



PLATINUM AUSTRALIA LIMITED

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29 January 2010

QUARTERLY REPORT FOR THE PERIOD ENDED 31st DECEMBER 2009

HIGHLIGHTS

- **Ramp up of production at Smokey Hills Mine continued during the quarter:**
 - Tonnes milled increased to 160,423, almost 90% of design capacity;
 - PGM ozs shipped almost unchanged at 10,318 ozs 4E;
 - Build up of stope production from underground continued with 53,400 tonnes mined from stopes in the quarter
 - Open pit mining was completed in December.
- **The Definitive Feasibility Study for the Kalahari Platinum (“Kalplats”) Project (PLA earning 49%) was commenced during the quarter following the completion of the Pre Feasibility Study which showed the project to be commercially and technically viable.**
- **The Prospecting Right was issued for the Rooderand Project (PLA earning 70%) in late November and a resource definition drilling program was commenced in the same month. First results include hole BPR003 with 1.47m @ 5.78 g/t 3E from 28.47m, 2.0m @ 10.85 g/t 3E from 34.94m and 1.24m @ 7.88 g/t 3E from 36.94m. Hole BPR004 with 1.80m @ 5.66 g/t 3E from 37.2m and 1.03m @ 4.37 g/t 3E from 60.99m. Hole BPR006 with 0.96m @ 4.80 g/t 3E from 20.43m.**
- **In December the Company entered into an Agreement with Japan Oil, Gas and Metals National Corporation (“JOGMEC”) under which JOGMEC will earn an initial 35% interest in the Stellex North Project, an extension of the Kalplats project, by providing US\$3.5 Million funding for exploration over the next 4 years.**

OPERATIONS

SMOKEY HILLS

Mining

A total of 94,962 tonnes from the open pit and 92,916 tonnes from the underground were mined during the quarter.

The focus of underground mining operations moved from primarily the development of the main adits and access raises, to the establishment and ramp up of production stopes. The first stope production commenced in September 2009 and this was ramped up to 53,400 tonnes for the December Quarter or 57% of total underground production.

The ramp up of underground production and especially stope production has been slower than planned due to a large pothole being encountered between adits 4 and 5 over a strike length of approximately 125 metres. This has significantly reduced both the current stoping faces available and therefore stope tonnage mined and the development ore mined during the quarter. It is anticipated that this will continue to impact on the stope tonnage during the majority of the March Quarter.

Modifications to the mine design for this area will however enable approximately 80% of the ore affected by the pot hole to be recovered over the following two quarters.

Mining of the open pit was extended from the planned completion date of end September to mid December to provide additional ore to compensate for the slower ramp up of material from underground.

Processing

The ramp up of the plant throughput continued during the quarter, increasing to just over 160,000 tonnes or almost 90% of design capacity. Almost all material treated came from current open pit and underground operations, however due to the slower ramp up in underground production the percentage of oxide material increased from the previous quarter to over 50% and as a result recoveries decreased to ~58%.

The head grade was marginally lower than the previous quarter at 3.48 g/t 4E. The increased throughput largely offset the reduced recovery and marginally lower head grade, resulting in almost unchanged production.

Safety

There was one lost time injury during the quarter. The current Lost Time Incident Frequency Rate ("LTIFR") is now 2.9 (Based on 1,000,000 man hours worked – 12 month average).

Production Statistics

		September Quarter	December Quarter
Tonnes Milled	tonnes	149,929	160,623
Head Grade	g/t 4E	3.64	3.48
Recovery	%	68.25	57.50
4E PGM Shipped	ozs	10,357	10,318
Cash Costs	ZAR/tonne	446	397

KALAHARI PLATINUM PROJECT

Following the completion of the Pre Feasibility Study work commenced on the Definitive Feasibility Study (“DFS”). The DFS will be based on an expanded resource, with open pit mining on seven of the eight identified deposits.

DRA has been appointed as the Lead Engineer for the DFS, other consultants involved in the study include Coffey Mining, Lower Quartile Solutions, Africa Geo-Active Services and Digby Wells and Associates.

It is anticipated that the DFS will be completed in March 2010.

ROODERAND PROJECT

The Prospecting Right for the Rooderand Project was issued in late November and by the end of the month PLA had commenced the resource definition diamond drilling program. The first results from the drilling program are provided in Table 1 below.

PLA currently has two diamond drill rigs working on the property and expects this to increase to three during the March Quarter. A program of approximately 100 diamond drill holes is planned and it is expected that this will be completed in the September Quarter 2010.

A Pre Feasibility Study on the project will commence in the March Quarter with DRA as the Lead Engineer.

STELLEX NORTH PROJECT

The Stellex North Project is located immediately to the north of the Kalplats Area of Influence (“AoI”) Project and covers approximately 26 kms of strike length of the Kraaipan Greenstone belt. PLA and its BEE partner, Batsalani Mining and Resources were awarded a Prospecting Right covering the project in June 2008. PLA as the manager of the project has to date undertaken regional mapping and some soil geochemical survey work.

The partners have now signed an agreement with JOGMEC under which JOGMEC will earn an initial 35% interest in the project by providing US\$3.5 million for exploration over a four year period.

CORPORATE

The Annual general Meeting was held on 30 November 2009 and all resolutions, including the re-appointment of Mr Eric Hughes as a Director of the Company were passed.

Table 1 Rooderand Project Drilling Results

Hole ID	Easting	Northing	From m	To m	Width m	Reef	Cu %	Ni %	Au ppm	Pd ppm	Pt ppm	Pt+Pd+Au ppm	
BPR001 Az 330° Dip 80°	1142.79	- 2,779,656.19	161.11	162.17	1.06	Pseudo Reef Package	0.03	0.16	0.11	0.59	1.09	1.79	
			<i>including</i>										
			161.33	161.51	0.18			0.11	0.29	0.37	1.73	3.01	5.11
BPR002 Az 225° Dip 80°	1398.90	- 2,780,086.56	196.95	197.38	0.43	Merensky Reef Package	0.10	0.17	0.20	1.55	5.23	6.98	
			<i>including</i>										
			197.21	197.38	0.16	Merensky Reef	0.16	0.24	0.31	3.56	12.59	16.46	
			203.22	203.67	0.45	MRFW	0.04	0.11	0.08	0.22	0.42	0.73	
			209.90	210.30	0.39	Pseudo Reef Package	0.06	0.19	0.16	2.48	4.55	7.19	
			<i>including</i>										
			210.10	210.30	0.19			0.11	0.33	0.28	4.32	8.03	12.62
			214.04	214.90	0.86	Pseudo Reef Package	0.03	0.21	0.13	0.94	1.66	2.73	
			<i>including</i>										
			214.30	214.50	0.20			0.06	0.24	0.22	1.58	3.51	5.30
224.36	225.22	0.86	UG2	0.06	1.32	0.02	1.28	3.44	4.74				
225.22	225.42	0.20	UG2 FW	0.01	0.08	0.01	0.29	1.51	1.81				
BPR003 Az 225° Dip 80°	1188.14	- 2,778,943.06	28.47	29.94	1.47	Pseudo Reef Package	0.06	0.28	0.17	1.65	3.96	5.78	
			<i>including</i>										
			28.47	28.74	0.27			0.14	0.37	0.39	4.57	12.02	16.98
			29.74	29.94	0.20			0.10	0.35	0.19	1.80	4.37	6.36
			30.94	31.74	0.80	Pseudo Reef Package	0.02	0.22	0.06	0.69	1.36	2.11	
			33.94	34.54	0.60	Pseudo Reef Package	0.09	0.24	0.24	1.24	3.34	4.82	
			34.94	36.94	2.00	Pseudo Reef Package	0.15	0.44	0.43	3.07	7.35	10.85	
			<i>including</i>										
			35.34	36.74	1.40			0.17	0.49	0.49	3.72	8.90	13.12
			36.94	38.18	1.24	Pseudo Reef Package	0.08	0.20	0.34	2.49	5.04	7.88	
<i>including</i>													
37.36	37.78	0.42			0.15	0.34	0.73	5.13	10.69	16.55			
47.09	48.12	0.61	UG2	0.00	0.14	0.01	1.45	3.34	4.80				
48.72	48.92	0.20	UG2FW	0.01	0.09	0.01	0.60	1.39	2.00				
BPR004 Az 225° Dip 80°	1289.31	- 2,779,291.43	18.77	18.97	0.20	Bastard Reef FW	0.07	0.14	0.12	0.38	0.58	1.08	
			18.97	19.77	0.80	Bastard Reef FW	0.16	0.26	0.22	0.53	0.82	1.57	
			34.48	34.95	0.47	Merensky Reef HW	0.09	0.18	0.13	0.32	0.78	1.23	
			36.10	36.90	0.50	Merensky Reef HW	0.02	0.04	0.05	0.45	0.77	1.27	
			37.20	39.00	1.80	Merensky Reef FW	0.08	0.14	0.24	1.89	3.54	5.66	
			40.80	41.10	0.30	Merensky Reef HW	0.01	0.02	0.05	0.28	0.54	0.87	
			44.56	44.88	0.32	Pseudo Reef Package	0.05	0.18	0.10	1.35	1.99	3.43	
			50.06	51.03	0.97	Pseudo Reef Package	0.04	0.20	0.10	0.57	1.22	1.89	
			60.99	62.02	1.03	UG2	0.00	0.13	0.01	1.17	3.20	4.37	
62.02	62.62	0.60	UG2 FW	0.02	0.06	0.02	1.10	2.71	3.84				

Hole ID	Easting	Northing	From	To	Width	Reef	Cu	Ni	Au	Pd	Pt	Pt+Pd+Au
			m	m	m		%	%	ppm	ppm	ppm	ppm
BPR006 Az 225° Dip 80°	1016.50	- 2,779,036.58	14.45	15.15	0.72	Merensky Reef FW	0.04	0.07	0.13	1.17	2.19	3.50
			26.96	27.62	0.66	Pseudo Reef Package	0.02	0.19	0.06	1.54	1.56	3.16
			30.48	31.60	1.12	Pseudo Reef Package	0.01	0.12	0.04	0.71	1.75	2.51
			40.08	41.02	0.94	UG2	0.00	0.13	0.01	1.13	3.66	4.80
			41.22	41.42	0.20	UG2 FW	0.00	0.07	0.00	0.20	0.33	0.54
			42.16	42.56	0.40	UG2 FW	0.00	0.08	0.01	0.36	1.41	1.78
BPR008 Az 225° Dip 80°	1156.51	- 2,779,168.50	20.43	21.13	0.70	Merensky Reef Package	0.09	0.20	0.21	1.11	2.97	4.29
			<i>including</i>									
			20.68	20.93	0.25	Contact Merensky Reef	0.19	0.39	0.45	2.67	7.38	10.50
			33.91	34.14	0.23	Pseudo Reef Package	0.05	0.18	0.12	1.14	1.72	2.99
			39.62	40.50	0.88	Tarentaal	0.04	0.18	0.15	0.92	1.92	2.99

- Rhodium assays awaited
- Intersected lengths are not true widths
- Assays by Intertek - Genalysis ISO 9001 – 2000 accredited laboratory; PGM and Au by fire assay using lead collection and 50g charge; Cu and Ni assays by ICP – OES on acid digest

QUALIFICATION STATEMENT

We confirm that exploration results contained in this report are based on information compiled by Peter Allchurch, who is a Fellow of the Australian Institute of Mining and Metallurgy. Peter Allchurch is non-executive Chairman of Platinum Australia Limited.

Peter Allchurch has more than 5 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'. Peter Allchurch consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



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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")

31 December 2009

Consolidated Statement of Cash Flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	11,511	21,641
1.2	Payments for (a) exploration and evaluation	(481)	(773)
	(b) development	(5,079)	(11,926)
	(c) production	(14,795)	(26,295)
	(d) administration	(1,558)	(3,068)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	255	364
1.5	Interest and other costs of finance paid	(535)	(1,312)
1.6	Income taxes paid	(1,142)	(1,142)
1.7	Other (provide details if material)	4	12
Net Operating Cash Flows		(11,820)	(22,499)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	(2,026)	(2,026)
	(b) equity investments		
	(c) other fixed assets	(55)	(66)
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	12	12
1.12	Other (provide details if material)		
Net investing cash flows		(2,069)	(2,080)
1.13	Total operating and investing cash flows (carried forward)	(13,889)	(24,579)

1.13	Total operating and investing cash flows (brought forward)	(13,889)	(24,579)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	32,208	57,372
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	15,000
1.17	Repayment of borrowings	-	(49,492)
1.18	Dividends paid		
1.19	Other (provide detail if material) Fundraising Costs (2,173) Close of Hedgebook facility 19,348	(2,122)	17,174
	Net financing cash flows	30,086	40,054
	Net increase (decrease) in cash held	16,197	15,475
1.20	Cash at beginning of quarter/year to date	6,389	7,296
1.21	Exchange rate adjustments to item 1.20	211	26
1.22	Cash at end of quarter (refer note below)	22,797	22,797

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	219
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

2.2

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	(1,458)
4.2 Development	(6,479)
4.3 Production	(11,300)
Total	(19,237)

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	61	321
5.2 Deposits at call	22,736	6,068
5.3 Bank overdraft	-	-
5.4 Other: Bank Guarantees	-	-
Total: cash at end of quarter (item 1.22)	22,797	6,389

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	320,880,521	320,880,521		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	43,785,000	43,785,000		
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>			Exercise price	Expiry date
	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
	250,000	-	86 Cents	31 July 2013
	150,000	-	91.5 Cents	31 December 2013
	2,857,142	-	\$1.05	31 August 2011
7.8 Issued during quarter	250,000	-	86 Cents	31 July 2013
	150,000	-	91.5 Cents	31 December 2013
	2,857,142	-	\$1.05	31 August 2011
7.9 Exercised during quarter	3,400,000	-	35 Cents	10 December 2009
	2,500,000	-	20 Cents	11 December 2009
	385,000	-	37 Cents	30 November 2009
7.10 Cancelled during quarter (lapsed)	135,000	-	37 Cents	30 November 2009
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 January 2010
 (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.