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**QUARTERLY REPORT TO SHAREHOLDERS  
FOR THE PERIOD ENDED 30 SEPTEMBER, 2002**

**HIGHLIGHTS:**

- **LONMIN FULLY UNDERWRITES RIGHTS ISSUE**

Platinum Australia Limited (“PLA”) announced during the quarter that Lonmin Plc will fully underwrite a 4 for 25 Renounceable Rights Issue at 32 cents intended to raise approximately \$3 million.

- **LONMIN AND PLA SIGN TECHNICAL SERVICES AGREEMENT**

PLA and Lonmin Plc signed a Technical Services Agreement (“TSA”) for the provision of technical support by Lonmin for the Panton Project. The TSA includes a provision for Lonmin to spend up to \$600,000 on further developing the new metallurgical process.

- **UNDERGROUND MINING OF SECOND TOP REEF SAMPLE COMPLETED**

Underground mining of a second bulk sample of 150 tonnes of high grade Top Reef from the exploration decline at Panton was completed during the quarter.

- **SECOND PILOT PLANT TEST PROGRAMME COMMENCED**

Pilot plant testing of the second underground bulk sample commenced at Mintek in South Africa during the quarter. The work will be completed early in the next quarter.

- **METALS RECOVERY TESTWORK ACHIEVES EXCELLENT RESULTS**

Laboratory scale precipitation testwork on leach solutions achieved recoveries of up to 99% for Platinum Palladium, Cobalt and Copper and 94% for Nickel.

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**CORPORATE**

On 27 September PLA announced that Lonmin Plc would fully underwrite a 4 for 25 Renounceable Rights Issue intended to raise approximately \$3 million. The Issue will be at 32 cents and the funds raised will be primarily used to complete the Bankable Level Feasibility Study (“FS”) on the Panton Platinum Palladium Project, including further development of the new metallurgical process, and for working capital to support the exploration and development of Platinum Australia’s tenements and prospects.

A Rights Issue Prospectus which provides the details of the issue has been sent out to all Shareholders. The Closing Date for the acceptance and renunciations under the Rights Issue has been set as Wednesday 13 November 2002.

PLA and Lonmin have also signed a Technical Services Agreement (“TSA”) for the provision of technical support by Lonmin for the Panton Project. The Agreement recognises that Lonmin has been providing technical support since the signing of the Share Subscription Agreement (“SSA”), and concludes the obligations of the parties under the SSA to agree the terms of such an agreement. The TSA has the following significant elements:

- Lonmin will spend up to \$600,000 on further developing the metals recovery process.
- Lonmin will reimburse PLA \$150,000 for expenditure it has incurred on work in the metals recovery process to date.
- Lonmin will own all Intellectual Property developed for the metals recovery process and PLA will have the right to use this Intellectual Property with no fee or royalty payable to Lonmin.
- PLA and Lonmin will jointly own any Intellectual Property in the calcine-leach process.

## **PANTON PLATINUM PALLADIUM PROJECT**

The Panton Platinum Palladium Project is located 60 kilometres north of Halls Creek in the Kimberley region of Western Australia. Panton is Australia's highest grade known Platinum Group Metals (“PGM’s”) deposit. The project is 100% owned by Platinum Australia Limited.

### **Bankable Feasibility Study**

Progress was made in all areas of the Bankable Feasibility Study (“BFS”) during the quarter, with the focus being on metallurgical test work, mining of the second bulk sample from the exploration decline and mine design work.

### **Exploration Decline**

Underground mining of a second bulk sample of 150 tonnes of high grade Top Reef from the exploration decline at Panton was completed during the quarter. An 85 tonne sample averaging 8 g/t PGM+Au was shipped to South Africa for further flotation pilot plant tests to be carried out at Mintek in South Africa and to provide additional material for pilot testing of the new metallurgical process.

### **Metallurgical Testwork**

A program of pilot plant testing of the second underground bulk sample was commenced at Mintek in South Africa during the quarter. Initial indications are that the results are consistent with those achieved in the laboratory scale and previous pilot plant tests. The tests should produce approximately 20 tonnes of concentrate to be used for further testwork and the pilot plant tests on the new metallurgical process planned for January 2003

Calcination testwork using a continuous fluidized bed furnace was completed at the Hazen Laboratories in Colorado, USA. Leach tests on this material is planned for the coming quarter.

Laboratory scale precipitation testwork on leach solutions achieved recoveries of up to 99% for Platinum Palladium, Cobalt and Copper and 94% for Nickel. Initial tests indicate similar recoveries can be achieved using solvent extraction. Further testwork on these and other areas is planned for the coming quarter.

## **EXPLORATION**

Heritage Clearance Surveys were carried out on the McIntosh, West McIntosh, Togo and McGowan’s Bore Projects in the Panton region. An initial program of fieldwork has now been completed on these projects and the results are being reviewed. It is anticipated that follow up work will be carried on a number of targets that have been identified as a result of the initial work in the current field season.

\* 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**

**PLATINUM AUSTRALIA LIMITED** ACN 093 417 942

**For Quarter Ended 30 September, 2002**

(referred to in this Statement as the "Current Quarter")

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**CASHFLOWS RELATED TO OPERATING ACTIVITIES**

1.1	Receipts from product sales and related debtors
1.2	Payments for (a) exploration and evaluation
	(b) development
	(c) production
	(d) administration
1.3	Dividends received
1.4	Interest and other items of a similar nature received
1.5	Interest and other costs of finance paid
1.6	Income taxes paid
1.7	Other (administration costs charged to exploration)

**NET OPERATING CASH FLOWS**

**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 (Note 3)	
1.11	Loans repaid by other entities	
1.12	Other (provide details if material)	

**NET INVESTING CASH FLOWS**

1.13	Total operating and investing cash flows
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**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
1.17	Repayment of borrowings
1.18	Dividends paid
1.19	Other (provide details if material) Prospectus costs

**NET FINANCING CASH FLOWS**

**NET INCREASE (DECREASE) IN CASH HELD**

1.20	Cash at beginning of quarter/year to date
1.21	Exchange rate adjustments to 1.20
1.22	<b>CASH AT END OF QUARTER</b>

Current Quarter	Year to Date (12 months)
\$A'000	\$A'000
3	3
(945)	(945)
-	-
-	-
(313)	(315)
-	-
28	28
-	-
-	-
(1,229)	(1,229)
-	-
-	-
(72)	(72)
-	-
-	-
-	-
-	-
-	-
(72)	(72)
(1,301)	(1,301)
3	3
-	-
-	-
-	-
-	-
(6)	(6)
(3)	(3)
(1,304)	(1,304)
2,825	2,825
-	-
1,521	1,521

**PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS**  
**PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITY**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	71
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
N/A		

**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	N/A
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	N/A

**FINANCING FACILITIES AVAILABLE**

Add notes as necessary for an understanding of the position.

- 3.1 Loan facilities  
 3.2 Credit standby arrangements

Amount Available \$A'000	Amount Used \$A'000
N/A	-
N/A	-
	\$A'000
	1,750,000
	-
	1,750,000

**ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER**

- 4.1 Exploration and evaluation  
 4.2 Development

**Total**

**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.

- 5.1 Cash on hand and at bank  
 5.2 Deposits at call  
 5.3 Bank overdraft  
 5.4 Other - Commercial Bills

**TOTAL CASH AT END OF QUARTER (Item 1.22)**

Current Quarter \$A'000	Previous Quarter \$A'000
(82)	52
1,603	2,877
-	-
-	-
1,521	2,825

## CHANGES IN INTERESTS IN MINING TENEMENTS

	Tenement Reference	Nature of Interest	Interest at end of quarter	Interest at beginning of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	Exploration Licence E80/2474.	Owned	0%	100%
6.2	Interests in mining tenements acquired or increased				

6.3 Where changes are reported in (a) and/or (b) above, an amended list of interests is to be attached to this report.

MINING TENEMENTS – 30 SEPTEMBER 2002					
Tenement	Interest or Right to Acquire %	Tenement	Interest or Right to Acquire %	Tenement	Interest or Right to Acquire %
<b>WA</b>		<b>WA</b>		<b>WA</b>	
E70/2228	50%	PLA09/428	100%	M59/428	25%
ELA70/2432	50%	E80/2501	100%	M59/429	25%
ELA09/1013	100%	ELA80/2566	100%	M80/103	100%
ELA09/1022	100%	E80/2571	100%	M80/104	100%
E09/1023	100%	E80/1685	80%	M80/105	100%
E09/1024	100%	MLA80/512	80%	E80/2565	90%
E09/1025	100%	MLA80/513	80%	E80/2579	90%
ELA09/1091	100%	MLA80/514	80%	<b>NT</b> ELA 10327	100%
PLA09/430	100%	M59/282	25%	ELA8168	32%
PLA09/431	100%	M59/283	25%	ELA8187	32%
PLA09/432	100%	M59/284	25%	MC C1513 (A)	40%
PLA09/433	100%	M59/285	25%	MC C1514 (A)	40%
PLA09/434	100%	M59/322	25%	MC C1520 (A)	40%
E09/977	60%	M59/323	25%	MC C1521 (A)	40%
E09/1018	60%	M59/324	25%		
ELA09/1082	100%	M59/329	25%		
ELA09/1083	100%	M59/408	25%		

*E = Exploration Licence, ELA = Exploration Licence Application, M = Mining Lease, MLA = Mining Lease Application, PLA = Prospecting Licence Application, MC = Mineral Claim, (A) = Application.*

## 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	Amount Paid-Up for Security
7.1 <b>Preference securities</b> <i>(description)</i>	Nil			
7.2 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through returns of capital, buy-backs, redemptions.	Nil			
7.3 <b>Ordinary Securities</b>	59,895,662	53,798,842		
7.4 Changes during quarter				
(a) Increases through issues	14,632	14,632	-	-
(b) Decreases through returns of capital, buy-backs.	-	-	-	-
	-	-	-	-
7.5 <b>Convertible Debt Securities</b> <i>(description)</i>	Nil			
7.6 Changes during quarter	Nil			
(a) Increases through issues				
(b) Decreases through securities matured, converted				
			<b>Exercise Price</b>	<b>Expiry Date</b>
7.7 <b>Options</b> <i>(description and conversion factor)</i>	34,581,158	29,931,158	20 cents	1 September 2004
	20,000	-	47 cents	3 April 2005
	1,000,000	-	20 cents	29 October 2005
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	14,632		20 cents	1 September 2004

## ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER (Cont'd)

7.10 Expired during quarter	Nil	
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	
7.12 <b>Unsecured Notes</b> <i>(totals only)</i>	Nil	

## COMPLIANCE STATEMENT

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX.
- This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 October 2002  
(Company Secretary)

Print name: BRUCE M. GARLICK