

3rd Floor, 18 Richardson Street, West Perth
Western Australia 6005

Telephone: (08) 9324 1491
Facsimile: (08) 9226 4259

Our ref: ASX0692JDL:30.5:JD

PO Box 1083, West Perth
Western Australia 6872

Email: pla@platinumaus.com
Website: www.platinumaus.com

31st October 2006

QUARTERLY REPORT FOR THE PERIOD ENDED 30th SEPTEMBER 2006

HIGHLIGHTS

Green Light for Smokey Hills PGM Project from Bankable Feasibility Study

Platinum Australia Limited (ASX: PLA) (AIM: PLAA) announces that the final results from the Smokey Hills Bankable Feasibility Study confirms that the project is extremely attractive and very robust and able to generate returns of over 70% on the Base Case assumptions and in excess 600% using July average metal prices and exchange rate.

New Order Right Cession for Smokey Hills PGM Project

In September PLA announced that it had received ministerial approval for the cession of the New Order Prospecting Right covering the Smokey Hills PGM Project to PhokaThaba Platinum Pty Ltd ("PTP"), the Joint Venture Company in which PLA is earning an 80% interest.

New Order Right Issued for Kalahari Platinum Project

In September PLA also announced that a New Order Prospecting Right had been issued for the Kalahari Platinum Project. The company commenced drilling during the month and currently has three drill rigs working on the site with a fourth rig due in the near future.

PLA Mandates Standard Bank to arrange Funding for the Smokey Hills Project

In early October PLA announced that Standard Bank of South Africa had been mandated by the company and its South African subsidiary, PhokaThaba Platinum Pty Ltd ("PTP") to arrange the Project Debt Financing for the Smokey Hills Project. The debt funding to comprise of a ZAR220 million facility for PTP. The balance of ZAR60 million of capital required to develop the project to be provided as equity by PLA and its joint venture partners

OPERATIONS

PLA operations were focused on the Smokey Hills PGM Project and the Kalahari Platinum Project in South Africa. In Australia Sally Malay Mining ("SMY") continued to work on updating the previous BFS on the Panton PGM Project as part of PLA's joint venture with SMY.

Smokey Hills Platinum Project

The Smokey Hills PGM Project is located on the eastern limb of the Bushveld Complex in the Limpopo Province of South Africa, 300 kilometres north east of Johannesburg. The Project is adjacent to and up dip from the existing Modikwa Platinum Mine owned by African Rainbow Minerals and Anglo Platinum.

PLA has signed a formal Sale Agreement with Smokey Hills Platinum (Pty) Ltd (“SHP”) to acquire up to 80% of the Project through the staged acquisition of 100% of SHP. PLA acquires an initial 74% interest in SHP by providing \$3.4 million for SHP to fund the purchase of an 80% interest in the Project. The balance of 26% in SHP will be acquired for 15 million fully paid shares in PLA. The balance of the Project is held 5% by the local community and 15% by Corridor Mining Resources, a Company owned by the Limpopo Provincial Government.

PLA commenced a resource definition drilling program on the project in July 2005 and a Bankable Feasibility Study (“BFS”) in October 2005. The BFS was completed during the first part of the quarter and a full summary of the results are provided in Table 1 below while the underlying assumption relating to metal prices and exchange rates are provided in Table 2.

GRD Minproc (Pty) Ltd are the Lead Engineers for the BFS, while Snowden are responsible for the Resource Estimate and Mining Study, SRK Consulting for Tailings and Hydro-geological studies and Africa Geo-Environmental Services for the Environmental Study.

Table 1. Summary of Results from Smokey Hills BFS

		Base Case	Ave July Prices
Production	4E PGM	~95,000 oz/annum	
Plant Recovery		85%	
Project Life		7 years	
Cash Costs	4E PGM	US\$226/oz	US\$226/oz
Basket Price	4E PGM	US\$677/oz	US\$1,117/oz
Capital Cost			
Initial	US\$	\$40.5 Million	\$40 Million
Deferred	US\$	\$14 Million	\$14 Million
NPV			
10%	US\$	\$79 Million	\$249 Million
15%	US\$	\$60 Million	\$202 Million
IRR		74%	672%
Cashflow	US\$	\$139 Million	\$396 Million
Payback	months	20 months	3 months

Table 2. Metal Price and Exchange Rate Assumptions

Table 2 Rand/US Dollar Exchange Rates and Metal Prices					
		July Average		Base Case	
Exchange Rate	ZAR/US\$	7.08		7.0	
Metal Prices		US\$	ZAR	US\$	ZAR
Platinum	Per oz	1,232	8,723	900	6,300
Palladium	Per oz	321	2,273	300	2,100
Rhodium	Per oz	4,622	32,724	1,500*	10,500*
Gold	Per oz	633	4,482	450	3,150
Iridium	Per oz	400	2,832	100	700
Ruthenium	Per oz	172	1,218	250	1,750
Nickel	Per tonne	26,500	187,620	10,000	70,000
Basket Price	Per oz	1,117	7,906	677	4,736

* The Base Case Rhodium Price has been increased from US\$1,000 used in the preliminary figures to US\$1,500 in the final figures as a result of review of projected metal prices obtained from various industry sources.

The Company envisages commencing operations at Smokey Hills initially as an open cut and then progressing to an underground mine. During the initial phase while the plant is under construction PLA proposes to mine ore for toll treatment through a nearby plant to generate early cash flow. This phase would last for approximately 12 months after which ore would be treated through the on-site plant producing a flotation concentrate for sale to any one of a number of smelters in South Africa, the nearest of which is less than 100 kilometres distant.

Dependent on the issuing of the necessary permits PLA proposes to commence construction and mining operations in early 2007 with plant commissioning occurring in late 2007. The company commenced the preliminary engineering on the project during the quarter to allow the long lead items, primarily the mills, to be ordered in the current quarter.

Kalahari Platinum Project

The Kalplats Project is located 330 km west of Johannesburg and has an established (Indicated and Inferred) resource of 3.4 million ounces 3E PGM, including a high grade resource of 1.4 million ounces 3E PGM at a grade of 3.6 g/t 3E PGM. PLA believes that there is significant potential to increase the size of the resource as all deposits appear to be open at depth and along strike and PLA have identified numerous targets from geochemical survey work and a high resolution aeromagnetic survey completed by PLA in early 2005.

Under the Kalplats Joint Venture Agreement, PLA is earning up to 49% of the Kalplats Project from ARMplats by completing a Bankable Feasibility Study including further drilling and providing the right for the project to use the Pantom metallurgical process ("Pantom Process").

PLA and ("ARMplats") have also applied for a prospecting right covering an area approximately 20 kilometres to the north and 18 kilometres to the south of their South African Kalahari Platinum Project ("Kalplats") area, increasing the total strike length held by the parties to almost 50 kilometres.

PLA and ARMplats will each have a 50 percent contributing interest in the new area and PLA will manage the exploration program which will target extensions of the known Kalplats style of Platinum Group Metal ("PGM") mineralisation.

Following the issue of a New Order Prospecting Right covering the project in September PLA commenced the PFS drilling program which will comprise approximately 22,000 metres of drilling and by early October had three drill rigs working on the site. PLA anticipates completing this initial drilling program in early 2007 allowing an updated resource to be estimated by March/April 2007. A further program of 25,000 metres will then be drilled to further define and update the resource as part of the BFS due for completion by the end of 2007."

PLA has appointed GRD Minproc as the Lead Engineer for the Kalplats Project and expects to appoint further consultants in the coming month. An initial program of metallurgical testwork has already been undertaken with results indicating that a recovery of 80% can be achieved into a saleable PGM concentrate.

PLA believes that the existing resource will support the development of an open cut project producing 200,000 oz 3E PGM (platinum + palladium + gold) per annum. Further success from the drilling program could increase this to 300,000 oz 3E PGM per annum, making it a truly world class deposit.

Pantom Platinum Palladium Project

The Pantom Project is located in the Kimberley region of Western Australia, 60 km north of Halls Creek and 60 km south of the Sally Malay site. The Project has a (Measured + Indicated + Inferred) resource of 14.3 Mt at 5.2 g/t 7E PGM containing 2.4 million ounces 7E PGM, including a high grade resource of 10.1 Mt at 6.1 g/t 7E PGM containing 2 million oz 7E PGM.

Sally Malay Mining Limited ("SMY") are earning a 50% interest in an initial parcel of 1.5 Mt of high grade ore by spending \$750,000 to complete a Bankable Feasibility Study to evaluate the mining of high grade ore from Pantom and processing it through the Sally Malay Plant to produce a high grade PGM concentrate. The agreement may be extended to cover further parcels of ore.

Following the receipt of statutory approval SMY commenced refurbishment of the exploration decline at Panton during the quarter and by late October had completed 230 metres of rehabilitation with 20 metres remaining to be completed. During the coming quarter SMY expect to mine a bulk sample of ore from the decline had undertake pilot plant testwork on the sample.

Qualification Statement

We confirm that the exploration results and resources contained in this report are based on information compiled by Tony Greenaway, Geology & Resources Manager of Platinum Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy.

Tony Greenaway has more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a competent person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



JOHN LEWINS
Managing Director

Media enquiries:
Ron Marshman / John Greenhalgh
City of London PR
+44 (020) 7628 5518

Media enquiries:
Sarah Allchurch
Allchurch Communications
+61 (08) 9381 6625

Glossary

3E PGM	platinum + palladium + gold
4E PGM	platinum + palladium + rhodium + gold
6E PGM	platinum + palladium + rhodium + iridium + ruthenium + gold
7E PGM	platinum + palladium + rhodium + iridium + osmium + ruthenium + gold
Au	gold
Ir	iridium
Pd	palladium
Pt	Platinum
Rh	rhodium
Ru	ruthenium

* The six Platinum Group Metals (PGM's) are Platinum (Pt), Palladium, (Pd), Rhodium, (Rh), Iridium (Ir), Osmium (Os) and Ruthenium (Ru).

Appendix 5B

Mining Exploration Entity Quarterly Report

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

Name of entity

PLATINUM AUSTRALIA LIMITED

ABN

99 093 417 942

Quarter ended ("current quarter")

30 September 2006

Consolidated Statement of Cash Flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(492)	(492)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	178	178
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	7	7
Net Operating Cash Flows		(1,046)	(1,046)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(23)	(23)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities	(4)	(4)
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(27)	(27)
1.13	Total operating and investing cash flows (carried forward)	(1,073)	(1,073)

1.13	Total operating and investing cash flows (brought forward)	(1,073)	(1,073)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	140	140
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide detail if material) Fundraising Costs		
	Net financing cash flows	140	140
	Net increase (decrease) in cash held	(933)	(933)
1.20	Cash at beginning of quarter/year to date	24,013	24,013
1.21	Exchange rate adjustments to item 1.20	(38)	(38)
1.22	Cash at end of quarter (refer note below)	23,042	23,042

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 SA'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(109)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Cash of \$26,282,000, as reported in June 2006, included an amount of \$2,269,000 which represented a deposit held as security for a bank guarantee being held as consideration for the acquisition of an interest in the Smokey Hills Joint Venture. Release of the funds was subject to the transfer of a new order right to Phokathaba (Pty) Ltd in accordance with South African mining legislation. Subsequent to the June quarter report, this amount was transferred to other assets adjusting the closing cash balance to \$24,013,000.

Administration expenses were higher for the quarter due to increased efforts on global investor relations together with the sourcing of project debt funding.

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

N/A

- 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

N/A

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	N/A	-
3.2 Credit standby arrangements	N/A	-

Estimated Cash Outflows for next Quarter

	\$A'000
4.1 Exploration and evaluation	(3,998)
4.2 Development	-
Total	(3,998)

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	1,408	1,491
5.2 Deposits at call	21,634	22,522
5.3 Bank overdraft		
5.4 Other: Bank Guarantees	-	-
Total: cash at end of quarter (item 1.22)	23,042	24,013

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 (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	179,715,353	179,715,353		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	700,076	700,076		
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	3,581,776	3,581,776	Exercise price 20 Cents	Expiry date 30 November 2006
	15,000	-	43.5 Cents	14 March 2007
	270,000	-	22.5 Cents	5 November 2008
	5,000,000	-	35 Cents	10 December 2009
	2,500,000	-	20 Cents	11 December 2009
	730,000	-	37 Cents	30 November 2009
	100,000	-	83 Cents	30 April 2010
	650,000	-	37.3 Cents	24 May 2011
	400,000	-	70 Cents	30 June 2010
7.8 Issued during quarter	400,000	-	70 Cents	30 June 2010
7.9 Exercised during quarter	700,076	700,076	20 Cents	30 November 2006
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Compliance Statement

- 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).
- This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 October 2006
(Director / Company Secretary)

Print name: GILLIAN SWABY

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.