PLATINUM GROUP METALS LTD
Form 20-F
March 15, 2005

United States

Securities and Exchange Commission

Washington, DC 20549

Form 20-F

2004 Annual Report

(Mark One)

_____ Registration Statement Pursuant to Section 12(b) Or (g) of the Securities Exchange Act of 1934

Or

__X__ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended August 31, 2004

Or

_____ For the Transition Period From _____ To _____

Commission File Number: 0-30306

Platinum Group Metals Ltd.

(Exact Name of Registrant As Specified In Its Charter)

Not Applicable

(Translation of Registrant's Name Into English)

British Columbia, Canada

(Jurisdiction of Incorporation or Organization)

Suite 328, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5

(Address of Principal Executive Offices)

Securities Registered or to be Registered Pursuant to Section 12 (b) of the Act.

Title of Each Class	Name on Each Exchange On Which Registered
None	N/A

Securities Registered or to be Registered Pursuant to Section 12(g) of the Act.

Common Shares Without Par Value

(Title of Class)

Securities For Which There is a Reporting Obligation Pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the Number of Outstanding Shares of Each of the Issuer's Classes of Capital or Common Stock as of the close of the Period Covered by the Annual Report.

34,587,415 Common Shares

Indicate by Check Mark Whether the Registrant (1) has Filed All Reports Required To be Filed by Section 12 or 15(d) of the Securities Exchange Act of 1934 During the Preceding 12 Months (or for such shorter period that the registrant was required to file such reports), and (2) Has Been Subject to Such Filing Requirements for the Past 90 Days.

Yes	X	No

Indicate by Check Mark Which Financial Statement Item the Registrant Has Elected to Follow.

Item 17	X	Item 18

(Applicable Only to Issuers Involved in Bankruptcy Proceedings During the Past Five Years)

Indicate by Check Mark Whether the Registrant Has Filed All Documents and Reports Required to be Filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 Subsequent to the Distribution of Securities Under a Plan Confirmed by a Court.

Yes	No	Not Applicable	X

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The information contained in this Annual Report is current at March 11, 2005 except where a different date is specified.

Unless otherwise specified, all monetary amounts are expressed in Canadian dollars.

Financial information is presented in accordance with accounting principles generally accepted in Canada. Differences between accounting principles generally accepted in Canada and in the United States, as applicable to the Company are set forth in Note 14 to the accompanying Consolidated Financial Statements of Platinum Group Metals Ltd.

The following table sets forth certain standard conversions from the International System of Units (metric units) to the Standard Imperial Units:

Conversion Table

Metric		Imperial
1.0 millimetre (mm)	=	0.039 inches (in)
1.0 metre (m)	=	3.28 feet (ft)
1.0 kilometre (km)	=	0.621 miles (mi)
1.0 hectare (ha)	=	2.471 acres (ac)
1.0 gram (g)	=	0.032 troy ounces (oz)
1.0 metric tonne (t)	=	1.102 short tons (ton)
1.0 g/t	=	0.029 oz/ton

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning the Company's exploration, operations, planned acquisitions and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;

- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations;
- mining exploration risks, including risks related to accidents, equipment breakdowns or other unanticipated difficulties with or interruptions in production;
- the potential for delays in exploration activities or the completion of feasibility studies;
- risks related to the inherent uncertainty of exploration and cost estimates and the potential for unexpected costs and expenses;
- risks related to commodity price fluctuations;

- the uncertainty of profitability based upon the Company's history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms;
- risks related to environmental regulation and liability;
- political and regulatory risks associated with mining and exploration; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

Some of the important risks and uncertainties that could affect forward looking statements are described further in this document under the headings "Risk Factors", "History and Development of the Company", "Business Overview", "Property, Plants and Equipment" and "Operating and Financial Review and Prospects." Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

Glossary

Except as otherwise identified, the following terms, when used herein, shall have the following meanings:

"Amalco" refers to the company formed by the amalgamation of Platinum Group Metals Ltd. and New Millennium Metals Corporation called "Platinum Group Metals Ltd.".

"Amalgamation" refers to the amalgamation of Platinum Group Metals Ltd. and New Millennium Metals Corporation under the *Company Act* (British Columbia).

"Amalgamation Date" is February 18, 2002, the date shown on the certificate of amalgamation issued by the Registrar of Companies under the Company Act.

"Commission" refers to the British Columbia Securities Commission.

"Common Shares" refers to the common shares in the capital of the Company.

"Company" refers to Platinum Group Metals Ltd.

"Company Act" refers to the *Company Act* (British Columbia). On March 30, 2004, the *Company Act* (British Columbia) replaced by the *Business Corporations Act* (British Columbia).

"Exchange" refers to the TSX Venture Exchange or its predecessors, the Canadian Venture Exchange or the Vancouver Stock Exchange, as applicable.

"flow through" as defined in subsection 66(15) of the *Income Tax Act* (Canada), includes the issuance of common shares in the capital of natural resource companies or the issuance of special warrants entitling the holder thereof to acquire, for no additional consideration, such common shares, in respect of which the natural resource company agrees to incur and renounce resource exploration and development expenditures to the Company including certain expenses incurred for the purpose of exploring for petroleum or natural gas in Canada (including certain drilling expenses), certain expenses incurred for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada; and certain expenses incurred for the purpose of bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities.

"hectare" is an area totaling 10,000 square metres or 100 metres by 100 metres.

"km" is an abbreviation for kilometre.

"m" refers to metres.

"NMM" refers to New Millennium Metals Corporation, a company incorporated under the laws of the Province of British Columbia on March 11, 1998 under the name "Harvey Creek Gold Placers Ltd.". Pursuant to an order by the Supreme Court of British Columbia, a new company under the name "Platinum Group Metals Ltd." was formed on February 18, 2002 to facilitate the amalgamation of New Millennium Metals Corporation and Platinum Group Metals Ltd.

"NSR" is an abbreviation for net smelter royalty.

"PTG" refers to Platinum Group Metals Ltd., the company incorporated under the laws of the Province of British Columbia on January 10, 2000 as 599141 B.C. Ltd. Pursuant to an order by the Supreme Court of British Columbia, a new company under the name "Platinum Group Metals Ltd." was formed on February 18, 2002 to facilitate the amalgamation of New Millennium Metals Corporation and Platinum Group Metals Ltd.

"PTM-RSA" refers to the Company's wholly owned subsidiary incorporated under the laws of the Republic of South Africa under the name Platinum Group Metals (RSA) (Proprietary) Limited.

"Registrant" refers to Platinum Group Metals Ltd., the company formed by the amalgamation of Platinum Group Metals Ltd. and New Millennium Metals Corporation under the *Company Act* (British Columbia).

"RSA" is an abbreviation for Republic of South Africa.

"special warrants" are issued for cash consideration by a company under a prospectus exemption. They entitle the holder to acquire common shares or units consisting of common shares and share purchase warrants upon the conversion of the special warrant. No additional consideration is payable by the warrant holders on the conversion of the special warrant. The special warrants are converted on or immediately after the effective date of a prospectus, which qualifies the issuance of the shares (and any share purchase warrants) on the conversion of the special warrants.

"ZAR" is an abbreviation for South African Rand.

Glossary of Technical Terms

"AEM" is an abbreviation for airborne electromagnetic.

"Ag" refers to silver.

"anomalous" refers to a sample or location that either (i) the concentration of an element(s) or (ii) geophysical measurement is significantly different from the average background values in the area.

"anomaly" refers to the geographical area corresponding to anomalous geochemical or geophysical values.

"anorthosite" is a rock comprised of largely feldspar minerals and minor mafic iron-magnesium minerals.

"As" refers to arsenic.

"assay" is an analysis to determine the quantity of one or more elemental components.

"Au" refers to gold.

"BIC" is an abbreviation for the Bushveld Igneous Complex in South Africa, the source of most of the world's platinum and is a significant producer of palladium and other platinum group metals (PGM's) as well as chrome.

"breccia" is a rock type with angular fragments of one composition surrounded by rock of another composition or texture.

"bulk placer sampling" (in the context of placer properties) refers to the process of obtaining individual gravel samples in the order of 5 to 15 cubic yards using an excavating machine and running the samples through a concentrating device to measure the placer gold content per cubic yard.

"chalcopyrite" is a copper sulfide mineral.

"channel sample" is a surface sample which has been collected by continuous sampling across a measured interval, and is considered to be representative of the area sampled.

"chargeability" is a measure of electrical capacitance of a rock that may indicate the presence of disseminated sulfide minerals but not all chargeability features are caused by such sulfides.

"cm" refers to centimetres.

"Cu" refers to copper.

"early-stage exploration property" refers to a property which has been subjected to a limited amount of physical testing and systematic exploration work with no known extensive zone of mineralization.

"EM" is an abbreviation for electromagnetic.

"exploration stage" refers to the stage where a company is engaged in the search for minerals deposits (reserves) which are not in either the development or production stage.

"fault" is a fracture in a rock across which there has been displacement.

"fracture" is a break in a rock, usually along flat surfaces.

"gabbro" is an intrusive rock comprised of a mixture of mafic minerals and feldspars.

"gossanous" refers to a rock outcrop that is strongly stained by iron oxides.

"grab sample" is a sample of selected rock chips collected from within a restricted area of interest.

"grade" is the concentration of an ore metal in a rock sample, given either as weight percent for base metals (ie, Cu, Zu, Pb) or in grams per tonne (g/t) or ounces per short ton (oz/t) for precious or platinum group metals.

"g/t" refers to grams per tonne.

"highly anomalous" is an anomaly, which is in approximately the 90^{th} percentile of the sample or measurement population.

"ICP" refers to inductively coupled plasma, a laboratory technique used for the quantitative analysis of samples (soil, rock, etc.) taken during field exploration programs.

"intrusive" is a rock mass formed below earth's surface from molten magma, which was intruded into a pre-existing rock mass and cooled to solid.

"IP survey" refers to induced polarization survey, a geophysical method of exploring an area in which physical properties relating to geology are used.

"lode mining" refers to mining in solid rock.

"mafic" is a rock type consisting of predominantly iron and magnesium silicate minerals with little quartz or feldspar minerals.

"magmatic" means pertaining to magma, a naturally occurring silicate melt, which may contain suspended silicate crystals, dissolved gases, or both; magmatic processes are at work under the earth's crust.

"mid-stage exploration property" is one hosting a known zone of mineralization, which has been subjected to a limited amount of physical testing and systematic exploration work.

"mineralization" refers to minerals of value occurring in rocks.

"Mo" refers to molybdenum, a hard, silver-white metal.

"Ni" is an abbreviation for nickel.

"outcrop" refers to an exposure of rock at the earth's surface.

"overburden" is any material covering or obscuring rocks from view.

"Pd" refers to palladium.

"PGM" refers to platinum group metals, ie. platinum and palladium.

"PGE" refers to mineralization containing platinum group elements, ie. platinum and palladium.

"placer mining" is the mining of unconsolidated material, which overlies solid rock (bedrock).

"ppb" refers to parts per billion.

"ppm" refers to parts per million.

"Pt" refers to platinum.

"pyrite" is an iron sulfide mineral.

"pyroxenite" refers to a relatively uncommon dark-coloured rock consisting chiefly of pyroxene; pyroxene is a type of rock containing sodium, calcium, magnesium, iron, titanium and aluminum combined with oxygen.

"quartz" is a common rock-forming mineral (SiO_2)

"Rh" refers to rhodium, a platinum metal. Rhodium shares some of the notable properties of platinum, including its resistance to corrosion, its hardness and ductility. Wherever there is platinum in the earth, there is rhodium as well. In fact, most rhodium is extracted from a sludge that remains after platinum is removed from the ore. A high percentage of rhodium is also found in certain nickel deposits in Canada.

"ultramafic" refers to refers to types of rock containing relatively high proportions of the heavier elements such as magnesium, iron, calcium and sodium; these rocks are usually dark in color and have relatively high specific gravities.

"VLF" means very low frequency.

Part I

Item 1 - Identity of Directors, Senior Management and Advisers

See "Item 6 - Directors, Senior Management and Employees".

Item 2 - Offer Statistics and Expected Timetable

Not applicable.

Item 3 - Key Information

Selected Financial Data

Selected financial data of the Company for the fiscal years ended August 31, 2004, 2003 and 2002 are derived from the consolidated financial statements of the Company which have been audited by Deloitte & Touche LLP as indicated in their independent auditors' report which is included elsewhere in this Annual Report. The selected financial data set forth for the periods from commencement of operations on March 16, 2000 to August 31, 2001 are derived from the Company's audited consolidated financial statements for such period which are not included herein.

The selected financial data should be read in conjunction with the financial statements and notes thereto as well as the information appearing under the heading "Item 5 - Operating and Financial Review and Prospects."

The Company has not declared any dividends since incorporation and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and the expansion of its business.

Summary of Financial Data

The financial statements of the Company and the table set forth below have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"), which differ in certain respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The major differences between Canadian GAAP and U.S. GAAP that would affect the measurement of the Company's financial position, loss or cash flows are set forth in Note 14 to the accompanying Consolidated Financial Statements of the Company.

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SELECTED FINANCIAL DATA

(CDN$)

	Year Ended August 31, 2004	Year Ended August 31, 2003	Year Ended August 31, 2002	Year Ended August 31, 2001	March 16, 2000 to August 31, 2000
Revenues	Nil	nil	nil	nil	nil
Working Capital	2,364,360	984,333	1,284,919	1,526,798	154,508
Net Loss					
Under Canadian GAAP:	2,242,627	1,748,993	1,501,620	482,687	39,956
Under U.S. GAAP:	4,675,466	2,580,499	2,466,754	960,202	270,435
Loss Per Share					
Under Canadian GAAP:	0.07	0.07	0.10	0.09	0.03
Under U.S. GAAP:	0.15	0.10	0.17	0.17	0.60
Dividends per Share					
Under Canadian GAAP:	nil	nil	nil	nil	nil
Under U.S. GAAP:	nil	nil	nil	nil	nil
Total Assets					
Under Canadian GAAP:	9,134,019	5,086,421	4,373,047	2,762,964	657,284
Under U.S. GAAP:	5,347,799	3,173,662	3,316,066	2,056,220	426,805
Long Term Liabilities					
Under Canadian GAAP:	427,000	359,000	431,400	310,000	nil
Under U.S. GAAP:	nil	nil	60,000	nil	nil
Mineral Properties (included in Total Assets)					
Under Canadian GAAP:	5,995,550	3,891,653	2,951,089	1,067,357	419,370
Under U.S. GAAP:	1,899,705	1,912,894	1,894,108	360,613	188,891
Shareholder's Equity					
Under Canadian GAAP:	8,047,124	4,557,873	3,830,219	2,302,410	590,044
Under U.S. GAAP:	4,577,275	2,964,127	3,144,638	1,905,666	359,565
Share Capital					
Under Canadian GAAP:	14,990,075	9,005,078	6,430,482	3,132,453	89,000
Under U.S. GAAP:	14,990,075	9,005,078	6,430,482	3,132,453	89,000
Number of Securities [1]	34,587,415	27,831,267	22,225,632	9,790,482	1,395,001

Notes:

(1)

There are 37,910,964 Common Shares issued and outstanding as of the date of this Form 20-F Annual Report.

Foreign Exchange Rates

All dollar amounts set forth in this report are in Canadian dollars, except where otherwise indicated. The following tables set forth, for the five most recent financial years, (i) the average rate (the "Average Rate") of exchange for the Canadian dollar, expressed in U.S. dollars, calculated by using the average of the exchange rates on the last day for which data is available for each month during such periods; and (ii) the high and low exchange rate during the previous six months, in each case based on the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

The Average Rate is set out for each of the periods indicated in the table below.

	Year Ended August 31			
2004	**2003**	**2002**	**2001**	**2000**
US$0.7518	US$0.6774	US$0.6354	US$0.6543	US$0.6796

The high and low exchange rates for each month during the previous six months are as follows:

Month	High	Low
September 2004	US$0.7906	US$0.7651
October 2004	US$0.8201	US$0.7858
November 2004	US$0.8493	US$0.8155
December 2004	US$0.8435	US$0.8064
January 2005	US$0.8346	US$0.8050
February 2005	US$0.8134	US$0.7961

On March 10, 2005, the noon buying rate in New York City for cable transfer in Canadian dollars as certified for customer purposes by the Federal Reserve Bank of New York (the "Exchange Rate") was Cdn$1.00 = US$0.8299.

Capitalization and Indebtedness

Not applicable.

Reasons for the Offer and Use of Proceeds

Not applicable.

Risk Factors

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry which may have a material impact on, or constitute risk factors in respect of, the Company's future financial performance.

The Company, and thus the securities of the Company, should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in this Annual Report prior to making an investment in the Company. In addition to the other information presented in this Annual Report, the following risk factors should be given special consideration when evaluating an investment in the Company's securities.

General.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and quality to return a profit from production.

The Company's business is subject to exploration and development risks.

All of the Company's properties are in the exploration stage of development and no known reserves or resources have been discovered on such properties. There is no certainty that the expenditures to be made by the Company or its joint venture partners in the exploration of its properties described herein will result in discoveries of precious metals in commercial quantities or that any of the Company's properties will be developed. Most exploration projects do not result in the discovery of precious metals and no assurance can be given that any particular level of recovery of precious metals will in fact be realized or that any identified resource will ever qualify as a commercially mineable (or viable) resource which can be legally

and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of precious metals ultimately discovered may differ from that indicated by drilling results. There can be no assurance that precious metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

The Company's business may be affected by political and economic instability in South Africa.

The Company's activities in South Africa are subject to risks common to operations in the mining industry in general, as well as certain political and economic uncertainties related specifically to operating in South Africa. South Africa has recently undergone significant change in its government since the free elections in 1994. At present, Mining Legislation in South Africa is undergoing change. The new Mineral Resources and Petroleum Development Act became law on May 1, 2004. The regulation and operation of this new law is still being implemented. In association with the new Act, the Mining Charter sets out a target of 26% ownership and participation in the mineral industry by "Historically Disadvantaged Persons" within ten years, but the mechanisms to fully affect this objective are still evolving. Accordingly, all laws may be considered relatively new, resulting in risks related to the possible misinterpretation of new laws, unilateral modification of mining or exploration rights, operating restrictions, increased taxes, environmental regulation, mine safety and other risks arising out of new sovereignty over mining, any or all of which could have an adverse affect on the Company. The Company's operations in general may also be affected in varying degrees by political and economic instability, terrorism, crime, extreme fluctuations in currency exchange rates and inflation.

The Company is subject to the risk of fluctuations in the relative values of the Canadian dollar as compared to the South African Rand.

The Company may be adversely or favorably affected by foreign currency fluctuations. The Company is primarily funded through equity investments into the Company denominated in Canadian Dollars. Several of the Company's options to acquire properties in the Republic of South Africa may result in option payments by the Company denominated in South African Rand or in U.S. dollars over the next three years. Exploration and development programs to be conducted by the Company in South Africa will also be funded in South African Rand. Fluctuations in the exchange rate between the Canadian dollar and the South African Rand may have an adverse or favorable affect on the Company.

The Company's properties are subject to title risks.

The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing. However, the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. These defects could adversely affect the Company's title to such properties or delay or increase the cost of the development of such properties.

The Company's interest in the Elandsfontein property in South Africa is in dispute and is currently the subject of a binding arbitration process with the Vendor. See "Legal Proceedings". Management believes that its claims under the terms of the option agreement are strong and the matter will be determined in the Company's favour.

The Company's properties may also be subject to aboriginal rights that may be claimed on Crown properties or other types of tenure with respect to which mineral rights have been conferred. The Company is not aware of any aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the mineral properties in which the Company has an interest. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration activity and is supportive of measures established to achieve such co-operation.

The mineral exploration industry is extremely competitive.

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Company's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could also affect

the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel.

Judgments based upon the civil liability provisions of the United States federal securities laws may be difficult to enforce.

The ability of investors to enforce judgments of United States courts based upon the civil liability provisions of the United States federal securities laws against the Company and the directors and officers of the Company may be limited due to the fact that the Company and a majority of these persons reside outside of the United States and, in respect of the directors and officers, their assets are located outside the United States. There is uncertainty as to whether Canadian courts would: (i) enforce judgments of United States courts obtained against the Company or its directors and officers predicated upon the civil liability provisions of the United States federal securities laws, or (ii) entertain original actions brought in Canadian courts against the Company or such persons predicated upon the federal securities laws of the United States, as such laws may conflict with Canadian laws. In Canada, civil rights are within the legislative jurisdiction of the Provinces and Territories. The Province of British Columbia, in which the Company and all of its directors and officers are resident, does not have laws for the reciprocal enforcement of judgments of United States courts.

The Common Shares may be subject to the U.S. "Penny Stock" rules.

The Company's Common Shares are "penny stock" as defined by the Securities and Exchange Commission; this status might affect the trading market for the Common Shares. Penny stocks are generally equity securities with a price of less than US $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ National Market, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The Securities and Exchange Commission has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the Securities and Exchange Commission that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and compensation information must be given to the customer orally or in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from such rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that is subject to the penny stock rules, such as the Common Shares, which are considered "penny stock," and therefore make it more difficult to sell those shares.

Metal prices affect the success of the Company's business.

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any minerals discovered. No assurance may be given that metal prices will remain stable. Significant price fluctuations over short periods of time may be generated by numerous factors beyond the control of the Company, including domestic and international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The effect of these factors on the price of minerals and therefore the economic viability of any of the Company's exploration projects cannot accurately be predicted. As the Company is in the exploration stage, the above factors have had no material impact on present operations or income.

The Company will need additional financing.

At August 31, 2004, the Company had working capital of $2,364,360. The Company believes that these funds will be sufficient to cover general and administrative costs and fund its obligations and proposed exploration programs on its properties to the end of the 2005 calendar year. The Company has limited financial resources, has no source of operating cash flow, and has no assurance that additional funding will be available to it for further exploration and development of its properties beyond its current programs. In the past, the Company has relied on sales of equity securities to meet its cash

requirements. There can be no assurance that future operations will provide cash flow sufficient to satisfy operational requirements and cash commitments.

Should additional properties be acquired or programs be undertaken, the Company will require additional funding. The exploration and development of the Company's properties depends upon the Company's ability to obtain financing through any or all of the joint venturing of projects, debt financing, equity financing or other means. There can be no assurance that the Company will be successful in obtaining any required financing now or in the future. Failure to obtain additional financing on a timely basis could result in delay or indefinite postponement of further exploration and development of its mineral properties, with the possible loss of such properties, or the inability to acquire any additional properties.

The Company's operations are subject to environmental and government regulation.

The current or future operations of the Company, including development activities and commencement of commercial production on its properties, requires permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, restrictions and prohibitions on releases or emissions of various substances produced in association with certain mining operations and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits, the extent of which cannot be predicted. There can be no assurance that approvals and permits required to commence commercial production on its properties will be obtained. Additional permits and studies, which may include the environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of production facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the production activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral properties.

The Company has not made any material expenditure for environmental compliance to date. However, there can be no assurance that environmental laws will not give rise to significant financial obligations in the future and such obligations could have a material adverse affect on the Company's financial performance.

The Company has a history of losses

The Company has a history of losses including net losses of $2,242,627 in the year ended August 31, 2004; $1,748,993 in the year ended August 31, 2003; and $1,501,620 in the year ended August 31, 2002. At August 31, 2004, the Company had an accumulated deficit of $7,077,883. The Company anticipates that it will continue to incur losses for the foreseeable future until it can successfully place one or more of its properties into commercial production on a profitable basis.

The Company has a lack of cash flow, which may affect its ability to continue as a going concern.

The Company is an exploration company with a history of losses and no history of revenues from its operations. None of the Company's properties are in production or expected to be developed in the near future, if at all. During the year ended August 31, 2004, the Company had a loss of $2,242,627 and used $1,179,125 in cash for operating activities and $3,373,746 in cash for investing activities. Historically, the only source of funds available to the Company has been through the sale of its equity shares.

The auditors' report on the Company's August 31, 2004 annual consolidated financial statements includes additional comments which indicate that the financial statements are affected by conditions and events that cast doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The continuing operations of the Company and the recoverability of the amounts capitalized for mineral properties in the Company's consolidated financial statements, prepared in accordance with Canadian GAAP, is dependent upon the Company's ability to obtain the necessary financing to meet its liabilities and commitments as they become payable, to complete exploration and development of its properties and to successfully place one or more of its properties into commercial production. There can be no assurance given that additional funds will be available to the Company in the future or available on favorable terms to the Company.

The Company is required to contribute its share of exploration costs to maintain its interests in certain properties

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Company may as a result be subject to loss or dilution of its rights to acquire interests in the properties subject to such agreements.

None of the Company's properties contain any known reserves.

All of the Company's properties are in the exploration stage meaning that the Company has not determined whether any such property contains mineral reserves that are economically recoverable. Failure to discover economically recoverable reserves will require the Company to write-off costs capitalized in its Canadian GAAP financial statements, which at August 31, 2004 totaled $5,995,550.

The Company depends on its key management employees.

The nature of the Company's business, its ability to continue its exploration and development activities and to thereby develop a competitive edge in its marketplace depends, in large part, on its ability to attract and maintain qualified key management personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be able to attract and retain such personnel. The Company's development to date has depended, and in the future will continue to depend, on the efforts of its key management figures: R. Michael Jones, Chairman, President, CEO and Director of the Company; Frank R. Hallam, Chief Financial Officer and Director of the Company, Dennis Gorc, Manager of Research and Project Acquisitions for the Company and John Gould, Managing Director of PTM-RSA. The loss of any of the key management figures could have a material adverse effect on the Company. With the exceptions of Frank Hallam and John Gould, the Company has entered into management contracts with the named directors, officers and employees. See "Item 6 - Directors, Senior Management and Employees" and "Item 7 - Major Shareholders and Related Party Transactions". The Company does not maintain key man insurance on any of its management.

The Company's directors may be associated with other mineral resource companies.

Certain officers and directors of the Company may become associated with other natural resource companies that acquire interests in mineral properties. R. Michael Jones, Chairman, President, Chief Executive Officer and Director of the Company is also a director of Radar

Acquisitions Corp., a public company with a coal and heavy mineral project in Colorado, and MAG Silver Corp., a public company with silver properties in Mexico. Frank Hallam, Chief Financial Officer and Director of the Company, is also an officer of MAG Silver Corp. and a director of Sydney Resource Corporation, a company which, prior to Mr. Hallam's appointment, acquired the Simlock Creek Property from the Company in December 2003. Eric Carlson, Director of the Company is also a director of MAG Silver Corp. Any conflicts, which may arise, will be dealt with as disclosed below.

Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a subject involving a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company has outstanding options and warrants which, if exercised, could cause dilution to existing shareholders.

At March 11, 2005, the Company had 3,208,000 options issued and outstanding with a weighted average exercise price of $0.85 per share and 946,213 warrants issued and outstanding with a weighted average exercise price of $1.31 per share. Options and warrants are likely to be exercised when the market price of the Common Shares exceeds the exercise price of such options or warrants. The exercise of such options or warrants and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional Common Shares and the Company may grant additional share purchase warrants and stock options. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders.

The Company does not expect to pay dividends.

The Company has not paid any dividends since incorporation and it has no plans to pay dividends for some time. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time. All of the Common Shares are entitled to an equal share of any dividends declared and paid.

Item 4 - Information on the Company

Introduction

The head office of the Company is located at Suite 328 - 550 Burrard Street, Vancouver, British Columbia, V6C 2B5, telephone (604) 899-5450. The address for service and the registered and records office is Gowlings Lafleur Henderson, LLP, Suite 2300, 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1J1. The Company's website is www.platinumgroupmetals.net. It is a reporting issuer in British Columbia, Alberta and Quebec and currently trades on the Exchange under the symbol "PTM" and on the NASD OTC Bulletin Board Service under the symbol "PTMQF".

The Amalgamation

On October 22, 2001, NMM entered into a letter agreement with PTG proposing the terms of an amalgamation pursuant to the provisions of the Company Act for the purposes of forming one company, Amalco, under the name "Platinum Group Metals Ltd." NMM and PTG had both been working independently in the Lac des Iles-Thunder Bay and Sudbury, Ontario areas for the previous two years and both parties recognized the

synergy between them and the added value offered by the Amalgamation. An Amalgamation Agreement dated December 19, 2001 was entered into between the parties, which formalized the terms of Amalgamation.

The Boards of Directors of PTG and NMM, respectively, concluded that it would be in the best interests of the amalgamating companies and their respective shareholders to bring together into a single public company the mineral property interests held separately by PTG and NMM with a view to achieving certain benefits, which included the following:

(a)

Consolidating the property interests of PTG and NMM in Ontario, which would facilitate the financing required for the exploration and development of Amalco's properties.

(b)

Forming a strong management group with extensive experience and expertise covering various aspects of platinum group metal exploration.

(c)

The shareholders of PTG and NMM would become shareholders of a company with a substantially larger public float than was available to either PTG or NMM individually, which may provide enhanced liquidity for Amalco shareholders.

(d)

Operational efficiencies would be achieved by eliminating the duplication of accounting, legal, corporate and administrative procedures for NMM and PTG.

(e)

The Amalgamation would result in the creation of a company with a larger asset base and capitalization, thereby facilitating better access to capital markets. Amalco would be better positioned strategically, operationally and financially to explore, and if warranted, develop, its mineral properties.

The Amalgamation received shareholder approvals on January 28, 2002 and court approval on February 8, 2002. Pursuant to an order by the Supreme Court of British Columbia, Amalco was formed on February 18, 2002 at which time both NMM and PTG ceased to exist. Amalco assumed all of the rights and obligations of NMM and PTG. As consideration to the shareholders of NMM, Amalco issued and delivered 5,468,421 common shares to acquire all of the 9,022,895 common shares of NMM issued and outstanding. This represented a ratio of 1.65 common shares of NMM for every one share of Amalco. The shareholders of PTG received one share of Amalco in exchange for each share of PTG. All of the continuing obligations of NMM with regard to share purchase options, warrants and share payments were converted to obligations of Amalco at a ratio of 1.65:1. All of the continuing obligations of PTG with regard to share purchase options, warrants and share payments were converted to obligations of Amalco at a ratio of 1:1. The property, assets, rights and privileges of each of NMM and PTG continued to be the property, assets, rights and privileges of Amalco.

The business combination was accounted for as a purchase transaction, with PTG as the acquirer and NMM as the acquiree. The consideration tendered by PTG in the share exchange was valued at $1,541,710 including $231,325 in transaction costs. Amalco's financial year-end is August 31.

History and Development of NMM

NMM was a mineral exploration company engaged in the acquisition and exploration of mineral properties. NMM had a history of losses and no revenues from operations.

In 1983, NMM acquired several placer claims located on Harvey's Creek, located approximately 100 air-kilometres (60 miles) north-northwest of the City of Williams Lake in the Cariboo Mining Division of British Columbia. Placer gold refers to gold found in gravel and other materials overlying solid rock, as opposed to lode gold, which is found in solid rock. Placer claims are mining claims located in areas (also called "placer areas"), which have the potential to contain economic quantities of gold and other commodities in the gravel and other materials overlying solid rock. These claims were acquired from the four founding shareholders of NMM, two of whom remained as Directors of NMM, in exchange for 750,000 common shares of NMM (equivalent to 454,545 Common Shares).

During the course of placer gold exploration by NMM, it was determined that the most likely source for the placer gold which had been deposited in the gravels of Harvey's Creek was a gold rich strata (rock unit) cross cutting a branch of the Harvey's Creek. This branch creek,

which forms part of the drainage basin, is Simlock Creek. As a result of this determination, NMM undertook an extensive lode mineral claim-staking program, which resulted in NMM's acquisition of all 21 of the mineral claims currently comprising the Simlock Creek Property.

Between 1983 and 1989, NMM carried out all onsite staking, prospecting and most exploration work on the Simlock Creek Property. During 1983, 1984 and 1985 most of the work related to prospecting and staking. A geophysical survey which measured the magnetism of the Simlock Creek Property was completed and various helicopter access pads were constructed. During this period, exploration emphasis was on placer gold. Based on results from previous placer sampling work, a bulk placer-sampling program was undertaken in 1986, 1987 and 1988. At the same time an extensive soil-sampling program was paid for by Logan Mines Limited pursuant to an option agreement with NMM, which has since expired. NMM hired several workers and purchased equipment to carry out its work.

NMM constructed many kilometres of road, laid 1.5 kilometres (5,000 feet) of water pipe, built a processing site, a reservoir, and a tailings dump and moved many thousands of cubic yards of material in order to access a favorable placer area which NMM's previous work had located on NMM's claims. Although initial samples from this favorable area returned positive results, it became clear by 1988 that unrecorded placer mining activity by others in the 1920's and 1930's had removed the most valuable placer material from the area. NMM could not economically justify an earth moving exercise of the size required based

on the projected amount of gold left in the area. By 1989 all work had ceased on the placer claims and reclamation work was carried out.

The nature of the gold recovered from the bulk placer sampling suggested that the lode source of the gold was local and of significant size. NMM continued its efforts to locate the primary deposit and began to sell off its heavy equipment which was not immediately required to work on the Simlock Creek Property. The equipment had been purchased from the proceeds of shareholders loans, and thus upon sale, the proceeds from the equipment was returned to the lenders.

After 1989, NMM continued the search for the primary lode gold deposit at Simlock Creek. NMM bore the costs of several soil sampling programs and by 1992 a substantial area of high gold values had been delineated at Simlock Creek. Since NMM was a private company with very limited funds and had no access to public markets at the time, it was required to option the Simlock Creek Property in order to advance the project. In 1993 Northern Dynasty Minerals Inc. ("Northern Dynasty") of Vancouver, British Columbia optioned the Simlock Creek Property. For the next two years, NMM stood by while Northern Dynasty carried out a small amount of exploration work at Simlock Creek. Except for management's efforts to maintain books and records and to retain title to the Simlock Creek Property, NMM was inactive between 1993 and 1996. Northern Dynasty carried out and paid for fill in and check soil sampling programs, soil profiling and the completion of one excavator trench approximately 70 metres in length. After failing to identify a bedrock source, Northern Dynasty elected not to complete the exercise of the option. After the Simlock Creek Property reverted to NMM again in 1996, Management of NMM made a decision to go public in order to raise the capital required to explore the area of high gold values in soils, which had been previously delineated at Simlock Creek.

During the 1997 field season, 627.3 metres (2,070 feet) of new access road were constructed by NMM on the Simlock Creek Property. This new access road ended at the edge of the area of high gold values in soils, which NMM intended to explore for lode gold deposits.

During the year ended December 31, 1997, NMM issued by way of a private placement 950,000 units at a price of $0.25 per unit for total proceeds of $237,491, net of issue costs. Each unit consisted of one common share and one share purchase warrant. During the same year, NMM issued 491,200 common shares at an ascribed value of $0.25 per common share in settlement of shareholder loans. A total of 750,000 performance escrow shares were issued to two directors of NMM at an ascribed value of $0.01 per share.

NMM entered into a sponsorship agreement dated July 11, 1997 with Haywood Securities Inc. ("Haywood") in respect of their of NMM's application to the Exchange for listing. Pursuant to an agency agreement dated July 11, 1997, as amended November 11, 1997 and February 11, 1998 between NMM and Haywood, Haywood was appointed as NMM's agent in selling an initial public offering of 600,000 common shares at $0.50 per share through the facilities of the Exchange.

Pursuant to its prospectus dated March 4, 1998, a final receipt for which was issued by the Commission on March 6, 1998, NMM completed its initial public offering of 600,000 common shares of NMM at a price of $0.50 per share on June 12, 1998. The common shares of NMM were listed and commenced trading on the Exchange on June 12, 1998. A total of 4,000 common shares of NMM at a deemed price of $0.50 per share and warrants to purchase 120,000 common shares of NMM at a price of $0.50 per share expiring June 12, 1999 were issued as corporate finance fees pursuant to the agency agreement with Haywood.

With some of the proceeds from the Haywood initial public offering closed on June 15, 1998, NMM commenced a program of exploration trail building, trenching and sampling on portions of the HH6 and HH8 mineral claims on the Simlock Creek Property. This work program commenced on August 12, 1998 after all relevant work permits had been obtained. The purpose of the 1998 program was to investigate an area of high gold values in soil samples taken in 1992. A total of 223 rock samples were taken from trenches and trail cuts and analyzed for gold

(fire assay) and 32 other elements (ICP).

The trenching program was designed to investigate areas immediately up-slope from high gold values in soil. A total of 10 cross-trenches delineated a south-southeast trending zone of multiple quartz veins and silicified phyllitic wallrock over a length of approximately 450 metres. This zone is open in both directions. Mechanical trenches were dug at 50-meter (165-foot) intervals across the south-southeast trending zone of multiple quartz veins. Within the trenches, samples were taken across widths ranging from 5 cm (2 inches) to 100 cm (39 inches) depending upon the nature of material being sampled. Significant gold values were detected in quartz vein material, including an assay of 2.286 oz./ton gold across a five-foot width of vein. The main objective of surface exploration is to delineate targets, which can be explored at depth using drilling techniques in order to measure the tonnage and average grade of the potential mineralized body or bodies. Information from drilling can also aid

in determining whether or not the deposit can be mined and processed at a profit. Other techniques such as bulk sampling may be employed to assist in making this determination.

Pursuant to an option agreement dated March 1, 1999 the ("Agnew Agreement") between Harvey Creek Gold Placers Ltd., Donald Hawke and Gregory Campbell (collectively, the "Agnew Optionors"), NMM was granted the sole and exclusive right and option to acquire up to a 99% interest in and to the Agnew Lake Property. The Agnew Lake Property initially comprised of 201 mineral claims totalling 3,216 hectares overlays a mafic intrusion which has characteristics favourable for the concentration of PGM mineralization located near Sudbury, Ontario. Subsequent to the execution of the Agnew Agreement, NMM staked an additional 16 claims totalling 2,760 hectares on March 5, 1999, which are subject to the terms of the Agnew Agreement. See "Item 4 - Information on the Company, The Agnew Lake Property, Ontario". On March 1, 2004, the Company notified the Agnew Optionors that it had completed its obligations under the Agnew Agreement and had vested its 99% interest in the Agnew Lake Property.

NMM changed its name to New Millennium Metals Corporation on March 22, 1999 to reflect its new objective of concentrating on platinum group metals properties.

During the year ended December 31, 1999, NMM issued 1,126,589 special warrants at prices ranging from $0.45 to $0.52 per special warrant for net proceeds of $543,450. The proceeds of the private placements were used to fund exploration at the Agnew Lake Property and for general working capital.

On September 3, 1999, NMM acquired a 100% interest in the Salter Property by staking three mineral claims totaling 352 hectares (869 acres) located within 10 kilometres of Massey, Ontario and within 40 kilometres of the Agnew Lake Property. Initial geological investigations of the property failed to locate mineralization of economic interest and the Salter claims were allowed to lapse in September of 2002. Exploration and acquisition costs totaling $10,667 were expensed.

On September 3, 1999, NMM acquired a 100% interest in the Victoria Property by staking two mineral claims totaling 256 hectares (632 acres) located within 10 kilometres of Massey, Ontario and within 40 kilometres of the Agnew Lake Property. The Victoria Property was allowed to lapse with no work having been completed on the property. Acquisition and exploration costs totaling $2,009 were written off subsequent to December 31, 2001.

Pursuant to an option agreement dated effective February 7, 2000, as amended June 24, 2002, among NMM as the optionee and Don Leishman, Kenneth Fenwick and Don Chorkawy as the optionors, NMM was granted the sole and exclusive right and option to acquire up to a 100% interest in and to the Taman Property. The Taman Property is comprised of 12 claim blocks covering a total of approximately 2,272 hectares (5,609 acres) approximately 80 km north-northeast of Thunder Bay, Ontario and 20 km west of North American Palladium's Lac Des Iles Pd-Pt Mine. Detailed geological and geophysical investigations of the Taman Property failed to locate mineralization of economic interest at the property was returned to the vendors in 2004. Acqusition and exploration costs of $162,343 were written off prior to August 31, 2004.

Pursuant to an option agreement dated effective February 7, 2000, as amended June 24, 2002, among NMM as the optionee and Don Leishman, Kenneth Fenwick, Stephen Stares and Michael Stares as the optionors, NMM was granted the sole and exclusive right and option to acquire up to a 100% interest in and to the Taman East Property. The Taman East Property is comprised of 6 claim blocks covering a total of approximately 1,280 hectares (3,160 acres) approximately 80 km north-northeast of Thunder Bay, Ontario and 15 km west of North American Palladium's Lac Des Iles Pd-Pt Mine. The Taman East Property has been returned to the project vendors and exploration/acquisition costs of

$69,975 were written off prior to August 31, 2004.

On March 2, 2000 NMM acquired a 100% interest in the Swan River Property by staking two mineral claims totaling 7,440 hectares (18,368 acres) located on Reindeer Lake, 60 km east of Points North, Saskatchewan. The Company elected not to proceed with the Swan River Property and the claims were allowed to lapse in March of 2002 with no exploration work having been completed. Acquisition costs of $18,763 were expensed.

On March 20, 2000, NMM acquired a 100% interest in the Senga Property by staking 17 claim blocks encompassing a total of 3,744 hectares (9,243 acres) located approximately 85 km north-northeast of Thunder Bay, Ontario and 20 km west of North American Palladium's Lac Des Iles Pd-Pt Mine. Geological investigations of failed to locate economic mineralization and the Senga property was allowed to lapse in 2004. Acqusition and exploration costs of $60,427 were written off prior to August 31, 2004.

On March 20, 2000, NMM acquired a 100% interest in the Tib Property by staking 12 claim blocks encompassing a total of 2,640 hectares (6,518 acres) located approximately 100 km north-northeast of Thunder Bay, Ontario and 20 km west of North American Palladium's Lac Des Iles Pd-Pt Mine. The Tib Property has been dropped as of August 31, 2003, resulting in a write-off of cumulative costs to date of $29,726.

Pursuant to an option and joint venture agreement dated effective March 29, 2000 between NMM as the optionee and Fort Knox Gold Resources Inc. as the optionor ("Fort Knox"), NMM was granted the sole and exclusive right and option to acquire up to a 60% interest in and to the Dog River Property. The Dog River Property consists of 9 claim blocks located approximately 96 km northwest of Thunder Bay, Ontario and about 18 km west of the Lac Des Iles Pt-Pd Mine. The Dog River Property is subject to an underlying agreement between Fort Knox and Kenneth Fenwick pursuant to which Mr. Fenwick was granted a 2.5% net smelter return royalty. In 2002, the Company, Fort Knox and Mr. Fenwick revised the Dog River Agreement whereby Fort Knox agreed, at no cost, to abandon any and all interest in the Dog River Property in favour of Mr. Fenwick subject to an option agreement being completed between the Company and Mr. Fenwick. Pursuant to the terms of the amending agreement dated February 20, 2002 between the Company and Mr. Fenwick, the Company was granted the sole and exclusive right and option to acquire up to a 100% interest in and to the Dog River Property by making cash payments totaling $35,000 and issuing 60,000 Common Shares to Mr. Fenwick. As of May 5, 2003, the Company made its final payment to Mr. Fenwick and now holds a 100% interest in the Dog River Property.

Pursuant to an option agreement dated April 6, 2000 and effective June 14, 2000 between NMM as the optionee and Canadian Golden Dragon Resources Ltd. as the optionor ("CGD"), NMM was granted the sole and exclusive right and option to acquire up to a 60% interest in and to the Ottertooth Property. The Ottertooth Property was comprised of 35 contiguous claim blocks covering a total of approximately 7,968 hectares (19,672 acres) located approximately 50 km of Armstrong, Ontario and 170 km north of Thunder Bay, Ontario. The Ottertooth Property was returned to the vendor in May of 2002 after initial geological investigations failed to detect mineralization of potential economic significance on the property. Acquisition and exploration costs of $180,581 were expensed by the Company in Fiscal 2002.

Pursuant to an option agreement dated effective April 20, 2000 among NMM as the optionee and Don Leishman, Kenneth Fenwick and Ron Tweedie as the optionors, NMM was granted the sole and exclusive right and option to acquire up to a 100% interest in and to the Milford Bullseye Property. The Milford Bullseye Property is comprised of 4 contiguous claim blocks covering a total of approximately 832 hectares (2,054 acres) located approximately 90 km north-northeast of Thunder Bay, Ontario and 12 km west of North American Palladium's Lac Des Iles Pd-Pt Mine. The Milford Bullseye Property was returned to the optionors effective April 12, 2002 after initial geological investigation failed to located mineralization with economic potential. Exploration and acquisition costs totaling $41,245 were expensed by the Company in Fiscal 2002.

Pursuant to an option agreement dated effective May 2, 2000 between NMM as the optionee and Ted Aho as optionor, NMM was granted the sole and exclusive right and option to acquire up to a 100% interest in and to the Buck East Property. The Buck East Property is comprised of 3 contiguous claim blocks covering a total of approximately 624 hectares (1,541 acres) located approximately 85 km north-northeast of Thunder Bay, Ontario and 20 km west of North American Palladium's Lac Des Iles Pd-Pt Mine complex. The Buck East Property was returned to the optionor effective April 15, 2002 after initial geological investigations failed to locate any mineralization of potential economic interest. Exploration and acquisition costs totaling $59,951 were expensed by the Company in Fiscal 2002.

Pursuant to an option agreement dated effective May 5, 2000 between NMM as the optionee and East West Resource Corp. and Maple Minerals Inc. as the optionors, NMM was granted the sole and exclusive right and option to acquire up to a 60% interest in and to the Lac Des Iles River Property. The Lac Des Iles River Property is comprised of 16 contiguous claim blocks covering a total of approximately 2,880 hectares (7,110 acres) located approximately 80 km north-northeast of Thunder Bay, Ontario and 20 km southwest of North American Palladium's Lac Des Iles Pd-Pt Mine complex. See "Item 4 - Information on the Company, Lac Des Iles Project, Ontario".

On June 18, 2000, a Letter of Intent was entered into between NMM and Pacific North West Capital Corp. ("PFN") with respect to the Agnew Lake Property. The terms of the Letter of Intent were subsequently formalized in an Option Agreement (the "PFN Option Agreement") executed between NMM and PFN on August 15, 2000. Pursuant to the terms of the PFN Option Agreement, NMM granted PFN the sole and exclusive right and option to acquire 50% of its rights and interest in the Agnew Lake Property which includes both the claims under option to NMM pursuant to the Agnew Agreement and 16 additional claims staked by NMM. See "Item 4 - Information on the Company, The Agnew Lake Property, Ontario".

Between June 9 and August 25, 2000, NMM acquired a 100% interest in three small properties adjoining its Taman Property. The Taman North, Taman South and Taman Northwest properties (collectively referred to as the "Taman Margin Properties") were staked to cover possible extensions of the Taman Lake Intrusion off the adjacent Taman Property. The Taman North, South and Northwest properties were allowed to lapse in 2002-2004 with no significant work having been completed on the properties.

On June 28, 2000, a Letter of Intent was entered into between NMM and New Claymore Resources Ltd. ("New Claymore") with respect to the Shelby Lake Property. The terms of the Letter of Intent were subsequently formalized in an Option Agreement (the "Shelby Lake Agreement") executed between NMM as the optionee and New Claymore as the optionor effective July 26, 2000. Pursuant to the terms of the Shelby Lake Agreement, NMM was granted the sole and exclusive right and option to acquire up to a 60% interest in and to the Shelby Lake Property. The Shelby Lake Property is comprised of 10 contiguous claim blocks covering a total of approximately 2,160 hectares (5,333 acres). The Shelby Lake Property is located approximately 75 km north-northeast of Thunder Bay, Ontario and 18 km southwest of North American Palladium's Lac Des Iles Pd-Pt Mine. The Company informed New Claymore in February 2004 that it had vested its 50% interest in the property and chosen not to proceed to the 60% level. All future programs on the Shelby Lake Property will proceed on the 50/50 joint venture basis with standard dilution for non-participatory parties. The Company will continue to operate. See "Item 4 - Information on the Company, Lac Des Iles Project, Ontario".

On September 22, 2000, NMM acquired a 100% interest in the Wakinoo Property by staking a single claim block totaling 192 hectares (474 acres) located approximately 75 km north-northeast of Thunder Bay, Ontario and 25 km southwest of North American Palladium's Lac Des Iles Pd-Pt Mine complex. Additional staking in 2004 expanded the Wakinoo Property to 55 claim units totaling 880 hectares (2,173 acres).

On September 22, 2000, NMM acquired a 100% interest in the Hottah Property by staking three contiguous claim blocks totaling 672 hectares (1,659 acres) located approximately 75 km north-northeast of Thunder Bay, Ontario and 18 km southwest of North American Palladium's Lac Des Iles Pd-Pt Mine complex. The Hottah Property was allowed to lapse in September of 2004 initail geological reconnasiance having failed to locate any mineralization of economic interest. Acquisition and exploration expenditures of $4,687 will be written down in first quarter of 2005.

Pursuant to an Agency Agreement dated for reference September 29, 2000 (the "First Delta Agency Agreement") between NMM and First Delta Securities Inc. ("First Delta"), First Delta was appointed to act as NMM's agent in selling 2,200,000 units of NMM at a price of $0.45 per unit. Each unit consists of one flow-through common share and one-half warrant. Each whole warrant, plus 60 cents, shall entitle the holder to acquire one non-flow through common share of NMM for a period of 18 months from the date of closing. On December 29, 2000, NMM closed a portion of this private placement and 896,223 units were issued. An additional 35,449 units were issued as a finder's fee, as well as $15,953 cash, and 100,000 warrants exercisable at $0.45 per share for two years expiring December 29, 2002 were issued to First Delta. For a period of twelve months following the reference date of First Delta Agency Agreement, First Delta shall have a right of first refusal to provide any further equity financing required by NMM.

Pursuant to an agreement dated for reference October 23, 2000 among NMM, MTAX 2000 Mineral Limited Partnership ("MTAX") and 578161 B.C. Ltd., MTAX had the right to commit to a flow-through private placement before December 31, 2000 at a fixed price. MTAX confirmed that it would subscribe for 285,714 flow-through share units of NMM at $0.35 per unit. Each unit consisted of one flow-through share and one-half flow through share purchase warrant. Each whole warrant, plus an additional $0.44, will allow the holder to purchase one additional flow-through share at any time for a period of 12 months from the date of closing. In consideration for arranging the private placement with MTAX, Strand Securities Corp. received a finder's fee of 8%, payable in flow through units at the same price as the private placement. On December 29, 2000, $100,000 was placed in trust and the funds were subsequently transferred to NMM on March 2, 2001.

A Heads of Agreement was entered into on December 19, 2000 pursuant to which NMM and PFN proposed to option a 60% interest in the Agnew Lake Property to Kaymin Resources Ltd. ("Kaymin"), a subsidiary of Anglo American Platinum Corporation Limited, the world's largest producer of platinum group metals. The Heads of Agreement outlined the basis on which the parties were prepared to negotiate in good faith a definitive earn-in agreement. In June 2000, a Farm-In Agreement was executed among Kaymin, NMM and PFN, which set out the definitive earn-in terms and legally binding obligations. See "Item 4 - Information on the Company, The Agnew Lake Property, Ontario".

Including the private placements with First Delta and MTAX, NMM issued 2,444,672 units at prices ranging from $0.35 to $0.50 per unit for net proceeds of $1,015,436 during the year ended December 31, 2000. The proceeds of the private placements were used to fund new acquisitions, exploration of the Lac Des Iles Project properties and for general working capital.

Pursuant to a letter agreement dated February 19, 2001, as amended November 27, 2002 between NMM as the optionor and Sydney Resource Corporation ("Sydney") as the optionee, Sydney was granted the sole and exclusive right and option to acquire up to a 60% interest in the Simlock Creek Property. During the year ended December 31, 2001, NMM wrote off acquisition and exploration costs of $1,123,275, less recoveries of $68,464, relating to the Simlock Creek Property, however it will retain title. Pursuant to an amending agreement dated December 12, 2003 between the Company and Sydney, Sydney acquired a 100% interest in the Simlock Creek Property in exchange for 1,200,000 common shares of Sydney at a deemed price of $0.20 per share. Subsequent to August 31, 2004, the Company exchange 399,999 of these Sydney shares for the purchase of 1,407,069 shares of Active Gold Group Ltd.

Between July 24 and September 21, 2001, NMM acquired a 100% interest in the Vande Property by staking seven claim blocks totaling 1,360 hectares (3,358 acres) located approximately 65 km north-northeast of Thunder Bay, Ontario and 15 km south of North American Palladium's Lac Des Iles Pd-Pt Mine complex. During 2004 the Vande Property was allowed to lapse after initial geological reconnaissance failed to locate any mineralization of economic interest. Acquisition and exploration costs of $8,948 will be written down in during the first quarter of 2005.

Pursuant to a Memorandum of Understanding dated October 21, 2001 (the "ProAm Agreement"), NMM and PFN were granted the sole exclusive right and option to earn a 100% interest in and to 3 claim blocks internal to the Agnew Lake Property (the "ProAm Property") from ProAm Explorations Corporation. See "Item 4 - Information on the Company, The Agnew Lake Property, Ontario".

On October 22, 2001, NMM entered into a letter agreement with PTG proposing the terms of an amalgamation pursuant to the provisions of the Company Act for the purposes of forming one company, Amalco, under the name "Platinum Group Metals Ltd." NMM and PTG had both been working independently in the Lac des Iles-Thunder Bay and Sudbury, Ontario areas for the previous two years and both parties recognized the synergy between them and the added value offered by the Amalgamation. An Amalgamation Agreement dated December 19, 2001 was entered into between the parties, which formalized the terms of Amalgamation. See "The Amalgamation". On November 7, 2001, NMM entered into a loan agreement with PTG for $100,000 secured against NMM's share of PFN. The successful completion of the Amalgamation has made this loan irrelevant.

During the year ended December 31, 2001, NMM issued 741,014 units for net proceeds of $141,096 pursuant to private placements 15,000 common shares on the exercise of warrants for net proceeds of $7,500 and 2,690 common shares of NMM on the exercise of stock options for net proceeds of $1,560. The flow-through shares issued by NMM were priced at market and did not bear a premium as a result of their flow through nature. The proceeds of the private placements were used to fund exploration programs on the Lac Des Iles Project properties and for general working capital.

History and Development of PTG and the Company

PTG was incorporated under the laws of British Columbia on January 10, 2000 as 599141 B.C. Ltd. and changed its name to "Platinum Group Metals Ltd." on March 16, 2000 at which time it commenced operations. It was in the business of acquiring, exploring and evaluating mineral properties. PTG focused on acquiring a broad portfolio of mineral properties and mineral property interests where there is geological potential

for platinum and palladium deposits. The geographic focus of PTG was in Canada, however it considered projects in the USA, Brazil and South Africa without the acquisition of any interest.

PTG issued 1,000,000 common shares to its founders at $ 0.01 per share in connection with incorporation. See "Item 7 - Major Shareholders and Related Party Transactions". PTG then completed a seed round of financing in April and May 2000 which raised a total of $600,000 by issuing a total of 3,000,001 Special Warrants convertible into common shares of PTG as follows: 2,605,000 Special Warrants convertible to 2,605,000 common shares of PTG for no further consideration sold at $0.20 per Special Warrant and 395,001 common shares of PTG sold at $0.20. From March to June 2000, PTG acquired interests in exploration properties in Ontario and the Northwest Territories targeted for their platinum and palladium

mineralization potential. The property interests where obtained in various options to purchase an interest or by staking mineral claims directly.

PTG acquired mineral rights to properties in the Sudbury-River Valley area in March 2000 by a series of option agreements and staking mineral claims. These properties were part of the basis of PTG's initial public offering in Canada.

Pursuant to an arm's length agreement dated March 29, 2000 (the "Davis Agreement") among PTG as the optionee and John and Marie Brady and George Van Lith as the optionors (collectively referred to as the "Davis Optionors"), PTG was granted an option to acquire up to a 100% undivided interest in 29 units in the Sudbury Mining District, which formed part of the 37 claims in the Davis-Janes Block (the "Davis Brady Property"). PTG can exercise the option by paying to the Davis Optionors $60,000 in cash payments over a 3-year period from the date of the Davis Agreement (of which $20,000 had been paid) and issuing a total of 100,000 common shares of PTG within two years of the Davis Agreement (of which 70,000 common shares of PTG had been issued). The Davis Optionors retained a 2% NSR with advance royalty payments of $10,000 per year, commencing in the 48th month at a rate of $5,000 payable every six months thereafter. PTG can acquire 1% of the NSR up to commercial production for $1,000,000. The Company has elected not to maintain the Davis Agreement past March 29, 2002 and exploration and acquisition costs of $77,057 were written down subsequent to February 28, 2002.

Pursuant to an Option Agreement dated March 29, 2000, amended October 31, 2000 and December 3, 2001 (the "Pebble Agreement") between PTG as the optionee and East West Resource Corporation ("East West") as the optionor, PTG was granted an option to acquire up to a 60% interest in the Pebble Property. The Pebble Property is comprised of seven contiguous claim blocks, covering a total of approximately 2,000 hectares (4,938 acres) located approximately 35 km east-northeast of North American Palladium's Lac Des Iles Pd-Pt Mine in the Thunder Bay Mining Division of Northwestern Ontario. The Pebble Property forms part of the Nipigon Project.

Pursuant to an option agreement dated April 10, 2000 and amended October 31, 2000 between PTG as the optionee and Canadian Golden Dragon Resources Ltd. as the optionor, PTG was granted an option to acquire up to a 60% interest in the South Legris Property. Since it's initial acquisition certain claims forming part of the South Legris Property have been allowed to lapse and the property is currently comprised of 11 contiguous claim blocks covering a total of approximately 2,160 hectares (5,333 acres) located approximately 75 km north-northeast of Thunder Bay, Ontario and 11 km south of North American Palladium's Lac Des Iles Pd-Pt Mine. The South Legris Property adjoins the Shelby Lake Property and forms part of the Company's Lac Des Iles Project. See "Item 4 - Information on the Company, Lac Des Iles Project, Ontario".

On April 17, 2000, PTG entered into a joint venture arrangement with Norcal Resources Ltd. ("Norcal") whereby Norcal paid the costs of staking certain mineral claims. PTG received a 40% interest in 376 units staked by providing certain technical information on target areas in McWilliams, Crerar, Notman, Gladman and Hammell Townships in the Sudbury, Ontario area. All of these properties were abandoned in Fiscal 2002 and related acquisition and exploration costs totaling $5,702 were expensed by the Company in Fiscal 2002.

Pursuant to an arm's length agreement dated June 7, 2000 and amended June 7, 2001 and July 15, 2002 among PTG as the optionee and Messrs. Bill Kizan and Lloyd Anderson as the optionors, PTG was granted an option to acquire up to a 100% interest in the Rutledge Lake Property in the Northwest Territories. PTG staked an additional 21 claims covering 17,584 hectares (43,450 acres), which are subject to the terms of the Rutledge Agreement.

In October 2000, Apex Geoscience Ltd. completed an independent report on the Rutledge Property (the "Apex Report"). The Apex Report confirmed the earlier reports of a high-grade platinum occurrence on the property, which returned grades between 40-50 g/t platinum. The report recommended a $900,000 exploration program on the property. The Apex Report and the Rutledge Property were part of the PTG's initial public

offering in Canada. On October 18, 2000, PTG sold a right of first offer on the Rutledge Property to Impala Platinum Holdings Ltd. of South Africa for $300,000. PTG drilled 10 holes totaling 1,072 meters (3517 feet) during the period of March 1 to April 16, 2001. Drilling results were not of economic interest but based on the geological setting more work was recommended. Acquisition and exploration costs totaling $551,307 were expensed by the Company in Fiscal 2002. The Rutledge Lake Property was returned to the vendors in 2004 no additional costs having been incurred.

Pursuant to an arm's length agreement dated June 14, 2000 between PTG as the optionee and Roland Dubeau as the optionor, PTG was granted an option to acquire up to a 100% interest in 24.5 units in the Sudbury Mining Division which formed part of the Henry Block by paying Mr. Dubeau $38,000 in cash (of which $14,000 has been paid) and issuing 30,000 common

shares of PTG (of which 10,000 shares have been issued) over a four-year period. PTG also granted Dubeau a 5% net profits interest royalty. The Property was returned to the vendor in June of 2002. Acquisition and exploration costs totaling $18,041 were expensed by the Company subsequent to Fiscal 2002.

In June 2000, PTG acquired (by staking) a 100% interest in 16 mineral claims in two non-contiguous blocks totaling approximately 3,360 hectares (8,302 acres) (the "Leckie Property") in the Lake Nipigon area of Ontario. During 2002 the Company elected not to proceed with exploration of the Leckie Lake Property. Acquisition and exploration costs totaling $25,180 were expensed by the Company subsequent to Fiscal 2002.

On September 22, 2000, Clark Exploration Consulting of Thunder Bay, Ontario, completed an independent geological report (the "Clark Report") on the exploration potential of the South Legris, Leckie and Pebble and Properties. The South Legris, Leckie and Pebble Properties were part of PTG's Initial Public Offering in Canada in February 2001. The Clark Report recommended exploration expenditures of $150,000 on these properties.

Pursuant to an arm's length agreement dated September 27, 2000, executed on October 1, 2000 and amended October 4, 2001 between PTG as the optionee and Frank Racicot as the optionor, PTG was granted an option to acquire up to a 100% interest in the Racicot-Loughrin Property in Loughrin Township (the "Racicot-Loughrin Property") by paying $62,500 in cash over a four-year period (of which $12,500 has been paid) and issuing 80,000 common shares of PTG over a three year period (of which 20,000 common shares have been issued). The optionor retains a 2% NSR, of which PTG can acquire 1% up to commercial production for $1,000,000. In September of 2002, the Company elected not to proceed with any further exploration and returned the property to the vendor. Acquisition and exploration costs totaling $39,662 were expensed by the Company subsequent to Fiscal 2002.

On November 3, 2000, PTG entered into an agency agreement term sheet with Goepel McDermid Inc. for the sale of up to $2,700,000 of PTG common shares at $0.50 per common share and up to $1,450,000 of Flow Through Special Warrants at $0.55 per Special Warrant, each Special Warrant convertible into one PTG common share. The final agency and sponsorship agreement was executed on February 15, 2001 with Raymond James Ltd. when it acquired Goepel McDermid Inc.

In the Flow Through portion of the offering, PTG agreed to spend the funds in Canada and pass the tax deduction on to the subscribers. A corporate finance fee of $25,000 was payable to Raymond James Ltd. as well as an 8.0% commission and broker warrants for 10% of the total number of PTG Flow Through Special Warrants and common shares issued. Raymond James Ltd. also had rights to oversell the offering by 15%, which they exercised. As a result, a total of 2,383,090 Flow Through Special Warrants, each one convertible into the same number of common shares of PTG, were sold and issued in a private placement in December 2000 and a total of 3,195,391 common shares of PTG were sold and issued in February 2001.

PTG filed and received a receipt for a prospectus in British Columbia and Alberta, Canada on February 15, 2001 for the public offering of securities covering: the 2,605,000 common shares of PTG to be issued under the exercise of the 2,605,000 Special Warrants previously issued at $0.20 per Special Warrant, the 2,383,090 Flow Through common shares of PTG to be issued on the conversion of 2,383,090 Special Warrants previously sold at $0.55 per Special Warrant and the 3,195,391 common shares of PTG issued at $0.50 per share on the Initial Public Offering. PTG was listed and called for trading on the Exchange on March 6, 2001.

Pursuant to an agreement dated March 22, 2001 between PTG as the optionee and Jobin Bevans & Co. as the optionor, PTG was granted an option to acquire up to a 100% in the Street-JB Property consisting of 77 units located in the Sudbury Mining District, Ontario by paying

$49,400 in cash (of which $9,400 has been paid) and issuing 60,000 common shares of PTG (of which 15,000 shares have been issued) over a two-year period. The Company has elected not to maintain this option agreement and the property has been returned to the vendor. Acquisition and exploration costs totaling $68,537 were expensed by the Company in Fiscal 2002.

Pursuant to an option agreement dated September 27, 2001 between PTG as the optionee and Canplats Resources Corporation ("Canplats") as the optionor, PTG was granted an option to acquire up to a 51% interest in the Stucco Property, a land package of 298 claim units of optioned unpatented mining claims and 65 units of staked unpatented mining claims. During Fiscal 2003, the Company terminated its option agreement on this property and recognized a write-down of cumulative costs incurred to date of $394,678.

On November 7, 2001, PTG entered into a loan agreement with NMM for $100,000 secured against their holdings of common shares of Pacific North West Capital Corp. The successful completion of the Amalgamation has made this loan irrelevant.

On December 20, 2001, PTG received Exchange approval for, and completed, a non-brokered private placement of 1,327,500 flow-through common shares at $0.25 per share. PTG was obligated to complete $331,875 in exploration expenditures in Canada and has renounced the tax deduction for such expenditures to the subscribers for the flow through common shares.

On January 29, 2002, PTG closed a non-brokered private placement for 250,000 common shares at $ 0.25 per share.

Pursuant to an option agreement dated February 6, 2002 (the "Ruza Agreement") between PTG as the optionee and Mr. Jerry Ruza as the optionor, PTG acquired the right and option to earn up to a 100% undivided interest in two mineral properties (the "Levack Property" and the "Windy Lake Property") along the outside of the western rim of the Sudbury Basin, Sudbury Mining District, Ontario. PTG also acquired a 100% interest in a third property (the "Cascaden-Ministic Property") by staking one claim block covering a total of approximately 224 hectares (553 acres) along the western rim of the Sudbury Basin in February of 2002. In February 2002, PTG acquired an additional 28 claim units by staking 448 hectares (1,107 Acres) contiguous to the Windy Lake Property. PTG holds 100% interest in these claims, which are not subject to the Ruza Agreement. The Ruza Agreement was terminated during 2004 and the Levack and Windy Lake Properties returned to the vendor. Acquisition and exploration costs of $20,454 were written down prior to August 31, 2004.

The Amalgamation was completed on February 18, 2002. See "The Amalgamation".

Pursuant to an option agreement dated February 22, 2002 (the "LB Agreement") between the Company as the optionee and 686715 Alberta Ltd. as the optionor, the Company was granted the sole and exclusive right and option to acquire up to a 100% undivided interest in 3,585 hectares (8,852 acres) in Nunavut, northern Canada (the "LB Gold Property") by paying $100,000 in cash and issuing 150,000 Common Shares over a four-year period. A 3% net smelter return royalty was also granted to the vendor with a buy back option of up to 2% at a rate of $1,000,000 for each percentage point. In August of 2002, the Company elected not to proceed with further exploration on the LB Property and the property was returned to the vendor. Acquisition and exploration costs totaling $39,661 were expensed by the Company in Fiscal 2002.

On April 24, 2002, the Company reported it had entered into a best efforts agency agreement with Pacific International Securities Inc. as lead agent of up to 4,000,000 Common Shares at $0.25 per share. The Company closed this private placement on June 6, 2002, issuing 3,200,000 Common Shares at $0.25 per share for gross proceeds of $800,000. A commission of $51,837 cash and 319,000 agents warrants exercisable at $0.25 per share expiring June 6, 2003 were paid in connection with this brokered private placement.

On May 30, 2002, the Company closed a non-brokered private placement for 1,403,572 units at $0.28 per unit for gross proceeds of $393,000. Each unit consisted of one Common Share and one half of one share purchase warrant. Each full warrant may be exercised into one Common Share at a price of $0.36 per share expiring on May 30, 2003.

An option agreement dated May 30, 2002, as amended October 16, 2002, was entered into between the Company and Goldrush Resources Ltd. ("Goldrush) (formerly Arcata Resources Corporation) pursuant to which the Company granted Goldrush the sole and exclusive right and option

to acquire 60% of its rights and interest in the Windy Lake, Levack and Cascaden-Ministic Properties in the West Sudbury basin of Ontario. During the term of the option, Goldrush made payments to the Company of $3,000 and 200,000 shares, and a further payment of $2,000 to the underlying vendors. This agreement was terminated September 3, 2003 prior to Goldrush earning any interest in the properties.

Pursuant to an option agreement dated June 3, 2002, as amended July 3, 2002, between the Company and Rory Mitchell, Jeffrey Alexander Howard, James Robert Home Whitehouse and Christopher Andrew Whitehouse, the Company was granted the right to earn a 100% interest in two properties located in the Northern Limb or Platreef area of the Bushveld Complex near Johannesburg. The properties are comprised of the 2,396-hectare War Springs Property and the 2,177 hectare Tweespalk Property, both located on the postulated extension of the Platreef near the PPRust Platinum Mine operated by Anglo American Platinum Corporation Limited. See "Item 4 - Information on the Company, Republic of South Africa Properties".

Between September 6 and November 20, 2002, the Company acquired a 100% interest in Thread Property by staking 11 contiguous claim blocks totalling 2,288 hectares (5,649 acres) located approximately 95 km north of Thunder Bay, Ontario and 35 km east of North American Palladium's Lac Des Iles Pd-Pt Mine. Nine of the eleven claims were allowed lapse in November of 2004 and the property currently consists of 2 claim blocks totalling 512 hectares (1,264 acres). The Thread Property adjoins the companies Pebble and Farmer Lake Properties and forms part of the Nipigon Project.

Pursuant to an option agreement dated September 9, 2002 between the Company and Ledig Minerale Regte 909 JQ (Pty) Ltd. ("Ledig Minerale"), the Company may earn a 55% interest in Ledig Minerale's holdings on the Ledig Farm Property located in the Western Bushveld area near Sun City, RSA, approximately 100 km northwest of Johannesburg. As at February 28, 2003, the contingencies were not satisfied and the Ledig Agreement was terminated.

During Fiscal 2002, the Company focused its acquisition efforts on the Republic of South Africa ("RSA"). The Company formed a 100% South African subsidiary named Platinum Group Metals (RSA)(Pty) Ltd. for the purposes of holding mineral rights and conducting operations on behalf of the Company in the RSA. The Company also entered into an exclusive services contract with GeoActiv Dynamic Geological Services, a South African company, whereby GeoActiv provides expert geological consulting to the Company for the purposes of acquiring, exploring and developing mineral properties in the RSA. This agreement was terminated effective August 15, 2003.

On October 3, 2002, the Company acquired a 100% interest in the Thumper Property by staking a single claim block totalling 128 hectares (316 acres) located approximately 80 km northwest of Thunder Bay, Ontario and 13 km southwest of North American Palladium's Lac des Iles Pd-Pt Mine. The Thumper Property was allowed to lapse in 2004 after initial geological reconnasaince failed to identify any mineralization of economic interest. Acquisition and exploration costs of $889 were written down prior to August 31, 2004.

Pursuant to an option agreement dated November 4, 2002 between the Company as the optionee and Mr. Weldon Gilbert as the optionor, the Company was granted the sole and exclusive right and option to acquire up to a 100% interest in and to the Farmer Lake Property. The Farmer Lake Property is comprised of 2 contiguous claim blocks covering a total of approximately 496 hectares (1,225 acres) located approximately 100 km north of Thunder Bay, Ontario and 40 km east of North American Palladium's Lac Des Iles Pd-Pt Mine. On November 4, 2003, the Company made a decision not to proceed with the option on the Farmer Lake Property as a result of negative exploration results. The property was returned the property to the vendor and acquisition and exploration costs totaling $14,563.96 were expensed. Subsequent to this decision new discoveries in the Nipigon Region resulted in a decision to reaquire the Farmer Lake Property in August of 2004. Under the revised terms of the Farmer Lake agreement the Company may earn a 100% interest in the Farmer Lake Property by making cash payments of $39,500 and issuing 10,000 common shares prior to July 13, 2006. The Property adjoins the companies Thread Property and forms part of the Nipigon Project.

On November 26, 2002, the Company entered into Share Subscription Agreement with Active Gold Group Ltd. ("Active Gold") pursuant to which the Company acquired 1,461,904 shares at an average price of $0.11 per share for a total subscription price of $160,327. Active Gold is related to the Company by way of a common director and officer. Active Gold's Republic of South Africa subsidiary, Active Gold Group RSA (Pty) Limited ("AGG RSA") had been working to acquire and successfully permit a 5,000 hectare exploration and development project named the Rooderand Gold Project. Subsequently, AGG RSA failed to achieve a permit for the Rooderand Gold Project and has decided to abandon the project through liquidation and termination of all existing rights and assets related to the project. As a result, the Company wrote off its investment and advances totaling $211,725 at August 31, 2003. Subsequent to August 31, 2004, the Company acquired a further 1,407,069 shares of Active Gold from six of Active Gold's founding shareholders, all of whom are at arm's length to the Company, in exchange for 399,999 shares of Sydney Resource Corporation, with a value of $131,200 on that date, paid from the Company's holdings of that security. As active Gold is estimated to have nominal value, the transition was entered into for the purpose of preserving existing business relationships and the Company will record the exchange in the subsequent period as an expense.

On November 27, 2002, the Company entered into a best efforts agency agreement with Pacific International Securities Inc. and Haywood Securities Inc. as co-lead agents for a private placement of up to 1,600,000 flow through units at $0.65 per flow through unit and 3,000,000 non-flow through units at $0.50 per unit. Each flow through unit consisted of one flow through Common Share and one non-flow through share purchase warrant. Each non-flow through share purchase warrant is exercisable into one additional non-flow through Common Share at $0.85 per share for a period of twelve months from

closing. Each non-flow through unit consisted one Common Share and one half of a share purchase warrant. Each whole share purchase warrant is exercisable into one additional Common Share at $0.75 per share for a period of 24 months from closing. The Company closed this private placement on December 23, 2002, issuing 1,181,346 flow-through units and 2,062,500 non-flow through units for gross proceeds of $1,799,125. A commission of $118,939 cash and 304,385 agent's warrants exercisable at $0.75 per share expiring December 23, 2004 was paid in connection with this brokered private placement.

On December 13, 2002, the Company entered into an option agreement to purchase 100% of the 296 hectare Elandsfontein property located adjacent to the Bafokeng Rasimone Platinum Mine in the Western Bushveld area of South Africa. The Company exercised its option to purchase the Elandsfontein property by way of a written notice on June 26, 2003. The initial 10% of the purchase price for the mineral rights was tendered under the terms of the option agreement. The vendors refused the tender and claim that the purchase price is unascertained or unascertainable and that the agreement is therefore void. The matter has been referred for Expert Determination as provided for in the option agreement. Management believes that its claims under the terms of the option agreement is strongand the matter will be determined in the Company's favour. See "Item 4 - Information on the Company, Republic of South Africa Properties".

On December 18, 2002, the Company announced the closing of a private placement for proceeds of $500,000. A total of 1,000,000 units were issued at a price of $0.50 per share. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable into one Common Share at a price of $0.75 until December 17, 2004. No finder's fee or commission was paid with respect to this private placement.

On October 28, 2003, the Company closed a private placement for proceeds of $2,040,000. A total of 2.4 million units were issued at a price of 85 cents per unit. Each unit consisted of one Common Share and one-half of one share purchase warrant. Each whole warrant is exercisable into one Common Share at a price of $1.10 per share until October 31, 2004. No finder's fees or commissions were paid with respect to this private placement.

On November 6, 2003, the Company entered into an option agreement with Western Prospector Group Ltd. to acquire up to a 62% interest in the 3,017 hectare Lakemount property located near Wawa, Ontario. Under the terms of the agreement, the Company may earn up to 51% of the property by completing $2.5 million in exploration and development expenditures and by making staged payments totalling $150,000 and issuing 150,000 Common Shares by December 31, 2008. A firm commitment to incur $100,000 in exploration work on the project by December 31, 2003 has been met. The Company may acquire an additional 11% interest in the property by making a payment of $3.3 million to an underlying holder. The leases comprising the Lakemount property are subject to net smelter return royalties ranging from 1.5% to 3.0% and a net sales royalty on precious stones of 1.5%. These royalties are subject to buy-out and buy-down provisions. See "Item 4 - Information on the Company, The Lakemount Property, Ontario".

On December 3, 2003, the Company entered into an option agreement with Mr. Gilles Gionet and partners of Manitouwadge, Ontario to acquire a 100% interest in and to the Moshkinabi and Faries Lake Properties located near Manitouwadge, Ontario. The combined properties consist of 111 claim units in 15 claim blocks covering an area of 1,776 hectares (4,385 acres). The Company may earn a 100% interest in both properties by making cash payments totalling $71,000 and funding $250,000 in exploration expenditures prior to March 1, 2006. The property is subject to certain royalty provisions in favour of the vendor.

On July 8, 2004, the Company entered into an option agreement with Mr. Ken Fenwick of Thunder Bay, Ontario to acquire a 100% interest in and to the Moss Lake Property located in the Lake Nipigon area of Ontario. The Moss Lake Property consists of 11 claim blocks covering an

area of 2,816 hectares (6,952 acres). The Company may earn a 100% interest in the property by making cash payments totalling $85,000 and issuing 40,000 Common Shares prior to July 8, 2007. The property is subject to certain royalty provisions in favour of the vendor. The Moss Lake Property forms part of the Company's Nipigon Project.

On September 24, 2004, the Company finalized an agreement with vendors East West Resource Corp. and Canadian Dragon Resources Ltd. under which the Company may earn up to a 70% interest in and to the Seagull and Disreali Properties located in the Lake Nipigon Region of Ontario. The combined properties consist of 817 claim units in 63 claim blocks covering a total of 13,072 hectares (32,272 acres). The Company can earn an initial 50% interest in the Properties by making cash payments totalling $750,000 and funding $7,500,000 in exploration expenditures by September 24, 2009. The Company can earn an additional 10% interest in the properties by completing a Feasability Study on either of the properties and an additional 10% interest, for a total 70% interest, by financing or arranging financing for production from the properties. A

portion of the Seagull Property is subject to royalty provisions payable to the underlying vendor (Mr. Robert Fairservice). The Seagull and Disraeli Properties form part of the Company's Nipigon Project.

On October 6, 2004 the Company acquired by staking a 100% interest in and to the Posh Property located in the Lake Nipigon area of Ontario. Additional staking completed in November of 2002 expanded the Posh Property to 6 claim blocks covering 1,216 hectares (3,002 acres). The Posh Property forms part of the Company's Nipigon Project.

On October 27, 2004 the Company announced that it had entered into a Joint Venture with partner groups Rustenburg Platinum Mines Ltd ("RPM"), an operating subsidiary of Anglo American Platinum Corporation ("Anglo Platinum"), and Africa Wide Mineral Prospecting and Exploration (Pty) Ltd. ("Africa Wide") whereby the Company and RPM will each own an initial 37% working interest in the JV which will pursue platinum exploration and development on a combined package of mineral rights covering some 67 square kilometres located along the Western Limb of the Bushveld Igneous Complex. Africa Wide, a registered Black Economic Empowerment (BEE) Company, will own an initial 26% working interest in the project. The Company will act as operator for the JV. At the time of writing the Company was in the process of validating, via internal and independent review, exploration and resource data received from RPM including data pertaining to a declared resource of 3.7 million ounces of platinum, palladium, rhodium and gold on ground contributed to the JV by RPM. The Company has contributed its Oonderstepoort and Elandsfontein property interests to the joint venture and must undertake exploration expenditures of ZAR 35 Million (approximately CDN $6.8 million) over a five year period with minimum annual expenditures of ZAR 5 million (approximately CDN $975,000) in each of the first three years and minimum annual expenditures of ZAR 10 million (approximately CDN $1.95 million) in each of years four and five, with the option of review yearly.

Business Overview

The Company's Canadian property portfolio includes the Agnew Lake joint venture near Sudbury, the Lakemount Property near Wawa, Ontario, the Nipigon Project Holdings northeast of Thunder Bay, Ontario and a large land position in the Lac Des Iles PGE District, Ontario. In South Africa, the Company has options to earn interests in the War Springs, Tweespalk, Onderspoort and Elandsfontein properties and in the large Western Bushveld Joint Venture Project, all of which are located within the Bushveld Igneous Complex ("BIC"). The BIC is the source of most of the world's platinum and is a significant producer of palladium and other platinum group elements (PGE's) as well as chrome.

Exploration on the South Africa and Ontario properties are not affected by seasonal changes although in Ontario, heavy equipment may or may not be moved over the soft ground for approximately six weeks in the spring during thaw.

To conduct its exploration, the Company is dependent on sub-contractors for certain geological services, drilling equipment and supplies. These are generally available but vary in price and immediacy of availability subject to demand.

The Company does not earn any revenues from operations; it does, however, earn interest from cash deposits. For the three years ended August 31, 2004, the Company earned interest and other income of $430,106 (Fiscal 2004), $177,068 (Fiscal 2003) and $23,028 (Fiscal 2002). The Company has financed its operations principally through the sale of its equity securities. While the Company believes it has sufficient capital and liquidity to finance current operations, nevertheless, its ability to continue operations is dependent on the ability of the Company to obtain additional financing. See "Item 3 - Key Information - Risk Factors."

At this time, the Company has limited financial resources, and there is no assurance that additional funding will be available to it for the further exploration of its properties. The Company has relied upon external financing, including the issuance of equity securities, to fund its activities to date. The Company will continue to rely upon such forms of financing for the foreseeable future. The Company intends to obtain financing for its planned work in 2006 through any or all of joint venturing projects, debt financing, equity financing or other means. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell, at fair market value, its interests in its properties.

The material effects of government regulations on the Company's business are identified in "Item 3 - Key Information - Risk Factors."

Organizational Structure

The Company has one wholly owned subsidiary incorporated under the laws of The Republic of South Africa under the name Platinum Group Metals (RSA) (Proprietary) Limited ("PTM-RSA"). The registered and records offices of PTM-RSA are located at 4th Floor, Aloe Grove, 196 Louis Botha Avenue, Houghton Estate, Johannesburg, 2000, South Africa. The principal business address of PTM-RSA is Suite 328, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

Property, Plants and Equipment

The Company's executive offices are located in rented premises of approximately 5,500 square feet at Suite 328, 550 Burrard Street, Vancouver, British Columbia, V6C 1T2, telephone (604) 899-5450. The Company began occupying this facility on October 1, 2004 on a three-year lease and the current annual obligation is approximately $62,328. It is considered adequate for current needs.

The Company has no significant plant or equipment for its operation. Equipment used for exploration or drilling is rented or contracted as needed.

Republic of South Africa Properties

Information italicized below has been excerpted from a Report dated November 30, 2004 entitled "Technical Report on the Tweespalk, War Springs (Oorlogsfontein) and and Western Bushveld Joint Venture Platinum Properties, North West Province and Limpopo Provinces, Republic of South Africa" by W.J. Visser, PrSciNat, of PTM RSA.

Resource figures are available for platinum group metal deposits on the Elandsfontien and Frischgewaad Properties which are both part of the Western Bushveld Joint Venture Property Holdings (see below). The balance of the South African Properties contain no known bodies of commercial ore. All exploration programs conducted by the Company to date on the Tweespalk, War Springs and Onderstepoort properties to date have been exploratory in nature.

Property Descriptions and Location

Western Bushveld Joint Venture Holdings

The properties comprising the Western Bushveld Joint Venture - the Elandsfontein, Onderstepoort, Frischgewaagd and Koedoesfontein Properties, are located near the resort of Sun City, approximately 125 km northwest of Johannesburg in the North-west Province, Republic of South Africa. All of the properties are easily accessible from Johannesburg by roads and major highways (Figure 1). The Western Bushveld Joint Venture Properties occur within the Western Limb of the Bushveld Igneous Complex (BIC), which is host to South Africa's most significant PGE mine production from the Merensky and UG2 reefs, both current and past, as well as several announced new development projects.

Elandsfontein

The Elandsfontein property is located 30 km to the northwest of the town of Rustenburg, Northwest Province, Republic of South Africa. The property is centred at Latitude 25º 26' (S) and Longitude 27º 04' (E) (WGS 84). The mineral rights held by the company cover portions 12 and 14 of the larger farm Elandsfontein 102 JQ (Figure 2) and a total of 292 Ha. Mineral rights over portions of the farm Elandsfontein 102 JQ were contributed to the Western Bushveld Joint Venture by Anglo Platinum and cover an additional 827.9 Ha bringing the total Elandsfontein Property holdings to 1119.9 Ha.

Figure 1 - South African Property Holdings

Onderstepoort

This Onderstepoort property is located approximately 33 km to the northwest of the town of Rustenburg, Northwest Province, Republic of South Africa. This property is centred on Latitude 25º 27' (S) and Longitude 27º 02' (E) (WGS 84). The mineral rights held by the company cover portions 3, 4, 5, 6, 8, 14 and 15 of the larger farm Onderstepoort 98 JQ and a total of 1085.27 Ha. Mineral Rights over portions of the farm Onderstepoort 98 JQ were contributed to the Western Bushveld Joint Venture by Anglo Platinum and cover an additional approximate 199.8 Ha bringing the total Onderstepoort holdings to 1285.07 Ha.

Frischgewaagd

Mineral rights covering certain portions of the farm Frischgewaagd 96 JQ were contributed to the Western Bushveld Joint Venture by Anglo Platinum. Farm Frischgewaagd 96 JQ is centred at approximately Latitude 25º 24' (S) and Longitude 27º 04' (E) (WGS 84), approximately 33 km northwest of the town of Rustenburg, Northwest Province, Republic of South Africa. The mineral rights held by the joint venture cover portions Re, 2, Re 4, 15, 16 and 18 of the farm Frischgewaagd 96 JQ and a total of approximately 1392 Ha.

Koedoesfontein

Mineral rights covering the entirety of the farm Koedoesfontein 94 JQ were contributed to the Western Bushveld Joint Venture by Anglo Platinum. Farm Koedoesfontein 94 JQ is centred at approximately Latitude 25º 21' (S) and Longitude 27º 02' (E) (WGS 84), approximately 39 km northwest of the town of Rustenburg, Northwest Province, Republic of South Africa. The mineral rights held by the joint venture the entirety of the farm Koedoesfontein 94 JQ which lies outside the Pilanesberg Reserve and total approximately 2080 Ha.

Figure 2 - WBJV Holdings

War Springs

The War Springs (English translation of the farm name Oorlogsfontein) property is located immediately to the south of the town of Mokopane (formally known as Potgietersrus), approximately 200 kilometres north of Johannesburg, Republic of South Africa, in the Limpopo (Northern) Province. The War Springs property is centred on 24º14' (S) and Longitude 29º 02'(E) and the mineral rights cover 2,395.9798 Ha

Tweespalk

The Tweespalk property is located approximately 55 km to the north of the town of Mokopane (formally known as Potgietersrus), approximately 200 kilometres north of Johannesburg, Republic of South Africa, in the Limpopo (Northern) Province. The Tweespalk Property is centred on Latitude 23º 42' (S) and Longitude 28º54' (E) and the mineral rights cover 2,176.7861 Ha in extent.

Figure 3 - Northern Limb Properties

Agreements and Obligations

Elandsfontein

A Prospecting and Option Agreement was signed on 13 December 2002 to purchase 100% of the mineral rights of portions 12 and 14 of the farm Elandsfontein 102 JQ (296 ha) by first paying 150,000 ZAR (approximately CDN $29,500) *to the mineral rights holders in prospecting fees. The contract also gave PTM the option to purchase the surface rights at 6,500 ZAR* (approximately CDN $1,285) *per hectare or portion thereof upon the granting of a mining permit. Prospecting fees of 150,000.00 ZAR* (approximately CDN $29,500) *were paid. PTM was also obligated to a 400,000 ZAR* (approximately CDN $79,100) *exploration program. That program commenced in February 2003. PTM exercised the option provided in the option agreement by way of written notice on June 26, 2003. The 10% of the purchase price for the mineral rights was later tendered in terms of the agreement. The vendors on 8 October 2003 claimed that the purchase price was unascertained or unascertainable and that the agreement was therefore void. Later the vendors agreed that the agreement is valid and a further dispute ensued. Arbitration is continuing and PTM plans to enforce the agreement. Under the agreement PTM is to pay a base price of 43 ZAR* (approximately CDN $7.70) *per tonne of open castable economic resource on the property, to a minimum of 4,000,000 ZAR* (approximately CDN $791,000). *PTM was also required to pay 4.30 ZAR* (approximately CDN $0.85) *per tonne on any economic underground resource at the time of a mining authorization.*

Onderstepoort

Option agreements have been signed with the owners of the mineral rights on portions 3, 4, 5, 6, 8, 14 and 15 of farm Onderstepoort 96 JQ. The agreements are valid for a period of three years from the granting of a Prospecting Permit. The option agreement over portions 3 and 8 require a payment of C$1,000 after signing, C$1,000 after the granting of the prospecting permit and C$1,000 on each anniversary per agreement. The option agreement for portions 4, 5 and 6 requires a payment of 5,014 ZAR (approximately CDN $1,070) *after signing, 3,500 ZAR* (approximately CDN $750) *on the first anniversary, 4,000 ZAR* (approximately CDN $850) *on the second anniversary and 4,500 ZAR* (approximately CDN $950) *on the third anniversary. The option agreement for portions 4, 5, 14 and 15 requires a payment of 117,000 ZAR* (approximately CDN $25,000) *(completed) after signing and payments of 234,000 ZAR* (approximately CDN $50,000) *(completed) and 390,000* (approximately CDN $83,000) *ZAR within 10 days of the effective date. The effective data is at the discretion of PTM, and this has been agreed to by the owners. Interim payments are made periodically for PTM to enjoy this privilege.*

Western Bushveld Joint Venture

The detailed terms of the Joint Venture were announced on October 27, 2004. The JV will immediately provide for a 26% Black Economic Empowerment interest in satisfaction of the 10-year target set by the Mining Charter and newly enacted Minerals and Petroleum Resources Development Act. PTM and RPM will each own an initial 37% working interest in the JV, while Africa Wide will own an initial 26% working interest. Africa Wide will work with local community groups in order to facilitate their inclusion in the economic benefits of the JV, primarily in areas such as equity, but will also include training, job creation and procurement to Historically Disadvantaged South Africans (HDSA's).

The Joint Venture structure and business plan is in compliance with South Africa's recently enacted minerals legislation, and will pursue platinum exploration and development on the combined mineral rights covering 67 square kilometres on the platinum-rich Western Bushveld Igneous Complex located in the Republic of South Africa. The PTM contribution to the Joint Venture are those interests, described above, and include the farms Elandsfontein and Onderstepoort. The RPM contributed interests are those rights held over the farms Elandsfontein, Frischgewaagd, Onderstepoort and Koedoesfontein.

PTM is the operator of the Joint Venture and drilling will commence once the data from RPM is validated and interrogated. The objective of the validation is to confirm the position of the near surface Merensky and UG2 reefs along strike and the declared Inferred Resource of 3.7 million ounces platinum, palladium, rhodium and gold contributed by PRM. PTM is in the process of receiving and compiling the results of exploration and resource definition by RPM on the areas contributed by them to the Joint Venture and integrating this information into the PTM database which includes data from the surrounding areas. The resource is in the process of an independent review. There is considerable drill data outside the area covered by the above mentioned Inferred Resource which will be used to direct future exploration.

PTM has undertaken to incur exploration costs to the amount of R35 Million (approximately CDN $6.8 million) *over a 5 year period starting with the first 3 years at R5 Million increasing to R10 million a year for the last two, with the option to review yearly. The first year commitment of 5 million ZAR* (approximately CDN $975,000) *is a firm commitment under the agreement.*

Tweespalk and War Springs (Oorlogsfontein)

The freehold title to Tweespalk (Registered as Tweespalk 733 LR) is held by the State (Republic of South Africa). War Springs has been subdivided and numerous small landowners hold the freehold title.

The commercial obligations regarding Tweespalk and War Springs are recorded in a Notarial Prospecting and Option Contract (protocol 1026, Deneys Reitz, Chris Stevens, Johannesburg, RSA) between Saenger and Sacke Minerals (partnership) and PTM and notarised on 23 June 2002. The agreement is with a private partnership that has brought together previously fragmented mineral rights. PTM has a three-year period from the effective date of the agreement, which is defined as the date of granting of the exploration permit by the DME (July 22, 2003), in which option monies of US$2.50/Ha to US$3.25/Ha are required to be paid for PTM to exercise it's option. PTM is obliged to spend a minimum of 1,000,000.00 ZAR (one million South African Rand) within one year of the effective date (completed). If the mineral rights were purchased in year three the cost would be US$1.6 million for War Springs and US$1.5 million for Tweespalk. PTM has also agreed to pay a 1% Net Smelter Return Royalty (NSR) to the mineral rights holders subject to PTM's right to purchase the NSR at any time for US$1,400,000. The mineral rights holders may require PTM to purchase the NSR upon the commencement of commercial production for US$1,400,000.

In November 2002 PTM entered into a Joint Venture Agreement with AW, a largely HDSA qualified South African mining company, on the Tweespalk and War Springs Properties. The industry standard joint venture will be structured on a 30:70 basis, with Africa Wide having a 30% participating interest and PTM 70%. Subsequently AW made an arrangement to settle the War Springs permit issues by converting their 30% in War Springs to a 15% interest carried to the completion of a bankable feasibility study. Taung Minerals will hold 15% also carried to bankable feasibility study.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Topography, elevation and vegetation

PTM's properties are located on a central plateau characterized by extensive savannah, with vegetation consisting of grasses and shrubs with few trees. The climate is temperate with low rainfall and high summer temperatures, resulting in a semi-arid environment.

The terrain for all properties is almost flat. For the War Springs and Tweespalk total elevation relief is only 60m with elevations ranging from 1020 to 1080m. For the Western Bushveld Joint Venture Holdings the total elevation relief is greater since prominent hills occur in the northernmost portion of the area associated with the Pilanesberg Complex. Elevations range from 1080 to 1325m. However, through most of the area of interest from a mineral exploration prospective there is little elevation with an average of 1100m.

Access and Infrastructure

South Africa has a very large well-established mining industry. Equipment and services required for mineral exploration or mining projects are readily available. Infrastructure is well established with abundant well-maintained highways and roads as well as electricity distribution networks and telephone systems.

The Western Bushveld Joint Venture holdings are easily accessible from Johannesburg by travelling 120 kilometres northwest on paved Regional Road 24 to the town of Rustenburg and then a further 35 kilometres to the Properties on paved highway. Numerous gravel roads cross the properties, which provides for easy access. The resort of Sun City is located approximately along the north boundary of the Joint Venture holdings and the southern boundary borders Anglo Platinum's Bafokeng-Rasimone Platinum Mine

The Tweespalk and War Springs Properties are easily accessible from Johannesburg by travelling north on the N1 highway. The Tweespalk property is located approximately 55 kilometres north of the town of Mokopane (Potgietersrus) and 25 kilometres north of Anglo Platinum's Potgietersrust Platinum (PPRust) Mine. The property is easily accessed from Mokopane (Potgietersrus) by travelling north along paved Regional Road 35, which crosses the property. A new paved highway to Polokwane (Pietersburg) follows the northern boundary of the town of property and numerous other gravel roads on the property provide for easy access.

The War Springs property is located approximately 5 kilometres south of the town of Mokopane (Potgietersrus) and 17 kilometres south of Anglo Platinum's PPRust Mine. The N1 highway crosses the property, as well as numerous gravel roads that provide for easy access.

Climate

The climate is mild throughout the year and can be classified as semi-arid. South Africa has summer from November to April. South African winter runs from May to October. In summer the days are hot and generally sunny in the morning, with afternoon showers or thunderstorms. Daytime temperatures can rise to 38°C (100°F) and night temperatures drop to around 15°C (68-77°F). The afternoons can be humid. In winter, days are dry, sunny and cool to warm, while evening temperatures drop sharply. Daytime temperatures generally reach 20°C (68°F) and can drop to as low as 5°C (41°F) at night.

History

History of Platinum Mining in the Bushveld Complex

The first recorded platinum occurrence in the BIC was in 1906 when there was a report of assays of chrome ore containing 1.86 g/t Pt. The first discovery was in 1923 when platinum-quartz bodies were found near Naboomspruit, leading to the discovery of the Waterberg Deposit, which was mined, between 1923-26. In 1924 Dr. Hans Merensky discovered platinum-bearing dunite pipes at Mooihoek, Driekop and Onverwacht, as well as the Merensky Reef on the farm Maandagshoek on the Eastern Limb of the BIC. From there Merensky traced the Reef north and south for some 80 kilometres. In 1925 he moved to Potgietersrus where he found what was for a long time taken to be a similar layer, the Platreef. This led to a short-lived mining operation. During 1925 and 1926 he explored the Western Limb of the BIC near Rustenburg, where further extensions of the Merensky Reef were discovered.

The start of actual mining of PGE's was delayed by the complex mineralogy of the very refractory ores. It was not till the 1920's that suitable metallurgical techniques had been developed to viably extract PGE's. Platinum mining on a large scale began around 1926 and by 1930 seven mining operations had started in South Africa. Initial production was almost exclusively from the Merensky Reef. It was not until 1970 that the first mine (Lonmin) on the chrome-rich UG2 platinum reef began production. The current major South African producers began production in the following years: Anglo Platinum (1926), Implats (1969), Lonmin (1970), Northam (1992), Aquarius (1999) and Southern Era (2002).

Most of the platinum mining has been from underground operations on the Western and Eastern Limbs of the BC. There is only one mine, the opencast Potgietersrust Platinum Mine (PPRust), on the Platreef on the Northern Limb of the BIC. Anglo Platinum began mining at PPRust in 1992 and ore processing began in 1993. To date a total of eight open pits have been developed.

Anglo Platinum's Bafokeng-Rasimone Mine (BRPM), which borders the Company's' WBJV holdings, began construction in 1997 .The concentrator plant began 12 December 1999. On August 12, 2002 Anglo Platinum and the Royal Bafokeng Nation (RBN) announced that an "in principle" agreement had been reached to form a 50:50 Joint Venture to mine the Boschkoppie and adjoining Styldrift farms owned by Anglo Platinum and the Royal Bafokeng Nation respectively. The workings at BRPM will be used to gain access to the farm Styldrift.

Although there have been a few slumps, most platinum mining and exploration has increased steadily to a point where South Africa is the dominant platinum producer (75% of world supply - 2002)[1] and a major palladium producer (45% of world supply - 2002). The BIC contains the world's largest known deposits of platinum group metals (PGMs) comprising more than 55% of the worlds known PGM resources.

Prior Ownership and previous owners exploration

Exploration History of the Western Bushveld Joint Venture Properties - PTM Properties.

Because those portions of the Elandsfontein and Onderstepoort properties currently held by the Company are privately owned records and reports of previous exploration are largely unknown. The area has been geologically mapped at a scale of 1:250,000 by the South African Council for Geoscience. This mapping shows the BIC traversing the Elandsfontein property.

Two paper borehole logs, recording drilling on the Elandsfontein property by JCI in 1966, have been located in the open file section of the Council for Geoscience in Pretoria. The Elandsfontein property adjoins the Bafokeng-Rasimone Property miner property currently being exploited by RPM. RPM previously mined the UG2 platinum reef to within a few tens of metres (approximately 30m) of the Elandsfontein property boundary (this open pit is now filled in and rehabilitated). The projected strike of the UG2 reef extends into the Elandsfontein property. In 2002 mapping and a ground magnetometer survey by Royal Mineral Services CC on behalf of the original landholders indicated an approximate 600 m strike length of the UG2 reef near surface under soil and clay cover.

A drilling program was conducted on the property in the past year (see below).

Exploration History of the Western Bushveld Joint Venture Properties - Anglo Platinum Properties

Those portions of the farms Elandsfontein, Onderstepoort, Frischgewaagd and Koedoesfontein contributed to the joint venture by Rustenburg Platinum Mines Limited ("RPM") have been subject to both early stage exploration and limited resource definition drilling. Numerous boreholes have been drilled on these properties. In addition detailed aeromagnetic data is available from a survey completed by RPM. At the time of writing all of this data had been made available to PTM but not yet validated and therefore has not been incorporated into this report. This data includes details of a PGE resource on the RPM contributed properties which is undergoing independent review.

Exploration History of the Tweespalk Property

Because the Tweespalk property is privately owned records and reports of previous exploration are unknown. The area has been geologically mapped at a scale of 1:250,000 by the South African Council for Geoscience (Map No. 2328 - Pietersburg covers the Tweespalk area). This mapping shows the BIC footwall contact and the Mapela Gabbro Norite, which to the south hosts the Platreef style mineralization, traversing

the Tweespalk property. PTM is not aware of any exploration data in the public domain which predates it's activities on the Tweespalk Property. In 2002 PTM completed a high resolution airborne magnetic and radiometric survey of the Tweespalk Property. A total of 720 line-km of surveying were completed with lines spaced 50 m apart and a mean terrain clearance of 50 m. Magnetic data was collected every 1/10th of second (approximately every 5 m) and radiometric data collected every second (approximately every 50 m). Interpretation of this data indicates the BIC/basement contact, as well as the overlying Upper Zone and Main Zone BIC mafic unit contacts are present on the property.

Exploration History of the War Springs Property

Because the War Springs property is privately owned, records and reports of previous exploration are unknown save for a small soil survey completed by partner Tuang Minerals in the northwest corner of the property. The area has been geologically mapped at a scale of 1:250,000 by the South African Council for Geoscience (Map No. 2428 - Nylstroom covers the War Springs area). This mapping shows the BIC underlying the majority of the War Springs property with the prospective basal portion of the BIC extending from east to west near the southern border of the property.

Geological Setting

Bushveld Igneous Complex Geology

Units of the Bushveld Igneous Complex underlie the general area, including the Project farms. The Bushveld Complex was intruded about 2,060 million years ago into rocks of the Transvaal Supergroup and comprises a basal mafic phase and an upper acid phase, the latter being largely granitic. The total estimated extent of the Bushveld Complex is 66,000km$^{2.}$ The mafic rocks of the Bushveld Complex host layers rich in PGEs, as well as chromium and vanadium, and constitute the world's largest known repository of these metals.

The mafic rocks, collectively termed the Rustenburg Layered Suite (RLS), are divided into five zones, from the top downwards the Upper, Main, Critical, Lower and Marginal Zones.

Marginal Zone

The Marginal Zone comprises generally finer grained rocks than those higher up in the sequence and often contains host/country-rock xenoliths and hybrid mixtures of magmatic and metasedimentary rocks. The zone is variable in thickness and is absent in some areas. No known economic mineralisation is present in the unit.

Lower Zone

The Lower Zone is dominated by pyroxenite with associated olivine-rich lithologies including harzburgites and dunites. Minor chromitite segregations are present in some areas.

Critical Zone

The Critical Zone is characterized by regular and often fine-scale rhythmic, or cyclic, layering consisting of cumulus chromite within pyroxenites and olivine-rich rocks. It hosts the majority of the chromitite layers of the Bushveld Complex, including the PGE-bearing UG2 Chromitite and the Merensky Reef.

The uppermost cycles of the Critical Zone are the Merensky and Bastard cycles. The former contains the PGE-bearing Merensky Reef, a variably pegmatoidal pyroxenitic interval, with one or two thin chromitite stringers or layers. The reef interval comprises a sulphide-bearing zone, generally in the order of 1-1.5m in thickness. The Merensky Reef can be traced along strike for 280 km and is estimated to contain 60,000 t of platinum-group metals to a depth of 1,200m below surface (Cawthorn R.C., 1999).

The top of the Critical Zone is generally taken as the top of the Giant Mottled Anorthosite (GMA), a succession of between 50 and 80m in thickness comprising mottled and spotted anorthosites.

Main Zone

The overlying Main Zone consists of a sequence of norites grading upwards into gabbronorites. Several marker horizons are present, the chief of which are the Main Mottled Anorthosite (MMA), The Porphyritic Cluster Norite (PCN) and the Upper Mottled Anorthosite (UMA). A ubiquitous pyroxenite layer is present towards the top of the zone, termed the Pyroxenite Marker.

Upper Zone

The base of the overlying Upper Zone is defined by the first appearance of cumulus magnetite above the Pyroxenite Marker. There are 25 magnetite layers in the Upper Zone; the fourth in the sequence from the base is the Main Magnetite layer, which is the most laterally continuous. The immediate footwall to this magnetite comprises anorthosite, often containing minor sulphide mineralisation. The Main Magnetite is mined in both the Western and Eastern Bushveld for vanadium.

Economic Geology of the Bushveld

The BIC contains significant deposits of chrome and vanadium in addition to PGE's. In 2003 South Africa ranked No.1 in the world in reserves of PGE's, chrome and vanadium. Although PTM's primary exploration target will be PGE's on these properties, the possible occurrence of chrome or vanadium deposits on these properties will also be evaluated during the exploration programs.

The Platinum Group Elements (PGE's), include platinum, palladium, rhodium, osmium, iridium and ruthenium. Although they are concentrated in a variety of geological settings, PGE-dominant deposits are associated mainly with mafic to ultramafic intrusives.

There are two principal deposit types of magmatic PGE deposits. The most important type consists of reef-type or stratiform PGE deposits, such as the Merensky Reef and UG2 Chromitite Layer of the Bushveld Igneous Complex, South Africa, and the J-M Reef of the Stillwater Complex, Montana. The second type, referred to as "super solidus breccia" type (SIB type), is exemplified by the Lac des Illes Mine near Thunder Bay , Ontario and River Valley PGE mineralisation near Sudbury, Ontario.

Reef and super-solidus intrusion breccia-type PGE deposits share a number of geological features, but they contrast with each other in several important respects. Reef-type deposits occur as conformable zones within specific layers in large layered mafic to ultramafic intrusions such as the Bushveld and Stillwater complexes that extend for tens to hundreds of kilometres. The SIB-type deposit at Lac des Iles forms an irregular crosscutting zones associated with variably-textured mafic rocks and complex intrusion breccias in a funnel-shaped mafic intrusion about 10 km across.

Genetic models for PGE-dominant deposits involve both magmatic and volatile-related processes. A current model for reef-type deposits invokes injection of a plume of new mafic magma into a large, density-stratified magma chamber. During the subsequent turbulent mixing, minor amounts of immiscible sulphide liquid separate and scavenge PGE's from the magma. With further cooling and crystallization, the PGE-enriched sulphides descend to the base of the intrusion, forming a PGE-rich layer, the PGE reef. Pegmatitic textures and hydrous minerals common to PGE reefs are likely products of excess volatiles produced by the crystallization of associated volatile-rich phases in the magma.

PGE Mineralization in the BIC

Merensky Reef

The Merensky Reef has traditionally been the most important platinum producing layer in the Bushveld Complex. Seismic surveys undertaken by the Council for Geoscience (Pretoria) show that reflectors associated with the Merensky Reef can be traced as far as 50km down dip, to depths of 6,000m below surface (Cawthorn R.C., 1999).

The Merensky Pyroxenite Layer is typically 1.5 metres thick, varying between 10's of cm and 10 metres. It occurs between 15 and 400 metres above the UG2 chromitite as a regular, persistent pyroxenitic assemblage occurring near the top of the Upper Group of the Critical Zone of the Rustenburg Suite.

The Merensky "Reef" normally consists of a proxenite layer, with a basal chromite stringer of a few centimetres thickness. The "reef" is generally only 30cm to 80cm in thickness. A second or upper chromitite stringer may also be developed near the top of the Merensky Pyroxenite, especially where the pyroxenite is thick.

The Merensky Reef itself is characterized by its high PGE grades compared to the chromitite layers in the BIC and the high ratio of platinum to the other PGE's. Sulphides, with PGE's, are associated with the top and bottom chromitite layers, but the mineralization can also extend into the footwall and hangingwall.

UG2 Chromitite

The UG2 Chromitite Layer is possibly the largest remaining PGE resource on earth. It occurs midway through the Critical Zone. The UG2 Chromitite is generally around 1m thick, and relatively impure, containing much interstitial silicate gangue. The interval may comprise one or more chromitite layers, along with stringers and disseminated chromite within pyroxenite. A pegmatoidal pyroxenite usually forms the footwall to the chromitite layer and often contains additional mineralization. The PGE's are generally interstitial to the chromite grains, and are concentrated at the base of the chromitite layer. The PGE content of the UG2 Chromitite ranges from 3 ppm to 19 ppm, and is generally dominated by Pt-Pd sulphides.

Platreef

The origin and nature of the Platreef platinum mineralization differs markedly from that of the Merensky Reef and UG-2 chromitite layer. Although the rock types within this discordant reef are similar to those encountered in the Upper Critical Zone, mineralization is considered to have formed in response to contamination of the BIC magma by country rocks (Buchanan et al., 1981).

The nature of the BIC footwall appears to be of paramount importance in the development of Platreef style mineralization. Softer shale and dolomitic sediments have been eroded or compressed into synformal-like, basins along the floor of the chamber and have contributed sulphur and volatiles to the magma. In the PPRust area the highest grade mineralization occurs where the footwall is dolomitic or where xenoliths of dolomite have been included in the lower portion of the BIC.

Lower Zone PGE Mineralisation on the Northern Limb

PGE mineralisation occurs within ultramafic rocks of the Lower Zone of the Rustenburg Suite, located in the southernmost portion of the Northern limb. This mineralisation occurs at a lower stratigraphic level in the BIC compared to the Merensky, UG2 and Platreef mineralised horizons, which occur within the Critical Zone or Main Zone of the Rustenburg Suite. This represents a new PGE exploration target on the Northern Limb.

Magmatic Chromite Deposits

South Africa has about 80% of the world total chrome reserves; most of it derived from the BIC ores. Combined with Zimbabwe, Southern Africa has 90% of global chrome reserves and produces 50% of the world's chromite ore (Cawthorn R.C., 1999).

Chromitite seams were deposited along specific magmatic layers during the formation of the Bushveld Igneous Complex. These chromitite seams and layers can extend for many tens of kilometres. Chrome is mined primarily from the UG2, LG and MG chromitite seams of which only

the UG2 contains significant amounts of PGE's. Several platinum mines produce chromite as a by-product.

Two former chrome producers, Ruighoek and Sandspruit, are located about 25 km northwest of the Elandsfontein Property on the Western Limb. The Grasvally Mine is a former chrome producer located about 10 km southwest of PTM's War Springs Property on the Northern Limb.

Magmatic Ti-Fe-V Oxide Deposits

In layered intrusions such as the BIC, titaniferous magnetite seams are common within the upper stratigraphic levels of the intrusion. Within the BIC the vanadium deposits are associated with the 24-magnetite layers found in the Upper Zone of the Complex.

Surface Weathering

Surface weathering of both the Merensky and UG2 Reefs to 40 m or more is quite common. Historical open pit mining of such weathered zones indicates an increase in Pt/Pd for both the Merensky (up to 5) and UG2 (up to 3.2) Weathering destroys the sulphides and remobilises the PGE's (preferentially Pd and Rh). Secondary silicate minerals may encapsulate some of the PGE's.

Geology of the Western Bushveld Joint Venture Properties

These properties adjoin RPM's (Anglo Platinum's) Bafokeng-Rasimone Mine and the Styldrift property on the Western Limb of the BIC. Anglo Platinum have opencast mined the UG2 horizon to within tens of metres of the Elandsfontein boundary on the Bafokeng-Rasimone Mine Property.

The area has been geologically mapped at a scale of 1:250 000 by the South African Council for Geoscience. Map No. 2526 - Rustenburg. The geological map indicates the WBJV properties are underlain by mafic/ultramafic rocks of the Rustenburg Suite of the BIC, bounded to the northeast by the Pilanesberg Alkaline Complex and bounded to the west and southwest by faults and footwall rocks of the Transvaal Supergroup, predominately quartzites of the Magaliesberg Formation.

There are two potential economical viable platinum-bearing horizons in this area, namely the UG2 chromitite reef and the Merensky Reef. The Merensky and UG2 reefs sub-outcrop beneath a relatively thick (+/- 2 m) layer of black turf overburden. The entire sequence strikes north-northwest to south-southeast and dips 17-25^{o} easterly towards the center of the Bushveld Complex. Evidence from drilling on the Elandsfontein property indicates significant thinning and pinching out of certain units/marker horizons in the Main and Critical Zones of the BIC towards the western margin of the complex.

Structurally the WBJV area occurs at a "hinge" zone in the BIC where there is a marked swing in the strike of the BIC from northwest to west-northwest. This "hinge" zone is characterized by a series of NW and N to NE trending faults that transect the BIC. The UG2 Reef can occur up to 400 m below the Merensky Reef within the BIC. However available geological mapping and drilling completed to date by PTM on the Elandsfontein Property indicate the two reefs are much closer together, locally being separated by < 30 metres.

Geology of the Tweespalk Property

The area has been geologically mapped at a scale of 1:100,000 by M.J. van der Merwe (1976) and at a scale of 1:250 000 by the South African Council for Geoscience. This mapping shows the footwall of the BIC, the Mapela Gabbro Norite which to the south hosts the Platreef style mineralisation further to the south, traversing the Tweespalk property for a strike length of approximately 3.5 km. Upper Zone rocks of the BIC underlie the western portion of the property. Archean granite and granitic gneiss under-lays the eastern portion of the property. The BIC rocks dip 25 to 40 degrees to the west . Drilling by the Company has confirmed a thickening package of the BIC to the west consistent with the regional mapping.

A strike length of approximately 3.5 km of the Main Magnetite Seam (MMS), which occurs as a mineralised horizon within the Upper Zone rocks, may be another potential target on the property. It is host of significant Vanadium/TiO2 deposits elsewhere in the BIC but there is no data available on the vanadium content of the MMS on the Tweespalk Property.

Geology of the War Springs Property

The area has been geologically mapped at a scale of 1:100 000 by M.J. van der Merwe (1978) and at 1:250 000 scale by the South African Council for Geoscience. The 1:100,000 scale map indicates a 5.2 kilometre strike length of BIC footwall contact, consisting of Main Zone (Rustenburg Suite) rocks overlying Magaliesburg Quartzite traversing the War Springs property.

The north-western portion of the property is underlain by the gabbro-norites of the Main Zone of the BIC. The eastern and southern portions of the property are underlain by rocks of the Transvaal Supergroup. This Supergroup is dominated by shales and quarzites of the Magaliesberg Formation. The property occurs in an area where the strike of the BIC changes from NNW to N, to SW. This hinge area is marked by a series of north-easterly and south-easterly trending faults. The BIC dips north westerly at 25º to 35º.

Two limestone/dolomite occurrences are shown on the government geological maps, near the western property boundary, in the immediate BIC footwall. These footwall rocks are elsewhere associated with higher grade of Platreef PGE mineralization. There is a possibility of Merensky or UG2 type reef mineralization occurring in Critical Zone rocks of the BIC on the western side of the property.

Exploration

Western Bushveld Joint Venture Properties

Elandsfontein - PTM

Three phases of exploration have been conducted on that portion of the farm Elandsfontein contributed to the WBJV by PTM.

The GeoActiv (Pty) Limited (hereafter referred to as GeoActiv) program, which covered PTM's diamond drilling program (ELN and ELF series of boreholes). GeoActiv consulting group was contracted to conduct the diamond drilling program, log, mark, sample and store the drill core. GeoActiv was also responsible for supervision of PGE assays and conducting metallurgical and rock strength tests.

The GeoActiv-Elandsfontein drill program consisted of collaring of 36 shallow diamond drill holes with the Merensky and UG2 reefs on the Elandsfontein Property as targets. This program was completed on June 30, 2003. The drilling was done in two adjacent blocks of ground, with borehole spacing from 100 down to 50 metres. Area A is in the extreme north-eastern corner of the property. Area 1 is adjacent to and to the south of Area A and adjacent to the Bafokeng Rasimone Mine Property of RPM.

In Area 1 15 NQ diamond drill holes and 1 HQ diamond drill hole (ELN-series of holes), totaling 605.78 metres, were drilled to depth of between 17 and 53 metres targeting the shallow potential of the UG2 chromitite in this area. NQ hole ELN 4 was re-drilled as HQ hole ELN 16 to improve recoveries. The drill program was plagued by poor core recoveries. The UG2 chromitite was confirmed as intersected in only 5 of 16 holes. At least five of the holes which failed to intersect the UG2 were left short, in the hanging wall and need to be deepened (ELN 10-12, 14 and 15). One additional hole (ELN 2) collared in the footwall to the UG2.

The UG2 chrome seam was intersected in five holes (ELN 3, 4, 5, 9 and 16). In addition hole ELN 1 encountered finely disseminated chromite. ELN 3 intersected the UG2 chromitite seam at a depth of 26.10 metres and reported a seam thickness of 1.35 metres, ELN 4 had multiple chromitite stringers between 26 and 34 metres depth. Due to poor recoveries through this interval ELN 4 was re-drilled as ELN 16, using HQ core size. The UG2 chromitite was intersected with a seam width of 1.44 metres. ELN 5 intersected the chromitite seam at depth of 36 metres and reported a seam thickness of 1.31 m.

In Area A 21 NQ diamond drill holes and 11 deflections (ELF-series of holes) totalling 2456 metres were drilled to a depth of between 40 and 200 metres targeting the potential of the Merensky and UG2 reefs in this area. The Merensky Reef was intersected, at depths between 40 and 145 metres, in 8 of the 21 holes (ELF 16-19, 22-24 and 27) The Reef intercepts from the mother holes are tabulated below. Holes SNO 23 and 25 were confirmation holes drilled by Snowden (see below) as confirmation/condemnation holes for the purpose of the resource evaluation. The UG2 reef is poorly developed over much of this area as shown in Table 1.

Table 1

Reef intersections used for resource evaluation

BHID	***From***	***To***	***Length***	***Au***	***Pt***	***Pd***	***2PGE+Au***
			Merensky Reef				
ELF 16	*41.45*	*41.79*	*0.34*	*0.03*	*0.06*	*0.03*	*0.12*
ELF 17	*144.25*	*144.65*	*0.40*	*0.23*	*0.94*	*0.63*	*1.80*
ELF 18	*134.06*	*134.80*	*0.74*	*0.31*	*3.45*	*1.98*	*5.74*
ELF 19	*42.93*	*43.25*	*0.32*	*0.03*	*0.08*	*0.03*	*0.14*
ELF 22	*93.40*	*94.15*	*0.75*	*0.31*	*2.59*	*1.01*	*3.91*
ELF 23	*60.88*	*60.90*	*0.02*	*0.03*	*0.03*	*0.03*	*0.09*
ELF 24	*133.06*	*133.74*	*0.68*	*0.29*	*3.79*	*2.37*	*6.45*
ELF 27	*74.74*	*74.89*	*0.15*	*0.03*	*0.03*	*0.03*	*0.09*
SNO23	*62.18*	*62.40*	*0.22*	*0.02*	*0.02*	*0.02*	*0.06*
SNO25	*83.29*	*83.66*	*0.37*	*0.02*	*0.34*	*0.11*	*0.47*

				UG 2			
ELF 16	*55.66*	*55.81*	*0.15*	*0.02*	*0.02*	*0.02*	*0.06*
ELF 17	*189.16*	*189.60*	*0.44*	*0.02*	*0.18*	*0.08*	*0.28*
ELF 18	*167.80*	*169.93*	*2.13*	*0.02*	*0.03*	*0.02*	*0.07*
ELF 19	*47.89*	*48.80*	*0.91*	*0.02*	*0.02*	*0.03*	*0.07*
ELF 27	*94.89*	*95.12*	*0.32*	*0.04*	*3.1*	*1.35*	*4.49*
SNO23	*83.64*	*84.24*	*0.60*				
SNO25	*94.94*	*96.40*	*1.46*	*0.02*	*0.53*	*0.2*	*0.74*

With the end of GeoActiv program (June 30, 2003), Snowden Mining Industry Consultants was engaged to review and audit all of the technical work up to June 30th, 2003 and to make an assessment of the resources on the property. As part of their evaluation, Snowden completed four twinned diamond drill holes (SNO10, 11, 23 and 25) under their own custody and control. The twinned drill holes confirmed that some of the original holes had been stopped short of their targets. Snowden recommended several remedial steps to mitigate material issues that would affect the estimation of any resource estimate derived from the exploration data in its state at the time they completed their audit. These steps included; the validation of the drill hole collar positions, re-logging of several of the holes and review of the external quality assurance and control (QAQC). A draft technical audit report from Snowden was received by PTM RSA on December 17th, 2003. Snowden recommended that new logs be used rather than the original logging for resource modelling. Snowden confirmed that the assays for platinum, palladium and rhodium were reasonably repeatable and that overall assays from the two repertories used constituted a low to medium risk in any resource estimate that maybe derived from the results. Snowden's initial recommendations were accepted and Snowden's were request to produce a resource figure (see below). This ended with a technical audit by Snowden which gave recommendations for the Elandsfontein platinum project and concluded that only a small resource could be calculated as a result of poor continuity of the geological units.

PTM was not completely satisfied with the result of the work completed by Snowden and undertook an internal audit of the work to date on the project and contracted Geo Services (Pty) Ltd. to complete an independent resource evaluation based on the results of the PTM and Snowden audits - the results of which are reported below.

Onderstepoort - PTM Portion

Following receipt of the prospecting permit for the Onderstepoort Property in April of 2004 soil sampling and geological mapping commenced in mid September, 2004. 300 soil samples were collected from 4 soil lines across the projected strike of the Critical Zone of the BIC. Analytical results from this program were pending at the time of writing.

Geological mapping identified the contact between the BIC and footwall quartzite lithologies in several outcrops on portions 4 and 5. However due to the scarcity of outcrop on the property ground geophysical surveys (gravity) were recommended in an attempt to locate the Merensky and UG2 reefs. This work was in progress at the time of writing.

In addition two diamond drill holes, OND1 and 2 were collared on the Onderstepoort property by PTM in October of 2004 to determine the stratigraphy of the BIC and to aid in calibration and interpretation of the gravity data. Analytical results from these holes were also pending at the time of writing.

WBJV Properties - Anglo Platinum Portions

The Western Bushveld Joint Venture agreement was signed on October 27, 2004. At the time of written all exploration data completed and compiled by RPM and Anglo Platinum Exploration on their portions of the WBJV Properties have been provided to PTM and are in the process of being compiled and validated

Northern Limb Properties

Tweespalk

Prior to the initiation of drilling a limited program of soil sampling, mapping and an airborne magnetic and radiometric survey was completed over the Tweespalk property. Grab samples collected during the mapping program in 2002 from outcrop close to the BIC basal contact returned assays ranging from background to 0.62 g/t platinum + palladium + gold

(0.193 g/t Pt, 0.378 Pd, 0.049 g/t Au) and confirmed the presence of PGE mineralization on the Tweespalk Property. Soil samples collected along lines spaced at 400 metres intervals identified areas with anomalous platinum, palladium, nickel and copper values (> 20 ppb Pt+Pd, > 50 ppm nickel and > 100 ppm copper).

A total of 720 line-km of airborne magnetic and radiometric surveying was completed by GeoActiv in 2002. This survey were completed with lines spaced 50 m apart and a mean terrain clearance of 50 m. Magnetic data was collected every 1/10th of second (approximately every 5 m) and radiometric data collected every second (approximately every 50 m). GAP Geophysics was contracted to interpret the airborne data. Interpretation of this data highlighted the BC/basement contact as well as the overlying Upper Zone and Main Zone contacts.

Between October of 2003 and July, 2004 seven diamond drill holes, totaling 2667.97 metres were drilled on the Tweespalk Property. The following table outlines the drilling completed at Tweespalk

TWEESPALK

			METRES		***CO-ORDINATES (WGS84)***				
BHID	***Start***	***End***	***From***	***To***	***X***	***Y***	***Z***	***Dip***	***Total Samples***
TW1	*14-Oct-03*	*26-Nov-03*	*0.00*	*702.60*	*28.8930*	*-23.70325*	*1042*	*90*	*880*
TW2	*02-Dec-03*	*13-Arp-04*	*0.00*	*307.54*	*28.8973*	*-23.69666*	*1046*	*90*	*351*
TW3	*08-Jan-04*	*15-Apr-04*	*0.00*	*333.37*	*28.8970*	*-23.70342*	*1044*	*90*	*436*
TW4	*19-Apr-04*	*24-May-04*	*0.00*	*470.08*	*28.8972*	*-23.70002*	*1035*	*90*	*594*
TW5	*26-Apr-04*	*21-May-04*	*0.00*	*551.23*	*28.8956*	*-23.70001*	*1033*	*90*	*650*
TW6	*19-Jun-04*	*15-Jul-04*	*0.00*	*257.00*	*28.8988*	*-23.70002*	*1042*	*90*	*267*
TW7	*17-Jul-04*	*27-Jul-04*	*0.00*	*46.15*	*28.89979*	*-23.69997*	*1040*	*90*	*Not sampled*
			TOTAL	*2667.97*					*3178*

Hole TW1 intersected PGE mineralization at a depth of 642 metres. This intercept returned 2.90 g/t Pt+Pd + Au (3E) over 6.68 metres including 4.04 metres grading 4.40 g/t 3E. Borehole TW-1 also intersected two lower grade zones of mineralization; 0.5 g/t 2PGE + Au and 0.12% Cu+Ni over 6.07m (at 542.37m to 548.44m) and 0.36 g/t 2 PGE + Au and 0.09% Cu + Ni over 5.31 metres (at 551.88 to 557.19m). Holes TW2-TW6 intersected only low-grade PGE mineralization. Hole TW7 collared in footwall granitic gneiss.

Exploration work performed on Tweespalk was downscaled at the end of July 2004. Since that time, only a ground gravity survey, completed in September of 2004, has been performed on the property. As anticipate the gravity survey confirmed the westward thickening of the BIC. Potential exists for additional higher grade intercepts within this deeper portion of the complex however given the significant depths and other priorities of the Company no further work is recommended for the Tweespalk property at this time.

War Springs

PTM received the exploration permit for the War Springs property in January of 2004. During the first five months of 2004 the existing geological, geophysical and geochemical data was compiled for the War Springs Property and four widely-spaced soil sample lines were completed across the property and across strike of the BIC. Soil samples were collected at 30 metre intervals, assayed for Au, Pt, Pd and analyzed by multi-element ICP analysis.

Analysis of the soil geochemical data indicates the presence of elevated Cu, Ni, Pd, Pt, S and Cr values along the projected trend of the basal Bushveld stratigraphy, the interval which hosts the Platreef PGE mineralization elsewhere on the northern limb of the Bushveld.

PTM purchased recently completed airborne magnetic data for a 130 km^2 area covering the War Springs property and the majority of the southern half of the northern limb of the BIC. The geophysical data was interpreted on behalf of PTM by Gap Geophysics Ltd. and in conjunction with the existing geochemical data and limited geological mapping was used in defining targets for initial drill testing.

Drilling of the first diamond drill hole (ORL1) on Oorlogsfontein commenced during mid-June 2004. Nine diamond boreholes have been completed up to the end of October 2004 for 4,297 metres of drilling. Core-cutting and sampling has progressed to borehole ORL-9 during the same period.

The table below lists the drilling information for the Phase 1 boreholes drilled up to the end of October 2004 on the War Springs Property (Co-ordinates in WGS 84 datum):

			METRES		***CO-ORDINATES***			
Hole No	***Start***	***End***	***From***	***To***	***X***	***Y***	***Z***	***Dip***
ORL1	*12-Jun-04*	*11-Nov-04*	*0.00*	*705.59*	*29.04440*	*-24.22076*	*1157*	*60*
ORL2	*29-Jul-04*	*06-Aug-04*	*0.00*	*232.95*	*29.04689*	*-24.22194*	*1152*	*45*
ORL3	*07-Aug-04*	*17-Aug-04*	*0.00*	*472.91*	*29.04699*	*-24.21689*	*1152*	*45*
ORL4	*18-Aug-04*	*08-Sep-04*	*0.00*	*676.00*	*29.04917*	*-24.21284*	*1152*	*45*
ORL5	*22-Aug-04*	*16-Sep-04*	*0.00*	*646.48*	*29.05045*	*-24.20857*	*1167*	*45*
ORL6	*09-Sep-04*	*20-Sep-04*	*0.00*	*378.11*	*29.05076*	*-24.21604*	*1159*	*45*
ORL7	*21-Sep-04*	*07-Oct-04*	*0.00*	*304.50*	*29.05353*	*-24.20971*	*1161*	*45*
ORL8	*22-Sep-04*	*04-Oct-04*	*0.00*	*437.75*	*29.04790*	*-24.21905*	*1157*	*45*
ORL9	*06-Oct-04*	*19-Oct-04*	*0.00*	*427.50*	*29.05184*	*-24.21181*	*1161*	*45*
		Total metres		*4297.09*				

The Phase 1 drilling encountered a succession of feldspathic to anorthositic norites and pyroxenite lithologies above the basal BIC contact. Zones of intense serpentinisation occur throughout and local, poorly developed chromite-bearing horizons, although no true chromitites were intersected. The thick pyroxenite horizons which are the host to the mineralized sequence at the nearby PPRust mine were not encountered. Several strongly magnetic norite horizons providing important markers with respect to the available airborne magnetic data.

The 2004 War Springs drilling intersected 3 stacked zones of PGE mineralization within the BIC stratigraphy which exhibit broadly defined continuity along the 2 km of strike length drill tested to date. The mineralized zones have been named the A, B and C zones/layers to follow the naming convention at the PPRust mine. The mineralized zones are interpreted to extend from surface to their intersected depths and beyond at a dip of approximately 45 degrees.

The table above shows the significant mineralized intercepts from the War Springs Property received to date and also demonstrates the presence of significant Ni-Cu mineralization associated with the PGE mineralization. Rhodium analyses for the mineralized intercepts were pending at the time of writing.

PGE mineralization has been encountered in lithologies ranging from mottled anorthosites to feldspathic pyroxenites and norites. The mineralization is associated with copper, nickel and iron sulphides which occur as disseminated, blebby and net-textured phases. Thin discontinuous chromite-rich bands have been identified in boreholes ORL-2; ORL-5; ORL-6 and ORL-8. The presence of chromite was confirmed in ORL-2 by the assay results. The chromite grades at 0.84% Cr_2O_3 over 4 metres with the highest value at 1.90 % Cr_2O_3 over 1 metre being associated with 0.56 g/t Pt+Pd + Au.

Mineral Resource and Mineral Reserve Estimates

Elandsfontein Property

The data from PTM's work on Elandsfontein was provided to Snowden Mining Industry Consultants and in February 2004 Snowden provided the following summary:

"Snowden Mining Industry Consultants ("Snowden") has completed a Mineral Resource Estimate covering Area 1 of the Elandsfontein Property. The Elandsfontein Property covers a part of the western lobe of the Bushveld Igneous Complex, an arcuate layered complex that includes extensive PGE mineralization. The Mineral Resource estimate completed by Snowden is tabulated above a 1 g/t PGE PGE+Au cut-off grade, where PGE = Pt+Pd+Rh values, and totals 83 thousand tonnes @ 5.9 g/t PGE+Au. The resource has been classified in the Inferred category according to the 2000 SAMREC Code. Snowden has carried out substantial auditing and validation of the drilling and sampling data underlying the resource estimate, and, following suitable adjustments, verified that the data is of sufficient quality to support the resource classification".

Elandsfontein Lease - Area 1 Mineral Resource Estimate, February 2004

Cutoff grade (PGE+Au g/t)	*Category*	*Tonnes (Thousand)*	*PGE+Au grade (g/t)*
1	*Inferred*	*83*	*5.9*
	Total	*83*	*5.9*

Notes:

1.

PGE+Au grade (g/t) = Pt grade (g/t) + Pd grade (g/t) + Rh grade (g/t) + Au grade (g/t)

2.

The resource is consistent with the Inferred Category primarily because even though there appears to be a reasonable chance of geological continuity, there is a high risk that grade continuity may not exist.

PTM management was not satisfied with the Snowden report and commissioned Global Geo Services (Pty) Ltd. to complete a review. Prior to and during Snowden's work stratigraphic units, apart from the Merensky and "UG 2 reefs" were not identified. This led to the misidentification of the reefs. During Global's re-assessment and evaluation phase stratigraphic identification, resource estimation and classification were the main objectives.

Mineral resource estimation is not possible based on diamond drilling information within 50m from surface due to the core loss, reef identification/correlation problems and thinning of the reefs. For this reason only the northern, deeper portion of the project area has been considered for evaluation.

A total of 21 boreholes and 11 deflections were drilled in the resource area. The deflections were not considered due to duplication of reef and sampling problems. Only the bottom reef intersection was used where the reef was duplicated in the original hole. Faulted reef intersections should not be used in resource estimations since the intersections could not be regarded as representative. In these cases though the original hole intersection was used since no other data was available. The resource figure below is classified as an inferred resource.

The resource (at a 1 g/t cut-off) for the Merensky reef is 73 000 t at 3.08 g/t (2PGE+Au), the mean vertical reef thickness is 44 cm. For a mining cut of 1 m (at a 1g/t cut-off) the resource is 131 000 t at a grade of 2.51 g/t (2PGE+Au), the mean vertical width being 1m. The UG2 resource (at 1g/t cut-off) is 65 000 t at a grade of 2.76 g/t (2PGE+Au) and a vertical thickness of 74 cm. The resource for a mining cut of 1 m is 42 000 t at a grade of 1.17 g/t (2PGE+Au) and a mean width of 113 cm. Although a "UG 2" resource has been determined, no proper UG 2 Main Seam is developed on the property. A geological loss of 30% being an industry average has been applied to the resource figures.

Mineral Resources for the Merensky Reef and "UG 2 Reef"- Global Geo Services (pty) Ltd. - 2004

	TONNES	***TONNAGE (30% Loss)***	***Au***	***Pt***	***Pd***	***2PGE+Au***	***Vertical Thickness***	***Corrected Thickness***
	t	***t***	***g/t***	***g/t***	***g/t***	***g/t***	***m***	***m***
0 g/t cut-off								
Merensky Reef								
In Situ	*130,680*	*91,476*	*0.14*	*1.35*	*0.77*	*2.26*	*0.42*	*0.39*
*Mine Cut (1m)**	*351,589*	*246,112*	*0.11*	*1.00*	*0.55*	*1.67*	*1.09*	*1.00*
"UG2"								
In Situ	*285,347*	*199,743*	*0.03*	*0.84*	*0.37*	*1.24*	*0.86*	*0.78*
*Mine Cut (1m)**	*446,150*	*312,305*	*0.02*	*0.35*	*0.14*	*0.52*	*1.38*	*1.27*
1g/t cut-off								
Merensky Reef								
In Situ	*104,657*	*73,260*	*0.19*	*1.84*	*1.06*	*3.08*	*0.49*	*0.44*
*Mine Cut (1m)**	*187,304*	*131,113*	*0.15*	*1.51*	*0.84*	*2.51*	*1.09*	*1.00*
"UG2"								
In Situ	*93,050*	*65,135*	*0.03*	*1.91*	*0.83*	*2.76*	*0.82*	*0.74*
*Mine Cut (1m)**	*60,662*	*42,463*	*0.03*	*0.82*	*0.32*	*1.17*	*1.25*	*1.13*

** Mine cut (1m) - A 20cm dilution was applied at the base and all reef intersections less than 1m were increased to 1m.*

The specific gravity used for the resource estimation was 3.2. The dip applied was 23°.

Although the boreholes are fairly closely spaced (on average 50 m apart) the deposit is classified as an Inferred Resource due to the questionable quality of the data (confidence in the quality of the data is low), poor quality control and assurance reporting procedures and duplication (reverse faulting) of most of the reef intersections.

No mineral processing or metallurgical tests have been done to date.

Based on the results of their re-logging of key drill holes and modeling Global Geo Services also provided an alternative resource model for the Merensky Reef Deposit on the Elandsfontein Property. This alternative model is referred to as the "Shear Hosted" or stacked Merensky Reef Deposit model.

During the re-logging and three-dimensional modeling exercise it became clear that the pegmatoidal pyroxenite type Merensky reef situated towards the east of the area of interest has been duplicated in boreholes ELF 17, 18, 22 and 24. The shear duplicating the reef most probably forms part of a series of reverse faults stacking the sequence (as well as the reef) on top of one another and splitting off the shear situated above the Alteration Zone, footwall to the "UG 2 reef" to the east. Due to the duplication in the Merensky reef, PGM values occur over widths of up to 2.6 m (corrected width, 23º dip). Under normal circumstance this type of reef intersection should not be used to model and estimate resources for platinum deposits within the Bushveld Complex. The fact that a low angle reverse fault or series of faults duplicated the reef in this area, necessitates a different approach to assessing the potential of this area. This specific area could be regarded as a "shear hosted" or stacked reef deposit and has to be modelled as such constraining the mineralization to a maximum of 2.6 m using the bottom Merensky unit as the base.

The mineralised horizon modelled is defined as the base of the bottom Merensky reef unit to the top of the duplicated reef unit (grade cut-off 0.5 g/t). All the borehole intersections (mother hole and deflections) were used in the resource estimation. The resources estimated at various cut-offs are depicted. An SG of 3.2 has been used.

The resource (at a 1 g/t cut-off) for the Merensky reef is 201 000 t at 3.17 g/t (2PGE+Au), the mean vertical reef thickness is 113 cm. The resource at a 2 g/t cut-off is 218 000 t at a mean grade of 4.05 g/t. A geological loss of 30%, being an industry average has been applied to the resource figures.

Resource figures for the Merensky reef based on the "shear hosted" or stacked reef deposit model.

CUT-OFF (2PGE+Au)	***TONNAGE***	***TONNAGE (30% Loss)***	***Au***	***Pt***	***Pd***	***2PGE+Au***	***Vertical Thickness***	***Corrected Thickness***
g/t	***t***	***t***	***g/t***	***g/t***	***g/t***	***g/t***	***m***	***m***
				MERENSKY REEF				
0	*310,893*	*217,625*	*0.16*	*1.61*	*0.73*	*2.50*	*1.03*	*0.94*
1	*287,186*	*201,030*	*0.20*	*2.04*	*0.92*	*3.17*	*1.24*	*1.13*
2	*217,689*	*152,382*	*0.25*	*2.62*	*1.18*	*4.05*	*1.44*	*1.31*
3	*153,245*	*107,272*	*0.28*	*3.04*	*1.36*	*4.68*	*1.50*	*1.36*
4	*83,365*	*58,356*	*0.30*	*3.42*	*1.53*	*5.25*	*1.58*	*1.43*

Grade-tonnage curve for the "shear hosted" deposit.

The resource figures are global estimates and regarded as a mineral indication only and should be drilled on a closer spaced grid. The questionable quality of the data (confidence in the quality of the data is low), poor quality control and assurance reporting procedures and the faulted nature of the reef intersections are further aspects lowering the confidence in the resource. The estimation is regarded as the maximum tonnage that might be determined for this area. Further work will most probably refine the areas and therefore the estimation figures. No mineral processing or metallurgical tests have been done to date.

Western Bushveld Joint Venture - Anglo Platinum Resource Data

A resource of 9.1 million tonnes grading 5.69 g/t platinum, palladium, rhodium and gold on the Merensky Reef and 15 million tonnes grading 4.25 g/t platinum, palladium, rhodium and gold on the UG2 Reef has been provided by Anglo Platinum as of December 31st, 2003 according to the SAMREC code. Anglo Platinum has reported that:

"The Resource estimates for the Frischgewaagd and Elandsfontein properties are supported by a low density of drillhole information on these properties. Resource models for the Merensky and UG2 were estimated using geostatistical variogram modeling and ordinary kriging. The Resources were classified by considering the areas geological locality, structural complexity, kriging variances and kriging efficiencies. The resource estimates are supported by higher densities of drillhole data on the adjacent lying farms.

In addition, geological understanding of the local and regional geology of this area is supported by a high resolution aeromagnetic survey, detailed aerial photos, 7 band TM land satellite images and a small 3d seismic survey within the Styldrift farm. This data has provided key regional geological understanding of this areas Bushveld geology, in that it's proximity to the Pilanesberg complex and the underlying Transvaal sediments affects reef stability and the type of geozones that are likely to form across the area.

Drillhole data is captured using SABLE data warehouse wherein rigorous data validation and standards for logging and sampling are enforced. Data manipulation, modeling procedures and resource classification are according to the SAMREC code."

Western Bushveld Joint Venture – Independent Resource Estimate

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PTM RSA appointed Global Geo Services (Pty) Ltd as independent geological consultants to assess and review the available exploration data collected by Anglo Platinum and PTM RSA and to conduct a resource determination over certain portions of the WBJV covering the farms Frischgewaagd 96 JQ, portion 7 (portion 2), 15 and 16 and Elandsfontein 102 JQ portion 12, mineral area 2 (portion mineral area 1) situated towards the south-east of the larger joint venture area which contains the mineral resources reported by Anglo Platinum and PTM. The following italicized information is excerpted from the reported entitled "Western BIC Project – Geological Assessment and Resources Estimation, Northwest Province of the Republic of South Africa" prepared by Mr. E. H. Siepker and Mr. C. J. Muller of Global Geo Services (Pty) Ltd and dated March 3, 2005.

The potentially economic horizons would be the Merensky and UG 2 reefs situated within the Critical Zone of the Rustenburg Suite of the Bushveld Igneous Complex.

During this assessment and evaluation phase stratigraphic identification and correlation, geological and resource modelling as well as resource estimation and classification were the main objectives. The structural interpretation is very basic at this stage and based mainly on geophysical information and the limited number of boreholes. Only a 2D Data Mine model could be generated since the collar elevations and down-hole surveys were not available at the time of assessment from Anglo Platinum. A very basic 3D geological model was constructed based on collar elevations taken from topocadastral maps, reef thickness from boreholes where available and other relevant data.

The mineral resource (at a cut-off grade of 2 g/t) for the Merensky reef is 15.4 Mt at a grade of 7.92 g/t (3PGE+Au) at a mining cut of 1.00 m. The UG 2 reef resource is 10.1 Mt at 2.52 g/t (3PGE+Au) at a mining cut of 1.00 m. The resource is classified as ***inferred*** *since the data distribution and quality of the data creates a certain amount of uncertainty with regard the geological model and certainly the resource estimate".* The calculated resource is based on the following information.

A very important issue in understanding the stratigraphy of this area is the dramatic thinning of the lower portion of the Main Zone (HW 1 – 5) and Critical Zone (Bastard reef to Footwall 6 (Lone Chrome marker)) towards the west. It would furthermore seem that a shear zone(s) is situated between the attenuated Critical Zone sequence and a medium crystalline norite, probably representing a chill zone (Alteration Zone) with the Transvaal sequence. Detailed stratigraphic correlation aided the geological understanding of the area along the abutment of the Bushveld Complex against the Transvaal Sequence. Both reefs are not developed towards the south-west with the Main Zone directly overlying the Alteration Zone. This relationship has been determined on Elandsfontein 102 JQ, portions 12 and 14 adjoining the Western BIC Project to the south (Siepker and Muller, 2004).

Merensky Reef

Two types of Merensky reef have been identified in the area of interest viz.

- *Harzburgitic type reef and*
- *Feldspathic pegmatoidal pyroxenite type reef.*

It is not possible to estimate a resource in an area to the south-west (Figure 4) along the abutment of reef against the shear zone or along the outcrop since the reef has been affected by weathering, shearing, faulting as well as locally the reef has not been identified/developed. Further to the south-west no reef is developed since the reef has either outcropped or abutted against the shear zone/Transvaal Sequence.

The Harzburgitic type reef is developed to the north-east of the area of interest with the Feldspathic pegmatoidal pyroxenite type reef towards the south-west (Figure 4). The Harzburgitic type reef consists of interlayered harzburgite and pegmatoidal pyroxenite units and is in general thicker (47 to 224 cm) and of higher grade (6.86 to 16.99 ppm) in relation to the Feldspathic pegmatoidal pyroxenite type reef (60/91 cm, 4.35/7.50 ppm, grade occurring in hanging wall pyroxenite). Reef development and grades are highly variable in the Feldspathic pegmatoidal pyroxenite type reef area. Contact type reef with numerous intersections not sampled or assay results not being available occur within the Feldspathic pegmatoidal pyroxenite type reef area (Table 2 and Figure 4). It would seem that a certain amount of uncertainty existed with regards identification of the stratigraphy or that the uncertainty were a factor in the high incidence of incomplete data available for this area. An area along the reef cut-out as an extension of the Elandsfontein project (Siepker and Muller, 2004) immediately to the south is indicated as an area where resource estimation is not possible due to weathering, structural complexities, reef type (Contact type reef), shearing and abutment against the Transvaal Sequence.

Although numerous boreholes were drilled in this area which were used in better understanding the deposit and to construct a geological model, only 5 boreholes viz. ELN 1 FG 2, FG 30, FG 7 and FG 31 (for Harzburgitic type reef area) with 2 holes viz. FG 33 and FG 29 (for Feldspathic pegmatoidal pyroxenite type reef area) could be used for the resource estimation for the reef type areas. Data from the Elandsfontein Project was incorporated in the evaluation as well (Siepker and Muller, 2004).

Table 2. Reef intersections and correlatable stratigraphic units.

WBIC JV Borehole Summaries as at 23 January 2005

NI = Not Intersected SNV = Sampled but No Values SS = Stopped Short ND = Not Developed REJ = Rejected HG = HIGH GRADE

NS = Not Sampled W = Wesizwe NR = Not Recognized NL = No Logs FO = Faulted Out W = Wedge CR = Contact Reef

LG = LOW GRADE Htz = Hartzburgity-type MR B S/O = Beyond Suboutcrop

				MR					***UG2***		
BHID	***Def***	***MR TRC (m)***	***MR g/t***	***MR RW***	***MR Facies***	***MR Comments***	***UG2 TRC (m)***	***UG2 g/t***	***UG2 RW***	***UG2 Facies***	***UG2 Comments***
BH1463	*D0*	*447.26*	***NS***	*0.001*		*NS*	*NR*	*NR*	*NR*		
BH1463	***Avg***	***447.26***		***0.001***	***Log: CR***	***NS (Contact Reef)***				***Log: 100% Cr***	***NR (but Cr Present)***
1605A	*D0*	*554.36*	***NS***	*0.200*		*NS*	*SS*	*SS*	*SS*		*SS*

1605A	*D1*	*554.37*	***NS***	*0.530*		*NS*	*SS*	*SS*	*SS*		*SS*
1605A	*D2*	*554.32*	***NS***	*0.160*		*NS*	*SS*	*SS*	*SS*		*SS*
1605A	*D3*	*554.30*	***NS***	*0.210*		*NS*	*SS*	*SS*	*SS*		*SS*
1605A	***Avg***	***554.36***		***0.275***	***Log: FPP***	***NS (Thin ? Con. Reef)***				***SS***	***SS***
ELN01	*D0*	*490.53*	*15.24*	*0.530*	*Htz*		*541.71*	*2.81*	*1.830*		*Good UG2*
ELN01	*D1*	*W*	*W*	*W*		*W*	*541.25*	*2.43*	*1.800*		*Good UG2*
ELN01	*D2*	*W*	*W*	*W*		*W*	*541.27*	*2.71*	*1.680*		*Good UG2*
ELN01	*D3*	*490.91*	*18.32*	*0.700*			*SS*	*SS*	*SS*		*SS*
ELN01	*D4*	*REJ*	*REJ*	*REJ*		*REJ, PH Edge*	*SS*	*SS*	*SS*		*SS*
ELN01	*D5*	*REJ*	*REJ*	*REJ*		*REJ*	*SS*	*SS*	*SS*		*SS*
ELN01	***Avg***	***490.53***	***16.99***	***0.615***	***Core: Htz***	***QA/QC Accepted***	***541.71***	***2.65***	***1.770***	***Core: Cr+Pxnt***	***QA/QC Accepted***
ELN02	*D0*	*SS*	*SS*	*SS*		*Hole Stopped Short*	*SS*	*SS*	*SS*		*SS*
ELN02	***Avg***				***Stopped Short***	***SS (Stopped Short)***				***SS***	***SS (Stopped Short)***
ELN03	*D0*	*B S/O*	*B S/O*	*B S/O*		*B S/O*	*NI*	*NI*	*NI*		*NI*
ELN03	***Avg***				***NI (Beyond S/O)***	***NI (Beyond S/O)***				***NI, B S/O***	***NI (Beyond S/O)***
ELN04	*D0*	*Rej*	*Rej*	*Rej*		*Rej., Mixed Core*	*Rej*	*Rej*	*Rej*		*Rej, Mixed Core*
ELN04	***Avg***				***Rej., Mixed Core***	***Rej., Mixed Core***				***Rej., Core Mixed***	***Rej., Mixed Core***
ELN05	*D0*	*487.95*	***SNV***	*1.410*	*FPP*	***SNV***	*592.23*	***SNV***	*1.330*	*Cr*	*NS*