



PLATINUM AUSTRALIA LIMITED

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29 October 2009

QUARTERLY REPORT FOR THE PERIOD ENDED 30th SEPTEMBER 2009

HIGHLIGHTS

- **Ramp up of production at Smokey Hills Mine continued during the quarter:**
 - Tonnes milled increased to 149,929, over 80% of design capacity;
 - Production increased by over 50% from the previous quarter to 11,959 ozs 4E, with 10,367 ozs 4E delivered;
 - Recoveries increased to ~68% from just over 50% in the previous quarter.
- **The Pre Feasibility Study for the Kalahari Platinum (“Kalplats”) Project was completed during the quarter and showed the project to be commercially and technically viable and able to generate a return of 25% on the Base Case assumptions when mining only four of the eight known deposits.**
- **The Mineral Resource Estimates for the Kalplats Project was further updated and the first Mineral Resource Estimate for the new Mira Deposit was released. These estimates have increased the Total Mineral Resource at the Kalahari Platinum Project to 137.35 Mt @ 1.53 g/t 3E containing 6.74 Moz 3E and the High Grade Mineral Resource Estimate increased to 32.5 Mt @ 3.16 g/t 3E containing 3.30 Moz 3E.**
- **The Smokey Hills project financing facility was fully retired during the quarter using a combination of cash from the placement of 30 million shares at \$1.02, a Bridging Facility of \$15 million provided by Macquarie Bank Limited and the close out of the platinum and palladium hedging.**
- **A fully underwritten private placement of 37.5 million fully paid shares at an issue price of \$0.81 was successfully undertaken in early October which raised approximately \$30 million and was heavily oversubscribed.**

OPERATIONS

SMOKEY HILLS

Mining

A total of 75,083 tonnes from the open pit and 43,119 tonnes from the underground were mined during the quarter.

Underground mining operations continued to be focused on the development of the six main access adits together with establishment of raises between #4, #5 and #6 adits. The quarter saw a significant ramp up in production from underground as the first stope production commenced.

Processing

The ramp up of throughput and production continued during the quarter. The stockpiled material was largely depleted during the quarter and accounted for 20% of the plant feed with the balance coming from current open pit and underground operations. The percentage of oxide material treated decreased significantly during the month, accounting for less than 50% of material treated and as a result recoveries increased significantly from to ~68% from 50% in the previous quarter.

The Head Grade decreased from the 4.74 g/t 4E reported in the previous quarter to 3.64 g/t 4E, reflecting the increased percentage of underground ore treated, the majority of which was from development and therefore of lower grade. This is expected to increase in the next quarter as the percentage of stope ore increases.

Safety

There were two lost time injuries during the quarter. The current Lost Time Incident Frequency Rate ("LTIFR") is now 3.1.

Production Statistics

Throughput	149.929 t
Head Grade	3.64 g/t 4E
Recovery	68.25%
4E PGM Shipped	10,396 ozs
Cash Costs	ZAR446/tonne milled

KALAHARI PLATINUM PROJECT

The Pre Feasibility Study for the Kalplats Project was completed during the quarter and showed the project to be commercially and technically viable and able to generate a return of 25% on the Base Case assumptions. The key results from the study were as follows:

- The Project would deliver a return of 25%;
- The Project would achieve a pre tax NPV10 of US\$50 Million;
- The Project would generate a net cash flow (undiscounted) of US\$145 Million;
- Initial Capital Cost of the Project would be US\$91 Million;
- Cash Operating Cost of US\$340/oz 4E (platinum + palladium + rhodium + gold) concentrate produced (net of base metal credits);
- The Project would produce over 1 Moz 4E over a 9 year operating life from open pit mining of four deposits, Crater, Orion, Crux and Vela.

A full summary of the results of the PFS are provided in Table 1 below and the underlying assumptions relating to the metal process and exchange rates are provided in Table 2.

Table 1 Summary of Results from Kalplats PFS

Production	4E	~115,000 oz/annum
Ave Plant Recovery		73%
Operating Life		9 years
Cash Costs	4E	US\$340/oz
Basket Price	4E	US\$740/oz
Capital Cost		
Initial	US\$	\$91 Million
Deferred	US\$	\$3 Million
NPV (Pre Tax)		
5%	US\$	\$86 Million
10%	US\$	\$50 Million
IRR (Pre Tax)		25%
Cashflow (Pre Tax)	US\$	\$145 Million

Table 2 Metal Price and Exchange Rate Assumptions

Exchange Rate	ZAR/US\$	9.0	
Metal Prices		US\$	ZAR
Platinum	Per oz	1250	11,250
Palladium	Per oz	275	2,475
Rhodium	Per oz	1550	13950
Gold	Per oz	900	8,100
Copper	Per tonne	6,000	54,000
Basket Price	Per oz 4E	740	6,660

The Mineral Resource Estimates for the Kalplats Project was further updated and the first Mineral Resource Estimate for the new Mira Deposit has also now been completed.

A summary of the updated Mineral Resource for the Kalplats Project is provided in Table 3 below.

Deposit		Total Resource ³			Main Reef Resource ²			High Grade Resource ^{1,4}		
		Tonnes	Grade	Ozs	Tonnes	Grade	Ozs	Tonnes	Grade	Ozs
Crater ⁵	Measured	1,337,500	1.89	81,130	695,000	2.52	56,270	459,000	3.50	51,520
	Indicated	6,215,500	1.85	370,500	2,414,000	2.37	184,230	2,640,000	2.99	254,000
	Inferred	18,663,000	2.11	1,267,900	8,434,000	2.68	726,240	8,540,000	3.26	896,070
	Total	26,216,000	2.04	1,719,530	11,543,000	2.60	966,740	11,639,000	3.21	1,201,590
Crux ⁵	Measured	7,698,000	1.55	383,370	3,360,000	2.04	220,320	1,716,000	2.96	163,430
	Indicated	10,882,000	1.40	489,880	5,239,000	1.62	272,580	1,905,000	2.55	156,030
	Inferred	9,458,000	1.35	410,190	4,348,000	1.53	213,860	1,470,000	2.47	116,720
	Total	28,038,000	1.42	1,283,440	12,947,000	1.70	706,760	5,091,000	2.66	436,180
Orion ⁵	Measured	4,201,000	1.57	211,720	1,983,000	2.15	136,960	995,000	3.29	105,400
	Indicated	4,011,000	1.56	202,450	1,841,000	2.15	127,010	856,000	3.42	94,130
	Inferred	3,644,000	1.61	189,040	1,773,000	2.14	121,740	869,000	3.28	91,600
	Total	11,856,000	1.58	603,210	5,597,000	2.14	385,710	2,720,000	3.33	291,130
Vela ⁶	Indicated	21,790,000	1.36	949,910	8,474,000	2.09	570,770	4,579,000	3.11	458,090
	Inferred	14,872,000	1.32	629,770	6,329,000	2.07	420,800	3,591,000	3.02	348,350
	Total	36,662,000	1.34	1,579,680	14,803,000	2.09	991,570	8,170,000	3.07	806,440
Sirius ⁵	Measured	802,000	1.52	39,070	378,000	2.13	25,810	185,000	3.32	19,740
	Indicated	5,305,000	1.49	254,540	2,086,000	2.13	142,960	1,116,000	3.12	111,770
	Inferred	3,377,000	1.27	137,880	639,000	2.03	41,620	270,000	3.40	29,510
	Total	9,484,000	1.42	431,490	3,103,000	2.11	210,390	1,571,000	3.19	161,020
Mira ⁶	Indicated	2,708,000	1.42	123,720	931,000	2.31	69,020	461,000	3.55	52,510
	Inferred	3,925,000	1.44	181,090	1,315,000	2.49	105,310	731,000	3.60	84,750
	Total	6,633,000	1.43	304,810	2,246,000	2.41	174,330	1,192,000	3.58	137,260
Serpens North ⁶	Indicated	4,962,000	1.41	224,620	2,057,000	1.95	129,180	861,000	3.15	87,180
	Inferred	2,741,000	1.47	129,330	1,142,000	1.90	69,630	408,000	3.31	43,460
	Total	7,703,000	1.43	353,950	3,199,000	1.93	198,810	1,269,000	3.20	130,640
Serpens South ⁷	Inferred	10,762,000	1.34	462,020	5,890,000	1.71	324,230	848,000	5.10	138,980
Total		137,354,000	1.53	6,738,130	59,328,000	2.08	3,958,540	32,500,000	3.16	3,303,240

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

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

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

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

⁵ Coffey Mineral Resource estimates of Measured, Indicated and Inferred resources

⁶ Harmony Mineral Resource estimates of Indicated and Inferred resources

⁷ Harmony Mineral Resource estimates of Inferred resources

When compared to the previous Harmony and Snowden estimate, the changes in the Mineral Resource estimates for the deposits are a function of increased drilling by PLA, which has improved our confidence and understanding of the continuity and structure of the mineralised layers. In addition the estimates were enhanced with the application of computer aided structural modeling and geostatistical estimation techniques applied by Coffey. The structural geological interpretation was aided by the data from a high resolution aeromagnetic survey completed by PLA which covers all of the Kalplats deposits.

ROODERAND PROJECT

PLA are awaiting the issue of a Prospecting Right for the project to allow site work to commence. It is anticipated that this will be issued in the coming quarter.

CORPORATE

On 1 October PLA announced it had successfully undertaken a fully underwritten private placement of 37,500,000 fully paid ordinary shares at an issue price of \$0.81 to raise approximately \$30 million. The placement settled on 8 October.

RBC Capital Markets and UBS AG Australia Branch acted as Joint Lead Underwriters and Bookrunners to the placement.

Funds from the placement will be used to replace the proceeds that had been intended to be raised from the proposed issue of shares to a Chinese investor in July 2009, which was not settled, and PLA will not now issue these shares to the Chinese investor.

The proceeds from the Placement will be used to develop existing projects, fund the acquisition and development of new projects including the Rooderand Project and for general working capital.

QUALIFICATION STATEMENT

The information in this report that relates to the Crater, Vela, Crux, Orion, Serpens North, Sirius and Mira Mineral Resources is based on a resources estimates compiled by Mr. Ken Lomberg who is a full-time employee of Coffey Mining Specialists and is a Member of the South African Council for Natural Scientific Professions (member no 400038/01) .

Mr. Lomberg has more than 15 years experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking and qualifies as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lomberg consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



JOHN D LEWINS
Managing Director

For further information

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Glossary

4E – platinum + palladium + rhodium + gold; 3E - 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).

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 2009

Consolidated Statement of Cash Flows

		Current quarter	Year to date
		\$A'000	(3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	10,130	10,130
1.2	Payments for (a) exploration and evaluation	(292)	(292)
	(b) development	(6,847)	(6,847)
	(c) production	(11,500)	(11,500)
	(d) administration	(1,510)	(1,510)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	109	109
1.5	Interest and other costs of finance paid	(777)	(777)
1.6	Income taxes paid		
1.7	Other (provide details if material)	8	8
	Net Operating Cash Flows	(10,679)	(10,679)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(11)	(11)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(11)	(11)
1.13	Total operating and investing cash flows (carried forward)	(10,690)	(10,690)

1.13	Total operating and investing cash flows (brought forward)	(10,690)	(10,690)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	25,164	25,164
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	15,000	15,000
1.17	Repayment of borrowings	(49,492)	(49,492)
1.18	Dividends paid		
1.19	Other (provide detail if material) Fundraising Costs (52) Close of Hedgebook facility 19,348	19,296	19,296
	Net financing cash flows	9,968	9,968
	Net increase (decrease) in cash held	(722)	(722)
1.20	Cash at beginning of quarter/year to date	7,296	7,296
1.21	Exchange rate adjustments to item 1.20	(185)	(185)
1.22	Cash at end of quarter (refer note below)	6,389	6,389

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	204
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash Financing and Investing Activities

2.1

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2.2

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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	15,000	15,000
3.2	Credit standby arrangements	-	-

The Loan Facility refers to the bridging finance with Macquarie Bank Limited required to repay the finance and hedgebook facilities provided by Standard Bank South Africa Limited. This Loan Facility is repayable in full by the 31st August 2011 with no penalty for early repayment and carries an interest rate of 8% and a facility fee of 1.75%. The Facility is secured by a floating charge over the assets of PLA.

Estimated Cash Outflows for next Quarter

	\$A'000
4.1 Exploration and evaluation	(694)
4.2 Development	(3,271)
4.3 Production	(10,159)
Total	(14,124)

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	321	364
5.2 Deposits at call	6,068	6,937
5.3 Bank overdraft	-	-
5.4 Other: Bank Guarantees	-	-
Total: cash at end of quarter (item 1.22)	6,389	7,301

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	277,095,521	277,095,521		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	24,677,173	24,667,173		
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>			Exercise price	Expiry date
	3,400,000	-	35 Cents	10 December 2009
	2,500,000	-	20 Cents	11 December 2009
	520,000	-	37 Cents	30 November 2009
	400,000	-	70 Cents	30 June 2010
	3,000,000	-	\$1.25	21 December 2011
	100,000	-	\$1.29	06 June 2010
	900,000	-	\$1.74	30 June 2011
	100,000	-	\$2.11	31 July 2012
	115,000	-	\$2.35	31 July 2012
	100,000	-	\$2.41	31 July 2012
7.8 Issued during quarter				
7.9 Exercised during quarter	10,000	-	37 Cents	30 November 2009
7.10 Cancelled during quarter	150,000	-	\$2.11	31 July 2012
	100,000	-	\$2.41	31 July 2012
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: 29 October 2009
 (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.