NiPlats Australia Limited

Quarterly Report

For The Period Ended 30 September 2009

ASX Code: NIP

NiPlats Australia Limited
Level 22, Allendale Square
77 St Georges Tce, Perth WA 6000
PO Box Z5518, Perth WA 6831
Ph: +61 8 9221 8055
Fax: +61 8 9325 8088
ABN: 67 100 714 181
Website: www.niplats.com.au

Operations Report

INTRODUCTION

NiPlats has established a portfolio of 100% owned tenements covering approximately 473 square kilometres in the East Kimberley region of Western Australia ("Tenements").

Since NiPlats was listed on the ASX in 2007, the company has focussed on exploring an extensive zone of vanadiferous and titaniferous magnetite mineralisation which also hosts PGE+Au ("Platinum group elements plus gold") mineralisation and a high grade fluorite resource located on the tenements.

HIGHLIGHTS

- **Completion of Phase 1 of 2009 Exploration Programme, which encompassed 6,153m of RC drilling in 116 holes and 970m of Diamond Core drilling in 6 holes. Assays and interpretation are pending, and are designed to support the following outcomes over the coming months:**
    - **Completion of scoping studies on vanadium project with the goal of delivering conceptual NPV on vanadium project in first half of 2010;**
    - **Resource category upgrade on existing Central zone resource;**
    - **Definition of maiden vanadium resource estimates on Red Hill and Buckman prospects;**
    - **Fluorite resource upgrade;**
    - **Provide further information on PGE+Au reef identified in 2007.**
- **Significant 22% increase in Fluorite resource based on drilling completed in 2008.**
- **Initiation of Phase 2 of the 2009 Exploration Programme of up to 4 diamond drill holes targeting Copper/Gold mineralisation situated below known fluorite mineralisation.**
- **Successful completion of placement of $1 million to support 2009 Exploration Programme.**

LOCATION

The NiPlats tenements are located approximately 110 kilometres southwest of Kununurra and 110 kilometres south of the port of Wyndham in the Kimberley region of Western Australia (Figure 1). The Tenements are accessed via 45 kilometres of unsealed tracks from the sealed Great Northern Highway.

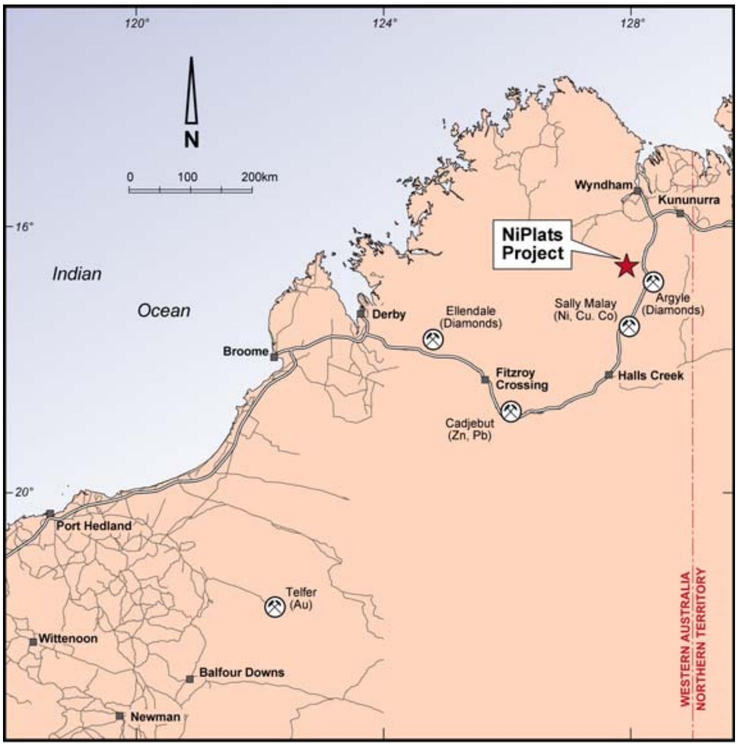


Figure 1: Location Map

RESOURCES

The NiPlats Tenements contain the following resources:

Vanadium

The high grade portion of the total resource is given in Table 1.

Table 1: Speewah Central Prospect Mineral Resource estimate Basal High Grade Zone.

Zone	Category	M Tonnes	Grade at V_2O_5 >= 0.365%			
			V %	V_2O_5 %	Total Fe %	Total Ti %
Basal High Grade	Measured	-	-	-	-	-
	Indicated	107	0.22	0.40	15.2	2.1
	Inferred	172	0.22	0.39	15.4	2.2
	High Grade Total	**279**	**0.22**	**0.39**	**15.3**	**2.2**

Note: The CSA Mineral Resource was estimated within constraining wireframe surfaces based on a nominal lower cut-off grade of 0.2% V, for the high grade zone. The resource is quoted from blocks above the specified cut-off grade of 0.365% V_2O_5. Estimate based on results of XRF analysis for V, Fe and Ti, with V_2O_5 calculated as V % x 1.785. Differences may occur due to rounding.

The high grade resource sits within the total resource (Table 2).

Table 2: Speewah Central Prospect Mineral Resource estimate Combined Zones.

Zone	Category	M Tonnes	Grade at V_2O_5 >= 0.23%			
			V %	V_2O_5 %	Total Fe %	Total Ti %
Basal High Grade	Measured	-	-	-	-	-
	Indicated	127	0.22	0.39	15.1	2.1
	Inferred	256	0.21	0.38	15.0	2.1
	High Grade Total	**383**	**0.21**	**0.38**	**15.1**	**2.1**
Low Grade	Measured	-	-	-	-	-
	Indicated	207	0.15	0.28	15.1	2.1
	Inferred	261	0.15	0.26	14.5	2.0
	Low Grade Total	**468**	**0.15**	**0.27**	**14.8**	**2.0**
Combined Zones	Measured	-	-	-	-	-
	Indicated	334	0.18	0.32	15.1	2.1
	Inferred	517	0.18	0.32	14.8	2.1
	Grand Total	**851**	**0.18**	**0.32**	**14.9**	**2.1**

Note: The CSA Mineral Resource was estimated within constraining wireframe surfaces based on a nominal lower cut-off grade of 0.2% V, from the high grade zone, and 0.1% V for the low grade zone. The resource is quoted from blocks above the specified cut-off grade of 0.23% V2O5. Estimate based on results of XRF analysis for V, Fe and Ti, with V2O5 calculated as V % x 1.785. Differences may occur due to rounding.

The maiden resource sits within **Australia's largest vanadium deposit** on the NiPlats tenements. The Company has identified the high grade basal zone for pre-feasibility studies to be completed in 2010 and preliminary investigations suggest a potential 100+ year mine life when considered together with surrounding exploration targets.

It is important to note that the entire resource, inclusive of low grade, contains magnetite with vanadium tenor that is higher than is being exploited commercially in other existing vanadium production facilities. A comparison of the NiPlats resource (in terms of resource size and vanadium tenor in concentrate) with other Australian projects and an existing South African production facility (Xstrata) is shown in Figure 2 below.

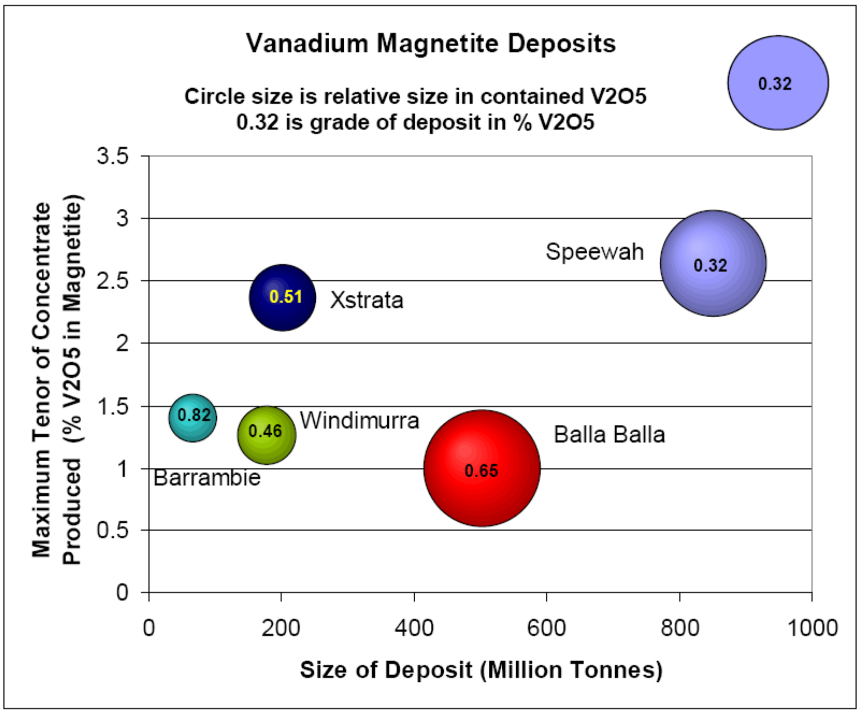


Figure 2 Comparative vanadium resources in Australia including South African production facility (Xstrata). Information is generated through publically available information.

Sinclair Knight Merz ("SKM") completed the initial metallurgical testwork last year that confirmed the very high tenor of up to 2.64% V_2O_5 in the magnetite concentrate. SKM will oversee the larger scale programme as part of the scoping studies.

The resource estimate represents only the Central Deposit within the Speewah Dome (Figure 3). In addition, the Red Hill and Buckman Prospects are exploration targets, which together encompass a total target of 1.4-2.6 billion tonnes at 0.3-0.4% V_2O_5, based on drilling and mapping. The Red Hill and Buckman exploration targets were significantly increased in March 2009 from initial estimates released in November 2008 and **maiden resources estimates** are expected to be generated upon completion of the 2009 Exploration Programme in the coming months.

Fluorite

The Fluorite resource was upgraded in August 2009 and is given in Table 3. The deposit contains Indicated and Inferred Resources totalling 6.7 Mt at 24.6% (within high grade domains at 10% CaF_2 cut-off grade), comprising:

- Indicated Resource of 4.1 Mt at 25.3% CaF_2;
- Inferred Resource of 2.6 Mt at 23.6% CaF_2.

Table 3: Speewah Fluorite Prospect Mineral Resource estimate.

Speewah Fluorite Deposit August 2009 Resource Estimate							
	Indicated		Inferred		Total		
Type	Tonnes	CaF_2	Tonnes	CaF_2	Tonnes	CaF_2	CaF_2
	Mt	%	Mt	%	Mt	%	Mt
High Grade	4.1	25.3	2.6	23.6	**6.7**	**24.6**	**1.7**

Operations Report

NiPlats

2009 Exploration & Development Programme

The Exploration Phase of the 2009 Programme is expected to be completed in the next 2 weeks with the analysis and interpretive portion of the Programme to be completed over the coming months with information to be released to the market during this time as it becomes available. The 2009 programme includes:

- RC drilling;
- Diamond core drilling;
- Geological mapping;
- Gravity survey;
- Environmental and heritage and studies;
- Metallurgical and pyro-metallurgical testwork and Flowsheet design on the vanadium deposit;
- Pit optimisation;
- Operating and Capital Cost estimates.

Objectives of 2009 Programme

The 2009 Exploration & Development programme will significantly add to the information on the NiPlats tenements and progress each of the 4 key objectives as follows:

1. Vanadium Pre-feasibility Study – The focus of the exploration programme has been to provide both RC and Diamond drilling data to support a pre-feasibility study with the ultimate goal of providing estimates of capital and operating costs of a vanadium project. This will result in the Company being able to provide a conceptual Net Present value of a vanadium project before the end of the financial year. One of the additional positive outcomes of this programme will be a significant upgrade in the resource estimates in the Central Zone. Further to this will be the maiden resource estimates expected to be delivered on the Red Hill and Buckman Zones in the first quarter of 2010;

2. Test for PGE+Au – All drilling within the vanadium zones provides further information regarding PGE+Au prospectivity, with specific exploration this year design to test for feeder/high grade zones of the PGE+Au reef initially discovered in 2007. Assay results from this exploration will be provided over the coming months;

3. Fluorite Pre-feasibility Study – A further update in the resource estimates (which has been increased by 52% since the Company was listed on ASX, and to upgrade previous pit optimisation studies for open and underground mining operations.

4. Copper/Gold Targets –Phase 2 of the exploration programme, which includes the completion of up to four diamond drill holes in October 2009, will deliver a fourth key objective focussed on the Copper/Gold prospects. This drilling will target copper/gold mineralisation thought to occur within the Greenvale Fault Zone along the south east edge of the Speewah Dome. Copper and gold mineralisation has been recorded on the surface and in previous Reverse Circulation ("RC") drilling along a 2.5km zone of the Greenvale Fault that hosts the ABCE fluorite deposit. The cost of the Phase 2 programme was supported through a $1 million placement completed in August 2009 which also provided additional working capital to the Company.

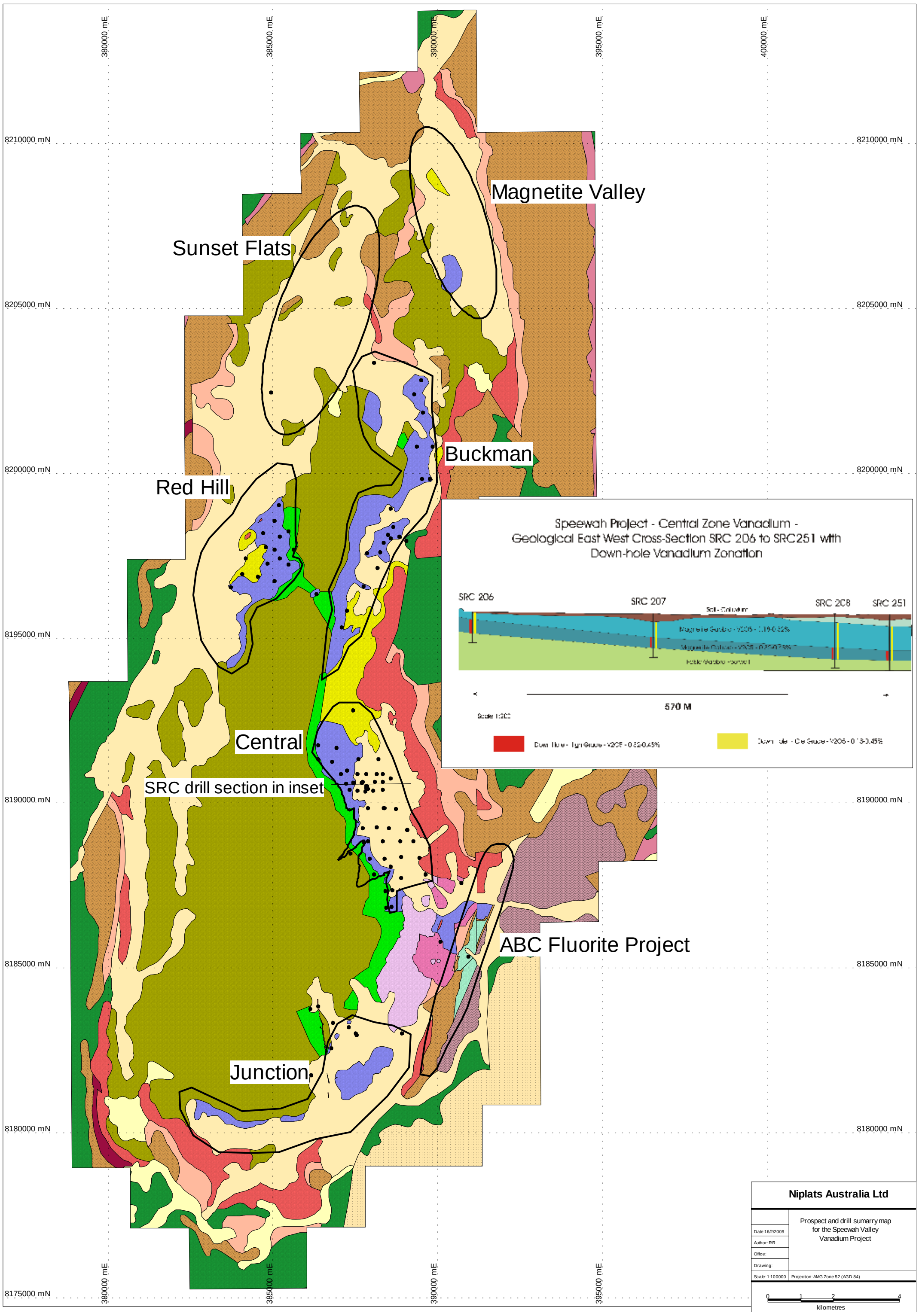


Figure 3. A map of the Speewah Project area showing the main vanadiferous magnetite targets and a geological cross-section of the mineralised zone.

PROGRESS UPDATE

Phase 1 of 2009 Exploration Programme –

On 29 September 2009 the Company advised completion of Phase 1 of the 2009 Programme that focused on generating the data to complete the first 3 of the above 4 objectives. Phase 1 included 6,153m of RC drilling in 116 holes and 970m of Diamond Core drilling in 6 holes. Drill samples have been transported to Perth with assays pending. NiPlats advises that it will release results as interpretation of assays is completed in the coming months.

Phase 2 of 2009 Exploration Programme –

As of 25 October, a total of 841 m of diamond drilling in 2 of the four planned holes that comprise Phase 2 have been successfully completed targeting copper/gold (Objective 4). The diamond core drilling associated with Phase 2 is expected to be completed in the following 2 weeks with the core to be transported to Perth immediately following completion for further analysis.

CONCLUSIONS

The Board is confident that assays, analysis and further work will progress the 4 key objectives of the Company significantly in the coming months including the corresponding resource estimate updates in both vanadium and fluorite that are planned to be generated from them.

Having confirmed a large, high quality vanadium resource, the Board advises that immediate future work will focus on Objective 1 being the pre-feasibility studies on the outcropping, high grade basal portion of the resource which has an Indicated Mineral Resource of **107 million tonnes at 0.40% V_2O_5**,. Preliminary investigations suggest the deposit could support a potential mine life of over 100 years based on producing approximately 6,500 tonnes of ferro-vanadium end product per year. The Directors are confident that significant advances to the vanadium project will be made throughout the course of the year as a result of further studies now underway and that the completion of Objective 1 approximately 1 year after announcement of the maiden vanadium resource is a significant achievement for the Company.

As assays and interpretive work are completed in respect of the PGE+Au and Copper/Gold Objectives 2 and 4 in the coming months, the Company will provide releases regarding the PGE+Au and Copper/Gold mineralisation.

As work continues into the feasibility of the fluorite project (Objective 3) a further resource upgrade is expected in the first half of 2010 at which time the Company will advise on the potential of an open cut and underground mining operation.

FOR FURTHER INFORMATION, PLEASE CONTACT:

NiPlats Australia Limited
Level 22 Allendale Square
77 St Georges Terrace
Perth WA 6000

Telephone: +61 8 9221 8055
Fax: +61 8 9221 8088

Anthony Barton – Non Executive Chairman
Richard Wolanski – Executive Director

Background

NiPlats Australia Limited ("NiPlats) is a mining and exploration company whose prime focus is the definition and development of its vanadium – platinum and fluorite discoveries in the East Kimberly region of Western Australia.

The tenements contain a very large vanadium deposit with Indicated and Inferred Resources totalling 851 Mt at 0.32% (at 0.23% V_2O_5 cut-off grade), comprising an Indicated Resource of 334 Mt at 0.32% V_2O_5 and an Inferred Resource of 517 Mt at 0.32% V_2O_5 which includes a high grade zone of 279 Mt at 0.39% (at 0.365% V_2O_5 cut-off grade), comprising an Indicated Resource of 107 Mt at 0.4% V_2O_5 and an Inferred Resource of 172 Mt at 0.39% V_2O_5.

The tenements also contain a high-grade, high-quality fluorite deposit with Indicated and Inferred Resources totalling 6.7 Mt at 24.6% (at 10% CaF_2 cut-off grade), comprising an Indicated Resource of 4.1 Mt at 25.3% CaF_2 and an Inferred Resource of 2.6 Mt at 23.6% CaF_2.

NiPlats Australia Limited has a 100% interest in three granted Mining Leases (M80/267, M80/268 and M80/269) and two granted exploration licences (E80/2863 and E80/3657) covering 473 km² located about 110 km southwest of Kununurra. The tenements cover the Speewah Dome where Proterozoic-age Hart Dolerite intrudes older sediments of the Speewah and Kimberley Groups, which has been disrupted by fault and fault splays of the Greenvale Fault Zone that hosts both fluorite mineralisation and carbonatites in the Speewah area.

The potential quantity and grade of the exploration targets referred to in relation to 'Red Hill' and 'Buckman' Prospects is conceptual in nature and there has been insufficient exploration to define a Mineral Resource.

Mr Ken Rogers (Member of the Australian Institute of Geoscientists), Chief Geologist for NiPlats Australia Limited, compiled the technical aspects of this report. Mr Rogers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Rogers consents to the inclusion in the report of the matters in the form and context in which it appears.

Rule 5.3

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

NIPLATS AUSTRALIA LIMITED

ACN	Quarter ended ("current quarter")
ACN 100 714 181	30 September 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration and evaluation	(762)	(762)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(167)	(167)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	10	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other –		
	Net Operating Cash Flows	(919)	(919)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities		
	Term Deposit to Support Credit card	-	
1.11	Loans repaid by other entities	-	-
1.12	Other: (a) Proceeds from disposal of controlled entity	-	-
	(b) Cash on hand upon purchase of controlled entity	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(919)	(919)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(919)	(919)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,000	1,000
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 – capital raising costs	(20)	(20)
	Net financing cash flows	980	980
	Net increase (decrease) in cash held	(61)	(61)
1.20	Cash at beginning of quarter/year to date	1,462	1,462
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	1,401	1,401

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	112
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

	$'000
Directors' remuneration	56
Occupancy, Administration and Accounting charges	56

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

Not Applicable

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

Not Applicable.

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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	900
4.2	Development	
	Total	500

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	1,341	1,402
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Deposits held as security for bank guarantees	60	60
	Total: cash at end of quarter (item 1.22)	1,401	1,462

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	Nil			
6.2	Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

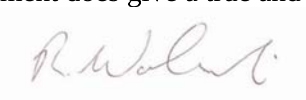
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		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**	-	-		
7.2	Changes during quarter	-	-		
7.3	**+Ordinary securities**	79,800,000	79,800,000		
7.4	Changes during quarter (a) Increases through issues (b) Increases through release from escrow	 5,000,000 -	 5,000,000 27,987,420		
7.5	**+Convertible debt securities**	-	-		
7.6	Changes during qtr	-	-		
7.7	**Options** *(description and conversion factor)*	 5,000,000 200,000 100,000 100,000 100,000		<u>*Exercise price*</u> 20 cents 45 cents 50 cents 65 cents 80 cents	<u>*Expiry date*</u> 30.06.2012 31.03.2013 30.06.2012 30.06.2012 30.06.2012
7.8	Issued during quarter	-			
7.9	Exercised during quarter	-			
7.10	Expired during qtr	-			
7.11	**Debentures** *(totals only)*	-			
7.12	**Unsecured notes** *(totals only)*	-			

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: 30 October 2009

(Director/Company Secretary)

Print name: Richard Wolanski

+ See chapter 19 for defined terms.

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.

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+ See chapter 19 for defined terms.