



PLATINUM AUSTRALIA LIMITED

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31 January 2011

QUARTERLY REPORT FOR THE PERIOD ENDED 31st DECEMBER 2010

OPERATIONS

SMOKEY HILLS

Summary

Production for the quarter at Smokey Hills was 5,490 ozs 4E PGM, significantly lower than the previous quarter due primarily to the termination of the underground mining contract with Redpath Mining (South Africa) (Pty) Ltd (“Redpath”) as a result of unacceptable and deteriorating production levels.

Despite the loss of time relating to the changeover of contractor and following industrial action by the majority of the workforce relating to finalisation of payment and benefits from Redpath, mining operations under the new contractor JIC have shown an increase in productivity over past performance. This improvement has continued into the third quarter with stope production for January set to be the highest yet achieved.

In order to utilize spare plant capacity during this period and while production is ramped up from underground, an agreement was entered into to treat approximately 100,000 tonnes of chrome tailings. The tailings are located within approximately 10 kms of the plant and are estimated to have an average grade in excess of 5 g/t 3E PGM. Under the terms of the agreement PTP receives 55% and the owner of the tailings 45% of the revenue, net of costs.

The chrome tailings have been treated at a marginally lower rate than that achieved when treating underground ore. The basket value of the PGM's in the chrome tailings is approximately 15% higher than that of the Smokey Hills ore, due to higher platinum and rhodium content and lower palladium content. Based on the average head grade and expected recoveries, approximately 2 g/t 3E will be recovered per tonne of chrome tailings treated, resulting in an additional 6,500 ozs in production from treating the 100,000 tonnes of chrome tailings material.

Mining

The termination of the contract with Redpath, the unprotected industrial action and the number of Public Holidays in December resulted in approximately 60% of the potential production shifts being lost during the quarter. Despite this approximately 40,000 tonnes of ore trammed to surface during the Quarter, with the majority of the ore mined by JIC in November and December remaining on surface stockpiles at the end of the quarter and available to be treated in January.

Underground production recommenced on 4th January following the New Year public holiday. Stope production for January to date is the highest yet achieved, while total tonnage trammed from underground is also on track to be close to the best achieved to date. The Company is extremely encouraged that JIC have achieved this level of production in their first full operating month.

Processing

The ramp up of the plant throughput was limited by the lack of production from underground, and throughput decreased to 87,000 tonnes milled for the quarter. The majority of the tonnage treated through the plant was chrome tailings and hence the recovery dropped to 37.1%. The head grade was however significantly higher at 5.29 g/t 4E PGM in production of 5,490 ozs 4E PGM.

Plant throughput in January is expected to be above 50,000 tonnes for the first time since 2009, including approximately 40,000 tonnes of underground ore treated and the balance being chrome tailings.

Safety

There were two lost time injuries during the quarter and the Lost Time Incident Frequency Rate (“LTIFR”) increased to 4.31 (Based on 1,000,000 man hours worked – 12 month average).

Production Statistics

		September Quarter	December Quarter
Tonnes Milled	tonnes	101,844	87,000
Head Grade	g/t 4E	3.27	5.29
Recovery	%	80.2	37.1
4E PGM	ozs	8,900	5,490
Cash Costs	ZAR/tonne	632	639

KALAHARI PLATINUM PROJECT

The results of the Definitive Feasibility Study (“DFS”) on the project were released during the quarter and are summarised in Table 1 below. The Key results from the study are as follows:

- The Project would deliver a return of 24.5% on the Base Case or 27.8% at October 2010 prices;
- The Project would achieve a pre tax NPV10 of US\$79 Million on the Base case or US\$108 Million at October 2010 Prices;
- The Project would generate a net cash flow (undiscounted) of US\$211 Million on the Base Case or US\$267 Million at October 2010 Prices;
- Initial Capital Cost of the Project would be ZAR1,142 Million or US\$150 Million;
- Cash Operating Cost of US\$415/oz 3E (platinum + palladium + gold) concentrate produced on the Base Case or US\$462/oz 3E at October 2010 Prices;
- The Project would produce 992 koz 3E over a 9 year operating life from open pit mining of seven deposits, Crater, Orion, Crux, Sirius, Mira, Serpens North and Vela;
- Construction power from the National grid (Eskom) would be available in 2011, while permanent power would be available in 2014;

The DFS is based on developing seven of the eight known deposits and on only the Measured and Indicated High Grade Resource, which equates to 1.55 Moz 3E of the high grade resource, the balance of 1.75 Moz 3E being in the Inferred category.

Table 1 Summary of Results from Kalplats DFS

		Base Case	October 2010
Throughput	tonnes/annum	1.5 Million	1.5 Million
Plant Feed Grade	g/t 3E	2.96	2.96
Production	3E	~105,000 oz/annum	~105,000 oz/annum
Ave Plant Recovery	%	71.2	71.2
Operating Life		9 years	9 years
Cash Costs	ZAR/t Milled	215	215
	US\$/oz 3E	415	456
Basket Price	US\$/oz 3E	1,001	1,149
Capital Cost			
Initial	ZAR	1,142 Million	1,142 Million
	US\$	150 Million	165 Million
NPV (Pre Tax)			
	5%		
	ZAR	1,004 Million	1,189 Million
	US\$	132 Million	172 Million
	10%		
	ZAR	600 Million	745 Million
	US\$	79 Million	108 Million
IRR (Pre Tax)	%	24.5	27.8
Cashflow (Pre Tax)	ZAR	1,602 Million	1,845 Million
	US\$	211 Million	267 Million

Table 2 Metal Price and Exchange Rate Assumptions

		Base Case		October 2010	
Exchange Rate	ZAR/US\$	7.60		6.92	
Metal Prices		ZAR	US\$	ZAR	US\$
Platinum	Per oz	11,400	1,500	11,722	1,694
Palladium	Per oz	3,800	500	4,117	595
Gold	Per oz	8,360	1,100	9,286	1,342
Basket Price	Per oz 3E		1,001		1,149

The Company is now in discussions with our joint venture partner, African Rainbow Minerals Platinum (“ARMplatinum”) regarding the development of the project.

STELLEX NORTH PROJECT

An initial drilling program of approximately 3,000 metres of RC drilling was commenced during the quarter. Most of the drill holes completed have intersected gabbros, magnetitic gabbros and magnetite indicating the Stella Layered Intrusive which hosts the PGM mineralization at Kalplats is present in the Stellex North Project area. This work is entirely funded by Japan Oil, Gas and Metals National Corporation (“JOGMEC”) under which JOGMEC will earn an initial 35% interest in the Stellex North Project by providing US\$3.5 funding for exploration through to the end of 2014.

ROODERAND PROJECT

The updated Measured, Indicated & Inferred Mineral Resource estimates for the Rooderand Project were completed during the quarter. The updated Mineral Resource of 28.83 Mt @ 4.55 g/t 4E PGM, which is summarised in Table 3 below, represents a 40% increase on the previous resource estimate for the Rooderand Project.

The Mineral Resource estimates were completed by ExplorMine Consultants with no cut off grades applied and extend to a depth of approximately 500 metres below surface. The Mineral Resource estimates are based on the results from a total of 238 diamond drill holes and detailed high resolution ground magnetic survey interpretation, geological mapping and cross sectional interpretations.

Work on the Pre Feasibility Study (“PFS”) continued during the quarter and will be completed in the March Quarter. It is now anticipated that the project will be developed initially as an open pit, followed by an underground mining operation. The estimated resource (Measured plus Indicated plus Inferred) to a depth of 150 metres of approximately 8.5 Million tonnes at a grade of 5.0 g/t 4E, containing 1.35 Moz 4E, indicates that the initial open pit could have a 4 to 7 year life depending on metal prices and operating costs.

Table 3 Rooderand Resource Estimates

Mineral Resource Category	Reef Type	Tonnes (million)	Grade 4E g/t	4E Kg's ('000)	4E Moz	Pt (g/t)	Pd (g/t)	Rh (g/t)	Au (g/t)	Cu (ppm)	Ni (ppm)
Measured	MR (All Facies)	0.07	14.33	1.04	0.03	9.27	3.88	0.76	0.42	1602	3237
Indicated	MR (All Facies)	0.61	10.46	6.36	0.20	6.91	2.63	0.58	0.34	1288	2565
Meas + Ind	MR (All Facies)	0.68	10.88	7.40	0.24	7.17	2.76	0.60	0.35	1322	2637
Inferred	MR (All Facies)	2.14	10.93	23.35	0.75	7.37	2.61	0.57	0.38	1449	2909
Sub Total	MR (All Facies)	2.81	10.93	30.75	0.99	7.32	2.65	0.58	0.37	1418	2844
Measured	Upper Psuedo										
Indicated	Upper Psuedo	0.39	3.86	1.50	0.05	2.19	1.31	0.21	0.14	432	1724
Meas + Ind	Upper Psuedo	0.39	3.85	1.50	0.05	2.19	1.31	0.21	0.14	432	1724
Inferred	Upper Psuedo	3.46	3.02	10.47	0.34	2.32	0.33	0.22	0.15	561	1393
Sub Total	Upper Psuedo	3.85	3.11	11.97	0.38	2.31	0.43	0.22	0.15	548	1427
Measured	Lower Psuedo	0.43	2.45	1.06	0.03	1.44	0.75	0.12	0.14	288	1574
Indicated	Lower Psuedo	0.80	2.37	1.89	0.06	1.40	0.72	0.11	0.14	286	1645
Meas + Ind	Lower Psuedo	1.23	2.40	2.95	0.09	1.42	0.73	0.11	0.14	287	1620
Inferred	Lower Psuedo	7.41	1.79	13.24	0.43	1.05	0.56	0.08	0.09	219	1413
Sub Total	Lower Psuedo	8.64	1.87	16.19	0.52	1.10	0.58	0.08	0.10	229	1443
Measured	UG2	2.12	5.05	10.74	0.35	3.02	1.38	0.63	0.02	20	1202
Indicated	UG2	4.96	5.25	26.06	0.84	3.09	1.51	0.63	0.03	21	1212
Meas + Ind	UG2	7.08	5.19	36.80	1.18	3.07	1.47	0.63	0.02	21	1209
Inferred	UG2	6.44	5.52	35.54	1.14	3.19	1.62	0.68	0.02	16	1225
Sub Total	UG2	13.52	5.35	72.34	2.33	3.13	1.54	0.65	0.02	18	1217
Measured	TOTAL	2.62	4.89	12.84	0.41	2.93	1.35	0.55	0.05	108	1320
Indicated	TOTAL	6.76	5.30	35.81	1.15	3.18	1.50	0.54	0.07	189	1415
Meas + Ind	TOTAL	9.38	5.19	48.65	1.56	3.11	1.46	0.54	0.07	167	1388
Inferred	TOTAL	19.45	4.25	82.60	2.66	2.68	1.10	0.36	0.11	348	1511
TOTAL	TOTAL	28.83	4.55	131.25	4.22	2.82	1.21	0.42	0.10	289	1471

CORPORATE

The Company completed a fully underwritten institutional placement and a 1 for 7 fully underwritten accelerated non-renounceable pro-rata entitlement offer to all eligible shareholders. The institutional placement consisted of 29.5 million shares at a price of \$0.59 per share, while the entitlement offer consisted of 41.8 million shares at a price of \$0.56 per share. The total amount raised net of costs was \$39 million.

Qualification Statement

The information in this report that relates to the Rooderand Mineral Resource is based on a resources estimate compiled by Mr. Andre Deiss who is a Principal of ExplorMine Consultants and is a Member of the South African Council for Natural Scientific Professions (member no 400007/97).

Mr. Deiss has more than 7 years experience which is relevant to the style of mineralisation and type of deposit under consideration and 15 years experience in 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 Deiss consents to the inclusion in the report of the matters based on his information in the form and context in which they appears.



JOHN D LEWINS
Managing Director

For further information

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Glossary

4E PGM – 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")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	9,810	20,140
1.2 Payments for (a) exploration & evaluation	(1,297)	(2,703)
(b) development	(3,077)	(4,591)
(c) production	(9,778)	(20,887)
(d) administration	(1,873)	(3,555)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	196	346
1.5 Interest and other costs of finance paid	(1,025)	(1,455)
1.6 Income taxes paid (and Royalties)	(748)	(748)
1.7 Other (provide details if material)	37	37
Net Operating Cash Flows	(7,755)	(13,416)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	(7)	(63)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets	26	26
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Third party exploration funding)	612	559
Net investing cash flows	631	522
1.13 Total operating and investing cash flows (carried forward)	(7,124)	(12,894)

1.13	Total operating and investing cash flows (brought forward)	(7,124)	(12,894)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	40,813	40,813
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 (Costs associated with capital raising)	(1,752)	(1,752)
	Net financing cash flows	39,061	39,061
	Net increase (decrease) in cash held	31,937	26,167
1.20	Cash at beginning of quarter/year to date	6,363	12,366
1.21	Exchange rate adjustments to item 1.20	(39)	(272)
1.22	Cash at end of quarter	38,261	38,261

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	259
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 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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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

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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	(1,600)
4.2 Development	(2,025)
4.3 Production (does not include receipts from product sales)	(13,000)
4.4 Administration	(1,900)
Total	(18,525)

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	179	169
5.2 Deposits at call	38,082	6,194
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	38,261	6,363

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	392,430,039	392,430,039		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	71,299,518	71,299,518		
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>			<i>Exercise price</i>	<i>Expiry date</i>
	3,000,000	-	\$1.25	21 December 2011
	100,000	-	\$1.29	06 June 2011
	900,000	-	\$1.74	30 June 2011
	115,000	-	\$2.35	31 July 2012
	100,000	-	\$2.41	31 July 2012
	250,000	-	86 cents	31 July 2013
	7,142,855	-	\$1.05	31 August 2011
	600,000	-	96 cents	30 April 2014
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 January 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.