



# PLATINUM AUSTRALIA LIMITED

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29 April 2011

## QUARTERLY REPORT FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2011

### OPERATIONS

#### SMOKEY HILLS

##### Summary

Production for the quarter at Smokey Hills increased significantly to 8,015 ozs 4E PGM from the 5,490 ozs achieved in the previous quarter. This increase was achieved despite the industrial action by the employees of the mining contractor, JIC Mining Services, which commenced in late January and resulted in the majority of the workforce being terminated at the beginning of February, requiring a new workforce to be recruited.

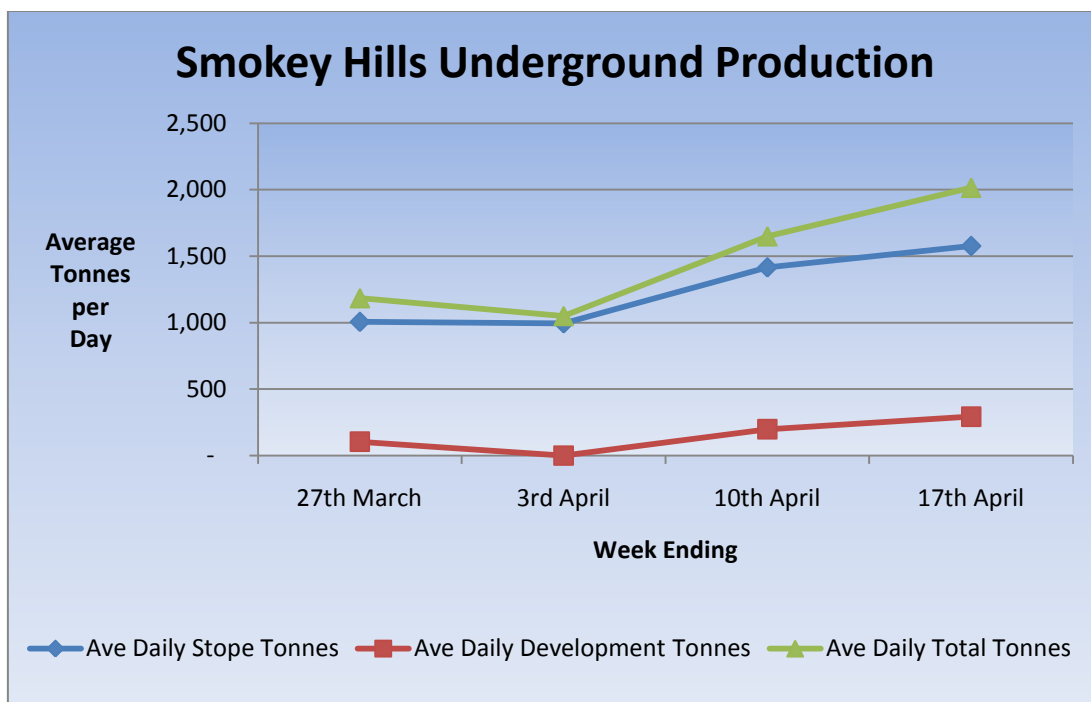
The previous workforce was inherited by JIC from the previous contractor, Redpath Mining (South Africa) (Pty) Ltd ("Redpath"), which has been the root cause of much of the industrial action. A large percentage of the new workforce has been transferred to Smokey Hills from other JIC operations where they have been employed by JIC for a number of years. As a result the skills level of the workforce at Smokey Hills has been significantly enhanced. Therefore while production has suffered in the short term, the benefits are already evident in the production levels being achieved by the contractor as the new workforce has become established on site over the last two months.

The loss of production from underground due to the industrial action was partially offset by treating 48,191 tonnes chrome tailings and dump material during the quarter. The treatment of this material at average head grade of 4.78 g/t 4E PGM and at a recovery of 35% added approximately 2,600 ozs 4E PGM to the production for the quarter.

##### Mining

Underground production was adversely affected by the unprotected industrial action undertaken by the majority of the JIC workforce which resulted in termination of those workers participating in the action. Prior to the commencement of this industrial action, the improvements in performance were already evident by the third week in January when the contractor achieved the highest weekly production since underground operations commenced.

As JIC have built up their new workforce we have seen a consistent improvement in production levels during March and April as shown in the graph below. The week prior to the Easter break, JIC achieved an average of over 1,500 tonnes per day of stope ore production and almost 2,000 tonnes total production, the first time either of these production levels have been achieved over a one week period. This production was achieved with a workforce some 20% smaller than that of the previous contractor and PLA expects this improvement to continue in the coming weeks to enable consistent design production levels to be achieved from the underground operations.



#### Processing

Plant throughput increased significantly in the quarter to 113,164 tonnes, from the 87,000 treated in the previous quarter. Plant recovery increased and head grade decreased as a result of the reduction in the percentage of chrome tailings material treated. All of the available chrome tailings material had been treated by the end of the quarter.

#### Safety

There were two lost time injuries during the quarter and the Lost Time Incident Frequency Rate (“LTIFR”) increased to 4.78 (Based on 1,000,000 man hours worked – 12 month average).

#### Production Statistics

		December Quarter	March Quarter
<b>Tonnes Milled</b>	tonnes	87,000	113,164
<b>Head Grade</b>	g/t 4E	5.29	4.03
<b>Recovery</b>	%	37.1	53.2
<b>4E PGM</b>	ozs	5,490	8,015
<b>Cash Costs</b>	ZAR/tonne	639	754

#### KALAHARI PLATINUM PROJECT

During the quarter a review process of the Definitive Feasibility Study (“DFS”) on the project was undertaken with the joint venture partner, ARMplatinum. This process is expected to be completed in the coming quarter.

The partners have also agreed to undertake the mining of a bulk sample from the existing trial pit to be run through a pilot plant as part of the implementation of the project. It is anticipated that this work will commence in the coming quarter and be completed in the September quarter.

The metal prices have moved significantly higher since the completion of the DFS and the US\$ basket price for the 3E PGM which would be produced at Kalahari Platinum is now over 30% higher than the Base Case significantly enhancing the economics of the project.

### **STELLEX NORTH PROJECT**

An initial drilling program of approximately 3,000 metres of RC drilling was completed during the quarter and the final results from this work are awaited. Initial indications are that the 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, however no PGM reefs have been intersected. A further program of work is planned to commence in the September quarter. This work is entirely funded by Japan Oil, Gas and Metals National Corporation (“JOGMEC”) under an Agreement which provides for JOGMEC to 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**

Work on the Pre Feasibility Study (“PFS”) was largely completed during the quarter and a draft report issued. It is anticipated that the report will be completed early in the June Quarter. The PFS is based on an initial open pit operation which would mine up to 10.5 million tonnes at a grade of 3.5 g/t with a life of approximately 9 years followed by a further underground operation of approximately 7 years.

The drilling program for the Definitive Feasibility Study (“DFS”) commenced during the quarter and there are currently five rigs working on the site. It is anticipated that this program will be completed in the September quarter.



**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 March 2011

## Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	9,618	29,758
1.2 Payments for (a) exploration & evaluation	(1,075)	(3,778)
(b) development	(106)	(4,697)
(c) production	(12,853)	(33,740)
(d) administration	(1,765)	(5,320)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	482	828
1.5 Interest and other costs of finance paid	(386)	(1,841)
1.6 Income taxes paid (and Royalties)	-	(748)
1.7 Other (provide details if material)	11	48
<b>Net Operating Cash Flows</b>	<b>(6,074)</b>	<b>(19,490)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	(20)	(83)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets	2	28
1.10 Loans to other entities	(1,464)	(1,464)
1.11 Loans repaid by other entities		
1.12 Other (Third party exploration funding)	9	568
<b>Net investing cash flows</b>	<b>(1,473)</b>	<b>(951)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(7,547)</b>	<b>(20,441)</b>

1.13	Total operating and investing cash flows (brought forward)	(7,547)	(20,441)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		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)	(41)	(1,793)
	<b>Net financing cash flows</b>	<b>(41)</b>	<b>39,020</b>
	<b>Net increase (decrease) in cash held</b>	<b>(7,588)</b>	<b>18,579</b>
1.20	Cash at beginning of quarter/year to date	38,261	12,366
1.21	Exchange rate adjustments to item 1.20	(2,188)	(2,460)
1.22	<b>Cash at end of quarter</b>	<b>28,485</b>	<b>28,485</b>

### 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	215
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	(2,000)
4.2 Development	(1,000)
4.3 Production (does not include receipts from product sales)	(12,200)
4.4 Administration	(1,900)
<b>Total</b>	<b>(17,100)</b>

## 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	157	179
5.2 Deposits at call	28,328	38,082
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>28,485</b>	<b>38,261</b>

## 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	392,430,039	392,430,039		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 April 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.