter

ROODERAND PROJECT

The Company completed the Definitive Feasibility Study (“DFS”) drilling program in mid July although the completion of an updated resource estimate is now not anticipated until late in the December Quarter due to increased turnaround times for assay results. The delay in the finalisation of the updated resource estimate will in turn delay the completion of the DFS until the March Quarter.

PANTON PROJECT

Work on the review of the Panton Project has been completed and it is anticipated an report will be issued in the December Quarter.

CORPORATE

The Company completed an institutional placement of 24.7 million ordinary shares (representing 6.3% of PLA’s issued capital) to raise approximately A\$5 million. The placement was priced at A\$0.20 per share which represented a 5% discount to Platinum Australia’s last closing price on ASX and to Platinum Australia’s 5 day volume weighted average price on ASX.

The issue was managed by Bell Potter Securities Limited and the placement was made to a range of domestic Australian and international institutional, professional and sophisticated investors. The directors were very pleased with the level of response, with the offering being significantly oversubscribed.

Proceeds from the raising will be used for:

- Development and operational capital for the Smokey Hills project;
- Funding continuing exploration and development expenditures on the Kalahari Platinum (“Kalplats”) and Rooderand projects;
- Refinancing of Bridging Facility with Macquarie Bank to reduce Company debt levels; and
- General working capital purposes.

The Company has signed an agreement with Macquarie Bank Limited (“MBL”) for the provision of a new working capital facility which was used, together with cash in hand to retire the existing A\$15 million facility at the end of August. The facility will be available until 30 June 2013 and as part of the new facility MBL were issued with 15 million options exercisable at \$0.30 per share, expiring on 30 June 2013.



JOHN D LEWINS
Managing Director

For further information

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Glossary

4E – platinum + palladium + rhodium + gold; 3E PGM - platinum + palladium + gold; g/t - grams per tonne; ozs – ounces ; t – tonne; PGM - Platinum Group Metals * The six Platinum Group Metals (PGM’s) are Platinum (Pt), Palladium (Pd), Rhodium (Rh), Iridium (Ir), Osmium (Os) and Ruthenium (Ru).

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

PLATINUM AUSTRALIA LIMITED

ABN

99 093 417 942

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	11,074	11,074
1.2 Payments for (a) exploration & evaluation	(937)	(937)
(b) development	(490)	(490)
(c) production	(13,886)	(13,886)
(d) administration	(1,546)	(1,546)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	221	221
1.5 Interest and other costs of finance paid	(388)	(388)
1.6 Income taxes paid	(150)	(150)
1.7 Other	-	-
Net Operating Cash Flows	(6,102)	(6,102)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(13)	(13)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(1)	(1)
1.11 Loans repaid by other entities	1	1
1.12 Other	-	-
Net investing cash flows	(13)	(13)
1.13 Total operating and investing cash flows (carried forward)	(6,115)	(6,115)

1.13	Total operating and investing cash flows (brought forward)	(6,115)	(6,115)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,940	4,940
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(5,000)	(5,000)
1.18	Dividends paid	-	-
1.19	Other (Costs associated with capital raising and receipts from prior year input tax credits relating to the capital raising costs).	103	103
	Net financing cash flows	43	43
	Net increase (decrease) in cash held	(6,072)	(6,072)
1.20	Cash at beginning of quarter/year to date	22,707	22,707
1.21	Exchange rate adjustments to item 1.20	(1,212)	(1,212)
1.22	Cash at end of quarter	15,423	15,423

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	196
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	10,000	10,000
3.2 Credit standby arrangements	-	-

The facility with Macquarie Bank Limited is a revolving working capital facility repayable by 30 June 2013.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(420)
4.2 Development	(1,125)
4.3 Production (does not include receipts from product sales)	(8,850)
4.4 Administration	(1,850)
Total	(12,245)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	74	290
5.2 Deposits at call	15,349	22,417
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	15,423	22,707

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	417,130,039	417,130,039		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	24,700,000	24,700,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,000,000	-	<i>Exercise price</i> \$1.23	<i>Expiry date</i> 21 December 2011
	115,000	-	\$2.33	31 July 2012
	100,000	-	\$2.39	31 July 2012
	250,000	-	\$0.84	31 July 2013
	100,000	-	\$0.94	30 April 2014
	215,000	-	\$0.94	31 July 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 October 2011
(Managing Director)

Print name: JOHN D. LEWINS

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.