



PLATINUM AUSTRALIA LIMITED

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30 October 2008

QUARTERLY REPORT FOR THE PERIOD ENDED 30th SEPTEMBER 2008

HIGHLIGHTS

Commissioning of the Processing Plant at the Smokey Hills Platinum Mine

Platinum Australia (“PLA”) commenced commissioning of the milling section of the Smokey Hills Processing Plant on 3rd October when a number of drives were energized and the Primary mill was turned for the first time.

This was followed by the first ore being fed to the crushing circuit of the Processing Plant on Saturday 25th October. By the end of September some 70,000 tonnes of ore with an average grade of 7.5 g/t 4E PGM had been mined and placed on the Run of Mine pad ready for feeding into the plant.

Progress at the Kalahari Platinum Project

Results from the ongoing resource drilling program at the Kalplats Project, announced since the last quarterly report, provided further evidence of wide zones of good grade mineralisation in the Crux, Sirius, and Vela deposits as well as the Mira and Scorpio prospects. Work on completing the balance of the resource estimates for the Vela, Serpens North and Sirius deposits also commenced during the quarter.

Progress at the Kalahari “Area of Influence” Project

The completion of the resource definition drilling at the main Kalplats Project allowed a reverse circulation (“RC”) drilling rig to be made available for drilling of the first targets on the “Area of Influence (“AoI”)” Project. Four holes had been completed by the end of the quarter and all holes intersected gabbroic rocks and magnetite, consistent with the rocks encountered in the main Kalplats Project. Results from this drilling are expected in the coming period.

OPERATIONS

At the **Smokey Hills PGM Project** in South Africa, construction of the plant and related infrastructure continued during the period and commissioning of the milling section of the Smokey Hills Processing Plant on 3rd October when a number of drives were energized and the Primary mill was turned for the first time. This was followed by the first ore being fed to the crushing circuit of the Processing Plant on Saturday 25th October.

By the end of September some 70,000 tonnes of ore with an average grade of 7.5 g/t 4E PGM had been mined from the open pit and placed on the Run of Mine pad ready for feeding into the plant. The grade is approximately 10% higher than anticipated in the Bankable Feasibility Study. The underground contractor has also mobilized to site and by the end of the quarter had completed the establishment of the first portal, ready for the first blast.

Smokey Hills will be among the lowest cost producers in the industry and at the current exchange rate of approximately ZAR11 to the US Dollar the on site operating costs are anticipated to be below US\$200/oz. Therefore even at the current depressed prices of ~US\$800/oz platinum, US\$180/oz palladium, US\$1,800/oz rhodium and US\$700/oz gold the mine still enjoys a margin of some US\$350/oz net of smelting and refining charges.

At the **Kalplats Project** in South Africa, the resource definition drilling program was completed during the quarter, although a limited drilling program focusing on a number of the most promising prospects was maintained. By the end of the quarter PLA had completed almost 90,000m of drilling on the project since the commencement of the drilling program in September 2006.

The results have continued to identify good wide zones of mineralisation at Crux, Vela and Sirius as well as in the Mira and Scorpio Prospects. Some of the results announced included the following:

Crux

KP526 - 22m @ 6.58 g/t 3E PGM; **KP512** - 29m @ 3.58 g/t 3E PGM; **KP533** - 31m @ 3.09 g/t 3E PGM; **KP543** - 20m @ 4.87 g/t 3E PGM plus 4m @ 3.05 g/t 3E PGM.

Vela

KP492 - 23m @ 4.17 g/t 3E PGM plus 9m @ 2.34 g/t 3E PGM; **KP573** - 17m @ 3.88 g/t 3E PGM.

Sirius

KP608 - 28m @ 4.85 g/t 3E PGM; **KP614** - 13m @ 3.72 g/t 3E PGM plus 5m @ 2.10 g/t 3E PGM; **KP559** - 17m @ 3.36 g/t 3E PGM; **KP558** - 16m @ 3.36 g/t 3E PGM.

Mira

KP617 - 13m @ 5.11 g/t 3E PGM; **KP619** - 7m @ 4.81 g/t 3E PGM.

Scorpio

KP650 - 7 @ 3.63 g/t 3E PGM; **KP627** - 4m @ 4.15 g/t 3E PGM plus 94 @ 2.46 g/t 3E PGM plus 2m @ 3.51 g/t 3E PGM.

Work on the Bankable Feasibility Study continued during the quarter, however in light of the currently depressed metal prices a number of development options are now being considered aimed at reducing capital and operating costs and providing the most financially attractive and robust project at the prevailing metal prices. The options being considered include increasing cut off grades, reducing stripping ratios, optimizing throughput and considering a potential staged development of the project. The Company believes that by using these various options to optimize the project development plan, the project will be commercially viable, even at the current depressed metal prices. The finalization of the Study will however be delayed until the end of the year to allow the various development options to be fully considered.

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 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

3E PGM - platinum + palladium + gold; 4E PGM - platinum + palladium + rhodium + 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 2008

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	121	121
1.2	Payments for (a) exploration and evaluation	(2,480)	(2,480)
	(b) development	(18,407)	(18,407)
	(c) production		
	(d) administration	(794)	(794)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1,530	1,530
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(20,030)	(20,030)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(138)	(138)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	1	1
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(137)	(137)
1.13	Total operating and investing cash flows (carried forward)	(20,167)	(20,167)

1.13	Total operating and investing cash flows (brought forward)	(20,167)	(20,167)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	6,091	6,091
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide detail if material) Fundraising Costs	(2)	(2)
	Net financing cash flows	6,089	6,089
	Net increase (decrease) in cash held	(14,078)	(14,078)
1.20	Cash at beginning of quarter/year to date	41,475	41,475
1.21	Exchange rate adjustments to item 1.20	88	88
1.22	Cash at end of quarter (refer note below)	27,485	27,485

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	200
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		
- Standard Bank South Africa (see explanation below)	49,327	38,629
3.2 Credit standby arrangements	-	-

Phokathaba Platinum (Pty) Ltd has a project loan facility of ZAR332,000,000 (A\$49,327,000) available, which was drawn down to ZAR260,000,000 (A\$38,629,000) at 30 September 2008.

Estimated Cash Outflows for next Quarter

	\$A'000
4.1 Exploration and evaluation	(3,222)
4.2 Development	(27,033)
Total	(30,255)

NB: The above expenditure is gross. Income from the first concentrate sales during the quarter are expected to be in the order of A\$1,500,000.

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	227	227
5.2 Deposits at call	27,269	27,269
5.3 Bank overdraft	-11	-11
5.4 Other: Bank Guarantees	-	-
Total: cash at end of quarter (item 1.22)	27,485	27,485

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	220,065,521	220,065,521		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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
	135,000	-	22.5 Cents	5 November 2008
	3,400,000	-	35 Cents	10 December 2009
	2,500,000	-	20 Cents	11 December 2009
	530,000	-	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
	250,000	-	\$2.11	31 July 2012
	215,000	-	\$2.35	31 July 2012
	100,000	-	\$2.41	31 July 2012
7.8 Issued during quarter	565,000		\$2.11 - \$2.41	31 July 2012
7.9 Exercised during quarter				
7.10 Cancelled 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:
(Director / Company Secretary)

Date: 30 October 2008

Print name: **GILLIAN SWABY**

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.