

PLATINUM

AUSTRALIA

PLATINUM AUSTRALIA LIMITED

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QUARTERLY REPORT TO SHAREHOLDERS FOR THE PERIOD ENDED 31 DECEMBER, 2002

HIGHLIGHTS:

- **RENOUNCEABLE RIGHTS ISSUE**

Platinum Australia Limited ("PLA") completed a 4 for 25 Renounceable Rights Issue at 32 cents during the quarter which raised approximately \$3 million. The Rights Issue was fully underwritten by Lonmin

- **APPOINTMENT OF NEW DIRECTOR TO THE PLA BOARD**

Mr Geoff Fenner, Executive Director of Lonmin Platinum joined the Board of Directors of Platinum Australia Limited in December 2002.

- **SECOND PILOT PLANT FLOTATION TEST PROGRAMME COMPLETED**

A second pilot plant test program to treat approximately 100 tonnes of high grade ore from the exploration decline was completed during the quarter. The results achieved were consistent with those from previous testwork and the concentrate generated from the work will be used to run a planned Calcine-Leach-Metals Recovery pilot plant.

- **METALS RECOVERY TESTWORK ACHIEVES EXCELLENT RESULTS**

Laboratory scale precipitation testwork on leach solutions has shown that over 95% and up to 99% recovery of Platinum, Palladium, Gold and Base Metals can be achieved.

CORPORATE

The 4 for 25 Renounceable Rights Issue closed on 13 November 2002 with 57.5% acceptance. The balance was taken up by Lonmin plc as the Underwriter of the Issue. The issue raised a total of \$3.06 million, to be applied to completing the Bankable Feasibility Study, which includes development of the new metallurgical process and to provision of working capital for exploration and meeting the costs of the issue.

In November 2002 the Anglo Pacific Group plc became the second largest shareholder in PLA with the purchase of 4.8 million shares representing 8% of the issued shares. They have subsequently increased this holding through the exercise of Rights and on market purchases to 6.49 million shares representing 9.3% of the issued shares.

The Annual General Meeting of shareholders of Platinum Australia Limited was held on 27 November 2002. At the meeting the two resolutions covering the re-election of Messrs Peter Allchurch and Michael Blakiston as directors of the company were approved.

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 PGM deposit. The project is 100% owned by Platinum Australia Limited.

Bankable Feasibility Study

The major focus of work carried out on the Bankable Feasibility Study (BFS) during the quarter has been on metallurgical testwork and on an infill drilling program. Work on the BFS also continued to progress in the other major areas including mine design, tailings design, engineering and environmental management. The BFS is currently on schedule to complete the Draft Final Report during March 2003.

An update of the work involved in the BFS was provided in the Rights Issue Prospectus issued on October 8 2002. The following summarises the major progress in the areas of Metallurgy and Resource Definition Drilling since that date.

Metallurgy

A Pilot Plant test program on approximately 100 tonnes of high grade ore from the exploration decline was completed at Mintek in South Africa during the quarter. The results from the work were consistent with those from previous test work. The pilot plant test program has generated over 10 tonnes of flotation concentrate which will be used in a Calcine-Leach-Metals Recovery Pilot Plant planned for the March Quarter.

Laboratory scale metallurgical testwork has focused on the Calcine-Leach-Metals Recovery Process. The testwork on the Calcine-Leach Process was aimed at optimisation, while that of the Metals Recovery Process was more focused on process definition. The most recent calcine-leach results indicate that leach recoveries from calcine of up to 90% can be achieved for platinum, while palladium should achieve over 90% and gold over 95% recovery with a 96 hour leach.

The Metal Recovery testwork has focused on a recovery process of precipitation at low pH. This work indicates that recoveries in excess of 95% from leach solutions should be achievable for platinum, palladium, gold and associated base metals. This work has also shown that a separation of PGM's and base metals during the precipitation phase is possible with up to 75% of the PGM's being recovered separately from the base metals. A further step to separate the remaining PGM's from the base metal precipitate is currently being tested with initial results also indicating that this can be achieved successfully. This total Calcine-Leach-Metals Recovery Process will be the subject of pilot plant testwork to be carried out in South Africa in the coming quarter.

Resource Definition Drilling Program

An infill drilling program of six diamond holes was completed during the quarter. This program was designed to target a number of areas in the C sub block which the previous modelling had identified as lower grade than the rest of the sub block. It was believed that the lower grade in these areas was due in the main part to a lower density of drilling data and that additional holes would improve the confidence in the resource model in these areas. The results from the drilling have generally shown that the Top Reef mineralisation in these areas is consistent with the rest of the C sub block and this should result in an increase in the average grade of the resource of this sub block. These results together with the data from the exploration decline have been incorporated into an updated resource model which is currently being completed and should be available in the coming month. This updated model will be used as the basis for the BFS.

The location of the drill holes is provided in Table 1, the assay results for the Top Reef Intercepts from this drilling are provided below:

Hole PS 367	Top Reef Intercept	1.75 metres @ 4.67 g/t Pt+Pd+Au from 126.25 metres
Hole PS 368	Top Reef Intercept	1.15 metres @ 6.57 g/t Pt+Pd+Au from 177.3 metres
Hole PS 369	Top Reef Intercept	2.05 metres @ 6.93 g/t Pt+Pd+Au from 231.45 metres
Hole PS 370	Top Reef Intercept	2.25 metres @ 2.6 g/t Pt+Pd+Au from 638.75 metres
Hole PS 371	Top Reef Intercept	0.95 metres @ 11.67 g/t Pt+Pd+Au from 234.65 metres
Hole PS 379	Top Reef Intercept	2.05 metres @ 7.28 g/t Pt+Pd+Au from 294.95 metres

Southern Limb

A program of six shallow holes was completed along a strike length of approximately 300 metres in the most southern part of the Southern Limb, where a chromitite reef believed to be analogous with the Top Reef has been mapped on the surface. The location of the drill holes is provided in Table 1, the average assay results for the reef intercepts from this drilling are provided below:

Hole PS 373	1.45 metres @ 1.56 g/t Pt+Pd+Au from 93.55 metres
Hole PS 374	3.0 metres @ 1.64 g/t Pt+Pd+Au from 18 metres 4.0 metres @ 1.04 g/t Pt+Pd+Au from 60 metres
Hole PS 375	2.0 metres @ 1.32 g/t Pt+Pd+Au from 20 metres 4.0 metres @ 1.89 g/t Pt+Pd+Au from 23 metres
Hole PS 376	4.0 metres @ 1.08 g/t Pt+Pd+Au from 46 metres 2.0 metres @ 1.12 g/t Pt+Pd+Au from 56 metres 2.0 metres @ 1.85 g/t Pt+Pd+Au from 82 metres
Hole PS 377	2.0 metres @ 1.06 g/t Pt+Pd+Au from 10 metres
Hole PS 374	2.0 metres @ 1.44 g/t Pt+Pd+Au from 29 metres

The results while encouraging are significantly lower than those seen in the A, B, C and D sub blocks. Further work on the Southern Limb is planned for the coming field season.

Table 1. Drill Hole Locations

Hole_ID	Hole Type	Core Type	UTM East	UTM North	UTM RL	Local East_1	Local North_1	Local RL_1	Max Depth	Prospect
PS367	RC/D	NQ	376141.10	8036545.30	487	10832.50	5076.61	1487	156	C SUB BLOCK
PS368	RC/D	NQ	375901.40	8036366.00	447	10538.80	5018.32	1447	219	C SUB BLOCK
PS369	RC/D	NQ	376118.60	8036406.70	485	10752.36	4961.26	1485	261.7	C SUB BLOCK
PS370	RC/D	NQ	376007.20	8036318.50	475	10613.76	4929.78	1475	708	C SUB BLOCK
PS371	RC/D	NQ	376390.20	8036548.90	475	11058.82	4972.31	1475	254.9	C SUB BLOCK
PS372	RC/D	NQ	375788.70	8036611.40	451	10543.07	5288.40	1451	107.2	C SUB BLOCK
PS373	RC/D	NQ	374271.40	8031520.30	396	6975.86	1349.78	1396	106.2	SOUTH LIMB
PS374	RC	-	374258.90	8031520.30	397	6964.58	1355.17	1397	72	SOUTH LIMB
PS375	RC	-	374132.10	8031488.00	407	6836.22	1380.78	1407	102	SOUTH LIMB
PS376	RC/D	NQ	374135.30	8031527.40	411	6856.12	1414.95	1411	117	SOUTH LIMB
PS377	RC	-	374383.60	8031639.20	365	7128.44	1408.62	1365	124	SOUTH LIMB
PS378	RC	-	374342.60	8031651.50	367	7096.75	1437.42	1367	93	SOUTH LIMB
PS379	RC/D	NQ	375791.00	8036614.60	451	10546.52	5290.30	1451	320.5	C SUB BLOCK

OTHER PROJECTS

West McIntosh & Togo

After reviewing the results from the work carried out on this project PLA has withdrawn from the option agreement.

McIntosh

A program of field work including Reverse Circulation drilling on a number of targets at the McIntosh Project was completed during the quarter with no significant results recorded. Further work on target generation is planned.

McGowan's Bore

Initial soil and rock chip sampling has identified a number of Gold – Base Metal targets.

Imagi Well & Byro

An aero magnetic survey program is planned for these projects in the coming quarter to assist in further defining targets in the large layered mafic – ultramafic intrusion identified from work to date.

* 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 31 December, 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	CASH AT END OF QUARTER		

Current Quarter	Year to Date (6 months)
\$A'000	\$A'000
14	17
(672)	(1,617)
-	-
-	-
(248)	(629)
-	-
26	54
-	-
-	-
-	-
(880)	(2,175)
(13)	(85)
-	-
-	66
-	-
-	-
-	-
-	-
(13)	(19)
(893)	(2,194)
3,092	3,095
-	-
-	-
-	-
-	-
(71)	(77)
3,021	3,018
2,128	824
1,521	2,825
-	-
3,649	3,649

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	8
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
	3,068
	-
	3,068

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
249	(82)
3,400	1,603
-	-
-	-
3,649	1,521

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 E80/2501	Owned	0%	100%
	Exploration Licence E80/2565, 2579	Owned	0%	90%
	Exploration Licence ELA 10327	Owned	0%	100%
	Mineral Claim MCCA 1513	Owned	0%	40%
	Mineral Claim MCCA 1514	Owned	0%	40%
	Mineral Claim MCCA 1520	Owned	0%	40%
	Mineral Claim MCCA 1521	Owned	0%	40%
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 – 31 DECEMBER 2003					
Tenement	Interest or Right to Acquire %	Tenement	Interest or Right to Acquire %	Tenement	Interest or Right to Acquire %
WA		WA		WA	
E70/2228	50%	PLA09/428	100%	M59/429	25%
E70/2432	50%	ELA80/2566	100%	M80/103	100%
E09/1013	100%	E80/2571	100%	M80/104	100%
ELA09/1022	100%	E80/1685	80%	M80/105	100%
E09/1023	100%	MLA80/512	80%	NT ELA8168	32%
E09/1024	100%	MLA80/513	80%	ELA8187	32%
E09/1025	100%	MLA80/514	80%		
ELA09/1091	100%	M59/282	25%		
PLA09/430	100%	M59/283	25%		
PLA09/431	100%	M59/284	25%		
PLA09/432	100%	M59/285	25%		
PLA09/433	100%	M59/322	25%		
PLA09/434	100%	M59/323	25%		
E09/977	60%	M59/324	25%		
E09/1018	60%	M59/329	25%		
ELA09/1082	100%	M59/408	25%		
ELA09/1083	100%	M59/428	25%		

E = Exploration Licence, ELA = Exploration Licence Application, M = Mining Lease, MLA = Mining Lease Application, PLA = Prospecting Licence 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 Preference securities <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 Ordinary Securities	69,610,770	69,610,770		
7.4 Changes during quarter				
(a) Increases through issues	9,715,109	9,715,109	-	-
(b) Transfer from Escrow	-	6,096,819	-	-
(c) Decreases through returns of capital, buy-backs.	-	-	-	-
7.5 Convertible Debt Securities <i>(description)</i>	Nil			
7.6 Changes during quarter	Nil			
(a) Increases through issues				
(b) Decreases through securities matured, converted				
			Exercise Price	Expiry Date
7.7 Options <i>(description and conversion factor)</i>	34,446,049	34,446,049	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	135,109		20 cents	1 September 2004

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

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

COMPLIANCE STATEMENT

- 1 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.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 January 2003
(Company Secretary)

Print name: BRUCE M. GARLICK