PLATINUM GROUP METALS LTD
Form 6-K
May 05, 2005

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For Month of: April, 2005

Platinum Group Metals Ltd.

(SEC File No. 0-30306)

Suite 328 550 Burrard Street, Vancouver BC, V6C 2B5, CANADA

Address of Principal Executive Office

The registrant files annual reports under cover:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: **May 4, 2005**

R. Michael Jones

R. MICHAEL JONES

President, Director

Platinum Group Metals Ltd.

(Development Stage Company)

Consolidated Interim Financial Statements

For the six month period ended February 28, 2005

Filed: April 28, 2005

A copy of this report will be provided to any shareholder who requests it.

The attached interim financial statements have not

been reviewed by the Company s auditors

PLATINUM GROUP METALS LTD.

(An exploration stage company)

Consolidated Balance Sheets

February 28, 2005

INTERIM BALANCE SHEET

	FEB. 28, 2005	AUG. 31, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,738,611	$ 2,423,176
Amounts receivable (Note 4)	202,241	241,135
Marketable Securities (market value - $344,250)	251,750	331,750
Prepaid expenses and other	29,159	28,194
Total current assets	2,221,761	3,024,255
MINERAL PROPERTIES (Note 6)	8,275,894	5,995,550
FIXED ASSETS (Note 8)	213,438	114,214
Total assets	$ 10,711,093	$ 9,134,019
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 694,340	$ 659,895
Current portion of capital lease	2,717	-
Total current liabilities	697,057	659,895
Long-term portion of capital lease	28,498	-
Future income taxes	427,000	427,000
	1,152,555	1,086,895
SHARE CAPITAL AND DEFICIT		
SHARE CAPITAL (Note 7)	17,758,638	14,990,075

Issued and outstanding at Feb. 28, 2005

-37,910,364 common shares (August 31, 2004

-34,587,415 common shares)		
CONTRIBUTED SURPLUS (Note 8 c)	1,634,932	134,932
DEFICIT	(9,835,032)	(7,077,883)
	9,558,538	8,047,124
Total liabilities and shareholders equity	$ 10,711,093	$ 9,134,019

Continuing Operations (Note 1)

Contingency and Commitments (Note 11)

APPROVED BY DIRECTORS:

R. Michael Jones

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Frank R. Hallam

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PLATINUM GROUP METALS LTD.

(An exploration stage company)

Consolidated Statements of Operations

FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2005

	Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended
	Feb. 28, 2005	Feb. 29, 2004	Feb. 28, 2005	Feb. 29, 2004
		$	$	$
EXPENSES				
Amortization	19,265	7,633	34,588	11,168
Annual general meeting	20,327	23,197	33,167	32,997
Bank charges & interest	2,060	759	2,222	1,440
Corporate Finance fees	-	75,000	-	100,000
Filing and transfer agent fees	10,063	17,495	13,326	33,351
Foreign Exchange	26,458	(19,331)	18,242	(20,118)
Insurance	9,065	2,922	16,995	5,843
Management and consulting fees	34,609	92,333	115,565	163,209
News Releases, printing & mailout	10,387	6,573	15,599	14,094
Office and miscellaneous	23,717	15,678	54,090	31,752
Professional fees	5,481	20,783	80,229	35,188
Promotion	47,619	22,613	67,414	64,560
Rent	20,812	18,659	49,459	34,355
Salaries and benefits	394,063	88,354	544,101	164,863
Shareholder relations	889	3,135	1,546	5,197
Stock based compensation (Note 7 c)	1,449,500	-	1,500,000	-
Telephone	9,372	6,795	21,117	14,776
Travel	120,540	67,397	175,307	110,306
Part XII.3 interest	-	-	-	6,500
	(2,204,227)	(449,995)	(2,742,967)	(809,481)
REVENUE				
Interest Income	13,652	14,929	17,402	17,137
Services Revenue	33,437	38,233	68,128	75,982
Expense Recoveries	-	240,000	-	240,248
	47,089	293,162	85,530	333,367
LOSS BEFORE OTHER ITEM	(2,157,138)	(156,833)	(2,657,437)	(476,114)

OTHER ITEM				
Property investigations	910	99	910	302
Mineral property costs written off	-	14,563	15,450	40,853
Equity Loss and writedown of Active Gold (Note 5)	-	24,657	76,287	79,724
Loss on sale of office furniture	(96)	-	7,065	-
	(814)	(39,319)	(99,712)	(120,879)
LOSS FOR THE PERIOD	(2,157,952)	(196,152)	(2,757,149)	(596,993)
DEFICIT, beginning of period	(7,677,080)	(4,890,097)	(7,077,883)	(4,489,256)
DEFICIT, end of period	(9,835,032)	(5,086,249)	(9,835,032)	(5,086,249)

PLATINUM GROUP METALS LTD.

(An exploration stage company)

Consolidated Statements of Cash Flows

FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2005

	Three Months Ended Feb. 28, 2005	Three Months Ended Feb. 29, 2004	Six Months Ended Feb. 28, 2005	Six Months Ended Feb.29,2004
OPERATING ACTIVITIES				
Loss for the period	(2,157,952)	(196,152)	(2,757,149)	(596,993)
Add items not affecting cash:				
Amortization	19,265	7,633	34,588	11,168
Loss on sale of capital assets	(96)	-	7,065	-

Write Off Mineral Property	-	14,563	15,450	40,853
Recovery received in shares	-	(240,000)	-	(240,000)
Non-cash share compensation expense	1,449,500	22,265	1,500,000	22,265
Non-cash share expense	-	-	80,000	-
Net change in non-cash working capital	346,574	(376,112)	103,590	(180,461)
	(342,709)	(767,803)	(1,016,456)	(943,168)
FINANCING ACTIVITIES				
Issuance of shares	428,412	278,716	2,740,563	2,477,581
	428,412	278,716	2,740,563	2,477,581
INVESTING ACTIVITIES				
Acquisition of capital assets	(40,520)	(13,898)	(143,334)	(40,227)
Sale of capital assets	96	-	2,456	-
Acquisition cost of mineral properties	(62,963)	(79,563)	(278,827)	(160,158)
Exploration & development expenditures	(1,130,219)	(512,222)	(2,043,967)	(1,162,505)
Performance Bonds		(36)	-	(3,036)
Recoveries	55,000	45,000	55,000	45,000
	(1,178,606)	(560,719)	(2,408,672)	(1,320,926)
INCREASE (DECREASE) IN CASH & EQUIVALENTS	(1,092,903)	(1,049,806)	(684,565)	1,319,371
CASH & EQUIVALENTS, beginning of period	2,831,514	3,304,219	2,423,176	898,907
CASH & EQUIVALENTS, end of period	1,738,611	2,254,413	1,738,611	2,218,278

SUPPLEMENTARY INFORMATION ON NON-CASH INVESTING AND FINANCING ACTIVITIES:

(i)

During the period ended February 28, 2005, the Company issued 25,000 common shares with a value of $28,000 in connection with the acquisition of mineral properties.

(ii)

During the period ended February 28, 2005 the Company acquired 1,407,069 shares of Active Gold Group Ltd. (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, paid from the Company s holdings of that security. As Active Gold is estimated to have nominal value, the transaction was entered into for the purpose of preserving existing business relationships. The Company will record the exchange as an expense.

(iii)

During the year ended August 31, 2004, the Company issued 10,909 common shares with a value of $3,600 in connection with the acquisition of mineral properties.

(iv)

During the year ended August 31, 2004, the Company received marketable securities with a fair value of $33,750 relating to the recovery of mineral properties costs.

(v)

During the year ended August 31, 2004, the Company received 1,200,000 shares of Sydney Resource Corp. (TSXV:SYR) with a value of $0.20 per share in exchange for sale of a 100-percent interest in the Company s Simlock Creek, British Columbia gold project and the termination of the earn-in requirements under a related option agreement.

SUPPLEMENTARY INFORMATION ON CASH FLOWS:

No interest or income tax expenses were paid during the period.

PLATINUM GROUP METALS LTD.

(An exploration stage company)

Notes to the Consolidated Financial Statements

February 28, 2005

1. CONTINUING OPERATIONS

The Company is an exploration company conducting work on mineral properties it has staked or acquired by way of option agreements principally in Ontario and the Republic of South Africa. The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company defers all acquisition, exploration and development costs related to mineral properties. The recoverability of these amounts is dependant upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of the property, and future profitable production, or alternatively, upon the Company s ability to dispose of its interests on an advantageous basis.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. The Company s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. External financing, predominately by the issuance of equity to the public, will be sought to finance the operations of the Company; however, there is no assurance that sufficient funds will be raised.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern. If the going concern basis was not appropriate for these consolidated financial statements, then significant adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used.

2.

SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and include the following significant policies outlined below. These policies conform, in all material respects, with accounting principles generally accepted in the United States of America (US GAAP), except as described in Note 14.

(a)

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Platinum Group Metals (RSA) (PTY) Ltd. (PTM RSA). PTM RSA holds mineral rights and conducts operations in the Republic of South Africa. All significant intercompany balances and transactions have been eliminated upon consolidation.

(b)

Mineral properties and deferred exploration costs

Mineral properties consist of exploration and mining concessions, options and contracts.

Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or disposed of either through sale or abandonment. The estimated values of all properties are assessed by management on a continual basis and if the carrying values exceed estimated recoverable values, then these costs are written down to the estimated recoverable values. If put into production, the costs of acquisition and exploration will be written off over the life of the property, based on the estimated economic reserves. Proceeds received from the sale of any interest in a property will first be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and deferred exploration costs are written off to operations.

(c)

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term money market instruments which are readily convertible to cash and have original maturities of 90 days or less.

(d)

Marketable securities

Marketable securities are recorded at the lower of cost or market value.

(e)

Fixed assets

Fixed assets are recorded at cost and are amortized on the declining balance basis at the following annual rates:

Computer equipment

30%

Computer software

30%

Office furniture and equipment

20%

(f)

Stock-based compensation

The Company has adopted the original recommendations of CICA Handbook section 3870, *Stock-Based Compensation and Other Stock-Based Payments*, effective September 1, 2002. This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards made to non-employees be measured and recognized using a fair value based method. The standard encourages the use of a fair value based method for all awards granted to employees, but only requires the use of a fair value based method for direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets. Awards that a company has the ability to settle in stock are recorded as equity, whereas awards that the entity is required to or has a practice of settling in cash are recorded as liabilities. For stock options granted to employees and directors, the Company has adopted the disclosure-only provisions whereby pro forma net income and pro forma earnings per share are disclosed in the notes to the financial statements as if the fair value based method of accounting had been used.

Compensation expense is recognized when stock options are issued to employees and directors for the excess, if any, of the quoted market price at the date of grant over the exercise price. Any consideration paid by employees and directors on the exercise of stock options is credited to share capital.

Compensation expense is determined when stock options are issued to non-employees and is recognized over the vesting period of the option. The compensation expense is determined as the fair value of the option at date of grant using an option pricing model.

(g)

Income taxes

Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

(h)

Earnings (loss) per common share

Basic earnings per share are calculated using the weighted average number of common shares outstanding, excluding contingently returnable shares held in escrow.

The Company uses the treasury stock method for the calculation of diluted earnings per share. Diluted earnings per share are computed using the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares consist of the incremental common shares arising upon the assumed exercise of stock options and warrants, but are excluded from the computation if their effect is anti-dilutive.

(i)

Financial instruments

The carrying values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities reflected in the balance sheet approximate their respective fair values. The fair value of marketable securities are as disclosed on the balance sheet.

Price risk is the risk that the value of the Company s financial instruments will vary from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates.

(j)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

3.

AMALGAMATION

The Company was incorporated on February 18, 2002 by an order by the Supreme Court of British Columbia approving an amalgamation by plan of arrangement between Platinum Group Metals Ltd. and New Millennium Metals Corporation. In exchange for 100% of the issued and outstanding shares of New Millennium, the shareholders of New Millennium each received one share of the new company for each 1.65 shares of New Millennium. The new Platinum Group Metals Ltd. issued and delivered 5,468,421 shares to the shareholders of New Millennium. Shareholders of the old Platinum Group Metals Ltd. each received one share of the new company in exchange for every one share of the old company. All of the continuing obligations of New Millennium with regard to share purchase options, warrants and share payments were converted at a ratio of 1.65:1. This business combination has been accounted for as a purchase transaction with predecessor company Platinum Group Metals Ltd. identified as the acquirer and New Millennium identified as the acquiree. Consideration to the shareholders of New Millennium Metals Corporation consisted of 5,468,421 shares of the Company at a price of $0.24 per share. Costs of the amalgamation totalled $231,325. Total cost to the Company was therefore $1,541,710. Results of operations and financial position of New Millennium were consolidated with the accounts of the Company with effect from February 18, 2002.

The fair value of assets acquired from New Millennium was as follows:

Current assets	$81,206
Mineral properties	1,930,444
Capital assets	3,697
Accrued liabilities	(164,637)
Future income liability	(309,000)
	$1,541,710

4.

AMOUNTS RECEIVABLE

	Feb. 28, 2005	Aug. 31 2004
Advances receivable	**$25,949**	$-
Goods and Services Tax recoverable	**49,642**	33,186
South African Value Added Tax (VAT) recoverable	**85,121**	198,449
Interest receivable	**11,680**	9,500
Other	**29,849**	-
	$202,241	$241,135

Advances receivable consist of funds advanced to officers, directors and consulting geologists for exploration and corporate activities conducted in the normal course of business and bear no interest.

5.

INVESTMENTS

(a)

Active Gold Group Ltd.

Active Gold Group Ltd. (AGG Canada) was incorporated under the Canada Business Corporations Act with one share issued to the Company on June 11, 2002. In August 2002 AGG Canada acquired a 100% private subsidiary in the Republic of South Africa named Active Gold Group RSA (Pty) Limited (AGG RSA). In 2003 the Company and other investors subscribed for further common shares of AGG Canada. At August 31, 2004 the Company held 1,461,905 shares (26.79%) of AGG Canada at a cost of $160,327. Subsequent to August 31, 2004 the Company acquired a further 1,407,069 shares of AGG Canada as described in Note 15. AGG Canada is a private corporation and it shares common directors and officers with Platinum Group Metals Ltd. Advances by the Company to AGG Canada were related to commercial activity in the normal course of business.

In 2003 AGG RSA failed to achieve a prospecting license for its Rooderand Gold Project and the project was abandoned. Both AGG Canada and AGG RSA are now dormant. In 2003 the Company wrote off its remaining investment in and advances to AGG Canada after recognizing its equity in the losses of AGG Canada. A summary of the Company s investment and advances to AGG Canada is as follows:

Advances, at August 31, 2002	$5,911
Investment	160,327
Advances	45,487
	211,725
Equity in loss of AGG Canada	(187,000)
Write-down of investment in and advances to AGG Canada	(24,725)
Balance, at August 31, 2003	$-
Advances	90,062
Write-down of investment in and advances to AGG Canada	(90,062)
Balance, at August 31, 2004	$-
Advances	76,287
Write-down of investment in and advances to AGG Canada	(76,287)
Balance, at February 28, 2005	$-

On September 30, 2004 the Company acquired 1,407,069 shares of Active Gold Group Ltd. (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 (market value $160,000) of Sydney Resource Corporation, paid from the Company s holdings of that security. See Note 5.(c). As Active Gold is estimated to have nominal value, the transaction was entered into for the purpose of preserving existing business relationships. The Company will record the exchange as an expense.

(b)

MAG Silver Corporation

During 2003 the Company was paid a finders fee of 200,000 shares of MAG Silver Corporation for the introduction of MAG Silver to certain people and mineral properties located in Mexico. The shares were recorded at their issue price of $0.50 per share. During 2003 the Company sold 100,000 of these shares for proceeds of $67,630. The remaining 100,000 MAG shares owned by the Company had a market value of $96,000 at February 28, 2005.

(c)

Sydney Resource Corporation

On February 18, 2002, New Millennium granted Sydney Resource Corporation an option to earn a 50% interest in New Millenium s 100% owned Simlock Creek gold project, located in the Cariboo Mining District of British Columbia, in exchange for cash payments of $53,000 over five years and $1,000,000 in work over five years. On December 2, 2003 the Company and Sydney agreed to terminate the Option and the Company then sold the property to Sydney outright in exchange for 1,200,000 shares of Sydney at a value of $0.20 per share. During the period ended February 28, 2005 the Company exchanged 399,999 of these Sydney shares for the purchase of 1,407,069 shares of Active Gold Group Ltd. as described in Note 5 (a). At February 28, 2005 these shares had a market value of $0.25 each.

6.

MINERAL PROPERTIES

Mineral properties consist of the following:

Annual Expenditure by Category	**FEB. 28 2005**	AUG. 31, 2004	AUG. 31, 2003
Acquisition Costs	**$306,827**	$515,777	$459,809
Assays & geochemical	**264,707**	315,001	220,334
Drilling	**884,627**	1,081,099	365,780

Geological	**560,835**	979,836	460,875
Geophysical	**160,144**	155,532	80,440
Maps, fees and licenses	**7,187**	26,904	37,318
Reclamation	**-**	4,480	-
Site administration	**118,222**	72,150	35,279
Travel	**48,245**	76,411	56,108
	2,350,794	3,227,189	1,715,943
Less recoveries (adjustments)	**55,000**	78,750	(40,335)
	2,295,794	3,148,439	1,756,278
Total, beginning of year	**5,995,550**	3,891,653	2,951,089
Less amounts written off	**(15,450)**	(1,044,542)	(815,714)
	5,980,100	2,847,111	2,135,375
Total, end of period	**$8,275,894**	$5,995,550	$3,891,653

Annual Balance by Category	**FEB. 28, 2005**	AUG. 31, 2004	AUG. 31, 2003
Acquisiton costs	**$2,144,604**	$1,899,705	$1,912,895
Deferred exploration costs	**6,131,290**	4,095,845	1,978,758
	$8,275,894	$5,995,550	$3,891,653

Details of specific mineral properties are as follows:

	August 31, 2003	Costs (Recoveries) Incurred During the Year	Properties Written Off	August 31, 2004	Costs (Recoveries) Incurred During the Year	Properties Written Off	**February 28, 2005**

ONTARIO							
Agnew Lake	$350,997	$(19,145)	$-	$331,852	$(55,000)	-	$ **$276,852**
Pro Am	17,824	3,600	-	21,424	9,000	-	**30,424**
Other Sudbury	109,881	4,974	(100,485)	14,370	-	-	**14,370**
Shelby Lake	556,331	141,675	-	698,006	885	-	**698,891**
Taman	159,572	2,771	(162,343)	-	-	-	**-**
Taman East	69,444	531	(69,975)	-	-	-	**-**
Senga	60,427	-	(60,427)	-	-	-	**-**
Dog River	212,634	1,576	-	214,210	-	-	**214,210**
LDI River	594,942	160,898	-	755,840	-	-	**755,840**
S Legris	559,052	28,317	(587,369)	-	-	-	**-**
Pebble	131,322	10,961	-	142,283	88,818	-	**231,101**
Stucco	-	-	-	-	-	-	**-**
PS Overlap	18,660	2,098	(20,758)	-	-	-	**-**
Faries lake	-	76,792	-	76,792	1,162	-	**77,954**
Moshkinabi	-	60,824	-	60,824	643	-	**61,467**
Lakemount	9,910	949,882	-	959,792	214,220	-	**1,174,012**
Seagull	-	8,341	-	8,341	633,109	-	**641,450**
Moss Lake	-	10,844	-	10,844	110,414	-	**121,258**
Other - Ontario	51,855	13,967	(16,895)	48,927	10,044	-	**58,971**
	2,902,851	1,458,906	(1,018,252)	3,343,505	1,013,295	-	**4,356,800**
Western Bushveld JV	-	-	-	-	257,823	-	**257,823**
Bushveld	26,290	52,131	(26,290)	52,131	34,881	-	**87,012**
Tweespalk	125,426	590,708	-	716,134	109,975	-	**826,109**
Elandsfontein	571,398	470,169	-	1,041,567	141,369	-	**1,182,936**
Onderstepoort	122,160	70,722	-	192,882	90,661	-	**283,543**
Zandriver	3,769	11,681	-	15,450	-	(15,450)	**-**
War Springs	139,759	494,122	-	633,881	647,790	-	**1,281,671**
	988,802	1,689,533	(26,290)	2,652,045	1,282,499	(15,450)	**3,919,094**
Total	$ 3,891,653	3,148,439	$ (1,044,542)	$ 5,995,550	2,295,794	(15,450)	**$ 8,275,894**

(a)

Ontario

(i)

Agnew Lake

The Company has earned a 99% interest in certain claims located near Sudbury, Ontario known as the Agnew Lake property subject to a 2% royalty interest payable to the original vendor. The Company optioned the Agnew Lake property to Pacific Northwest Capital Corporation (PFN) on June 18, 2000. PFN may acquire a 50% interest in the Agnew Lake Property by issuing 50,000 shares to the Company (received), making cash payments to the Company totaling $200,000 (received) and incurring $500,000 in exploration costs to its own account. In the event that PFN does not incur the required $500,000 in exploration expenses they may exercise their option by payment to the Company of any remaining unspent balance in PFN common shares. According to the terms of a 2001 amendment PFN has paid the Company four payments of 75,000 PFN shares towards the exercise of PFN s option. PFN is the project operator and is responsible for completion of all assessment and filing requirements as long as it remains operator.

On June 22, 2001, the Company and PFN optioned their property interests to Kaymin Resources Limited (Kaymin), a subsidiary of Anglo American Platinum Corporation Limited. Kaymin may acquire a 50% interest in the combined rights and interests of the Company and PFN by making cash payments of $200,000 to each party (received) and incurring exploration expenditures of not less than $6,000,000. Kaymin can earn an additional 10% interest by completing a bankable feasibility study and arranging financing for any development or construction.

At August 31, 2004, the Company had directly performed $512,265 worth of exploration work and caused further work of approximately $2,700,000 to be performed through the joint venture arrangement with PFN and Kaymin.

(ii)

Pebble

On March 30, 2000, the Company acquired an option to earn a 51% interest in 96 mineral claims located near Thunder Bay, Ontario known as the Pebble property in exchange for cash payments of $34,000 ($29,000 has been paid to February 28, 2005, and $5,000 has been paid subsequently) and the expenditure of $500,000 ($196,702 incurred) in exploration within 5 years from the date of the agreement. The Pebble agreement was amended on January 27th, 2005 to allow the Company an additional three years to March 30, 2008 - to meet it s exploration commitments in exchange for making annual cash payments of $5,000 to March 29, 2008 ($15,000 total) and undertaking a minimum of $50,000 in annual exploration expenditures. The Company can earn an additional 9% interest in the property by completing a feasibility study within 36 months of earning the 51% interest described above.

(iii)

Dog River

The Company has acquired a 100% interest in the Dog River property, located in the Lac des Iles area, which is subject to a 2.5% NSR royalty in favour of the original vendor, of which the Company may purchase one half back for $1,500,000.

(iv)

South Legris

In April 2000 the Company acquired an option to earn a 50% interest in 261 mineral claims located near Thunder Bay, Ontario known as the South Legris property in exchange for cash payments of $98,300 (paid) and the expenditure of $1,000,000 ($492,330 incurred) in exploration expenditures within 5 years of the date of the agreement. The Company terminated the option in 2004 and $587,369 in deferred costs related to the property were written off at August 31, 2004. The South Legris Option Agreement was amended on January 27th, 2005 to allow the Company an additional three years (to April 10,2008) to meet it s exploration commitments in exchange for making annual cash payments of $5,000 to April 10, 2008 ($15,000 total) and undertaking a minimum of $50,000 in annual exploration expenditures. The Company can earn an additional 10% interest in the property by completing a feasibility study within 36 months of earning the 50% interest described above.

(v)

Shelby Lake

On June 28, 2000, New Millennium entered into an option agreement to earn up to 60% interest in the Shelby Lake property, located in the Lac des Iles area. To earn a 50% interest the Company is required to make cash payments of $10,000 (paid), issue 30,303 shares (issued) and complete $500,000 in exploration expenditures over a four-year period. To February 28, 2005 the Company has incurred costs of $565,444 (August 31, 2004 - $564,559). The Company may earn a further 10% interest by expending a further $500,000 over an additional 30-month period. The property is subject to a 2% NSR royalty, of which the Company can purchase one half back for $500,000.

(vi)

Senga and Tib

New Millennium acquired these claims, located in the Lac des Iles region of Ontario, by staking on March 20, 2000. The Tib property was abandoned as of August 31, 2003, resulting in a write-off in the amount of $29,726. The Senga property was abandoned as of August 31, 2004, resulting in a write-off in the amount of $60,427.

(vii)

Lac des Iles River

On May 5, 2000, New Millennium entered into an option agreement to acquire a 50% interest in the Lac des Iles River property in exchange for payments of $38,500 over three years (all of which was paid) and the completion of exploration expenditures in the amount of $1,000,000 over five years, $548,316 of which has been incurred to February 28, 2005. The Lac des Iles River Option Agreement was amended January 27, 2005 to allow the Company an additional three years, to May 5, 2008, to meet it s exploration commitments in exchange for making annual cash payments of $5,000 to May 5, 2008 ($20,000 total) and undertaking a minimum of $50,000 in annual exploration expenditures. The Company can earn an additional 10% interest on completion of a feasibility study within a further three years.

(viii)

Taman Lake Project

Pursuant to option agreements dated February 7, 2000 and amended on June 24, 2002 and March 25, 2003 New Millennium acquired an option to earn an undivided 100% interest in the Taman and Taman East properties, located in the Lac des Iles area. The Company was required to make payments of $97,500 over five years ($73,500 of which was paid to August 31, 2004) and issue 89,183 shares over five years (71,183 of which were issued to August 31, 2004). The Taman properties have been written off as of August 31, 2004, resulting in a write-off in the amount of $232,318.

(ix)

Lakemount

On November 6, 2003 the Company acquired an option to earn up to a 62% interest in the 3,017 hectare Lakemount property located near Wawa, Ontario. The Company may earn up to a 51% undivided property interest by completing $2.5 million in exploration and development expenditures ($1,036,024 incurred) and by making staged payments totalling $150,000 ($50,000 paid) and 150,000 common shares (25,000 issued) by December 31, 2008. The Company may acquire an additional 11% interest in the property by making a payment of $3.3 million to an underlying holder. The property is subject to NSR royalties ranging from 1.5% to 3.0% and a net sales royalty on precious stones of 1.5%, subject to buy-out and buy-down provisions.

(x)

Seagull

On September 24, 2004 the Company acquired an option to earn up to a 70% interest in the Seagull property located in the Nipigon region of Ontario. The Company can earn an initial 50% property interest by completing certain exploration expenditures and cash payments over 5 years. Cumulative exploration expenditures required are $500,000 ($558,486 incurred to February 28, 2005) within 12 months from the date of the option agreement, $1.5 million within 24 months, $3.0 million within 36 months, $5.0 million within 48 months, and a cumulative total of $7.5 million within 60 months from the date of the option agreement. The Company can earn an additional 10% property interest by completing a bankable feasibility study for the property and may then earn a further 10% property interest by providing or arranging production financing. Required cash payments to the vendors are an initial $75,000 within 30 days of the agreement (paid), $75,000 within year one, $125,000 within year two, $125,000 within year three, $150,000 within year four, and $200,000 within year five for an aggregate total of $750,000. The property is subject to underlying NSR Royalties of 2.4% from which the Company may buy-back 1.4% for $2.0 million.

(xi)

Moss Lake

On August 5, 2004 the Company optioned a 100% property interest in the Moss Lake property for optional cash payments of $85,000 over 3 years ($10,000 paid) and optional share payments of 40,000 common shares over 3 years. The property is subject to an underlying 3% NSR Royalty, from which the Company may buy-back 2.0% at a price of $500,000 per one-half percentage point bought back.

(b)

Republic of South Africa

(i)

War Springs and Tweespalk

On June 3, 2002, the Company entered an option agreement whereby it may earn a 100% interest in the 2,396 hectare War Springs property and the 2,177 hectare Tweespalk property both located in the Northern Limb or Platreef area of the Bushveld Complex north of Johannesburg. Acquisition and exploration costs on these properties to February 28, 2005 total $2,107,780 (August 31, 2004 - $1,350,015).

The Company may purchase 100% of these mineral rights at any time within three years from the grant of a prospecting permit on each property for US$475 per hectare in year one, or US$570 per hectare in year two, or US$690 per hectare in year three. The Company must also pay prospecting fees to the vendors of US$2.50 per hectare in year one, US$2.75 per hectare in year two and US$3.25 per hectare in year three. Prospecting permits were granted to the Company in August 2003 for the Tweespalk property and February 2004 for the War Springs property. The vendors retain a 1% NSR Royalty on the property, subject to the Company s right to purchase the NSR at any time for US$1.4 million. A 5% finders fee applies to vendor payments.

In November 2002, the Company entered into a joint venture agreement with Africa Wide Mining (AW), a Black Economic Empowerment group in South Africa, whereby they may acquire 30% of both the War Springs and Tweespalk properties in exchange for contributing 30% of all costs. In September 2003, the Company, AW and Black Economic Empowerment company Taung Minerals (Pty) Ltd. (Taung) agreed to a negotiated settlement of a title dispute by reducing AW s participation in the War Springs project from a 30% participating interest to a 15% interest carried to bankable feasibility, and then granting Taung a 15% interest carried to bankable feasibility. The Company s 70% interest remained unchanged.

The Company has not recorded a receivable for AW s 30% participating interest in the Tweespalk property, which at February 28, 2005 is calculated to be $247,833 (August 31, 2004 - $214,840) on the basis that collection of the amount is not reasonably assured. The amount, if any, ultimately recovered from AW will be treated as a reduction of the Company s costs relating to the Tweespalk property when received.

(ii)

Elandsfontein

In December 2002 the Company acquired an option to purchase 100% of the 296 hectare Elandsfontein property located in the Western Bushveld area. The Company made an initial payment to the Vendors of R 150,000 (approximately C$29,500) and exceeded a minimum work requirement. The Company must also pay a base price of R 43 (approximately C$8.50) per tonne of identified open castable economic resource on the property, to a minimum of R 4,000,000 (approximately C$791,000) and a payment of R 4.30 (approximately C$0.85) per tonne on any economic underground resource, both payable 90 days after the grant of a mining authorization. The Company also acquired a right to purchase the surface rights to the property at a price of R 6,500 (approximately C$1,285) per hectare.

The Company exercised its option to purchase the Elandsfontein property by way of 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 claim under the terms of the option agreement is strong and the matter will be determined in the Company s favour.

(iii)

Onderstepoort

During 2003 the Company entered into three option agreements to acquire mineral rights on seven portions comprising approximately 1085 hectares of the farm Onderstepoort 98 JQ located in the Western Bushveld. The Company may earn 100% of the mineral rights over 952 hectares and 50% of the mineral rights over the balance of 132 hectares. To earn its interests the Company must make aggregate prospecting payments to the vendors of R 745,000 (approximately C $144,000) by March of 2005, of which R 355,000 has been paid. The Company must also make aggregate purchase payments of R 8,549,000 (approximately C $1,675,000) over three years from the date of grant of prospecting permits on the various portions. During 2004 the Company was granted valid old order prospecting permits on five portions of the farm and has been given formal approval by the Government of South Africa of its new order prospecting permit applications on the remaining two farm portions. Certain portions are subject to a 1% NSR royalty which the Company may buy-back for R 5,000,000 (approximately C $975,000). One portion is subject to the vendor s right to participate for a 15% working interest with the Company in a joint venture.

(iv)

Western Bushveld JV

On October 26, 2004 the Company entered into a joint venture with, Anglo American Platinum Corporation Limited and Africa Wide Mineral Prospecting and Exploration (Pty) Limited (the Venture) to pursue platinum exploration and development on combined mineral rights covering 67 square km on the Western Bushveld Complex of South Africa. All conditions precedent to the Joint Venture were satisfied on January 26, 2005 and that date became the Effective Date of the agreement. The Company will contribute all of its interests in portions of the farms Onderstepoort 98JQ and Elandsfontein 102JQ. Anglo Platinum will contribute its interests in portions of the farms Koedoesfontein 94JQ, Elandsfontein 102JQ and Frischgewaagd 96JQ. The Company and Anglo Platinum will each own an initial 37% working interest in the Venture, 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 Venture in areas such as training, job creation and procurement.

The Company will operate and fund an exploration program in the amount of Rand 35 million (approx. US$ 5.6 M; C$7.0 million) over the next five years. Minimum expenditures in year one in the amount of Rand 5 million are a firm commitment by the Company. Optional expenditures in years two and three are also Rand 5 million and in years four and five amount to Rand 10 million in each year. After Rand 35 million in expenditures have been funded by PTM, the parties will fund their portion of further expenditures pro-rata based upon their working interest in the Venture.

Once a bankable feasibility study has been completed the respective interest of the parties will be adjusted to reflect their relative contribution of measured, indicated and inferred ounces determined in accordance with the South African SAMREC geological code at rates of US $0.50 per inferred ounce, US $3.20 per indicated ounce and US $6.20 per measured ounce. Each party will have the opportunity to contribute capital necessary, if so desired, to maintain their respective initial working interest in the JV. The JV agreement also provides a mechanism whereby Anglo Platinum may elect to become a non-contributory participant to the JV and by doing so would be subject to dilution.

The targets for exploration on the joint venture properties will be the Merensky and UG2 reefs of the Bushveld Complex, which incorporates an existing mine, formerly Anglo Platinum s BRPM platinum mine, and the Styldrift property, contributed to the BRPM JV by the Royal Bafokeng Nation.

(c)

Write-down of mineral properties

During the period the carrying values of certain mineral properties of the Company s were determined to be impaired, resulting in a write-off in the amount of $15,450 (February 29, 2004 - $40,853).

(d)

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

7.

SHARE CAPITAL

(a)

Authorized

1,000,000,000 common shares without par value

(b)

Issued and outstanding

During the period ended February 28, 2005:

(i)

the Company issued 25,000 common shares in connection with the acquisition of mineral properties at a fair value of $28,000.

(ii)

2,469,949 share purchase warrants were exercised for proceeds of $2,300,462 and 828,000 stock options were exercised for proceeds of $468,100.

During the year ended August 31, 2004:

(i)

the Company issued 10,909 common shares in connection with the acquisition of mineral properties at a fair value of $3,600.

(iii)

1,747,032 share purchase warrants were exercised for proceeds of $1,428,407 and 132,000 stock options were exercised for proceeds of $59,200.

(iv)

the Company completed a private placement for total proceeds of $2,040,000 through the issuance of 2,400,000 units at a price of $0.85 per unit. 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 of the Company at a price of $1.10 until October 31, 2004.

(v)

the Company closed brokered private placements for gross proceeds of $2,721,555 on July 14, 2004. Proceeds of $1,267,200 were from the sale of 1,056,000 flow-through shares at $1.20 per share and $1,454,355 was from the sale of 1,385,100 non-flow-through units at $1.05 per unit. Each non-flow-through unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase an additional common share until January 14, 2006 at a price of $1.35 per share. Agent s fees amounted to 8.0% of gross proceeds. Of this amount $188,842 was paid in cash and $26,362 was paid by way of 25,107 non-flow-through units of the offering at the issue price of $1.05 per unit. The Agents legal and other costs totalling $42,535 were paid by the Company, as well the Company paid $36,409 to its lawyers for legal costs relating to the private placement. The Agents also received 241,110 compensation options exercisable into common shares of the Company at a price of $1.20 per share until July 14, 2005.

During the year ended August 31, 2003:

(vi)

the Company issued 47,696 common shares in connection with the acquisition of mineral properties at a fair value of $16,140.

(vii)

the Company issued 571,603 common shares in exchange for $200,061 worth of

exploration work on the Shelby Lake and Lac des Iles River properties pursuant to an Option Agreement with Wheaton River Minerals Ltd. dated April 12, 2002.

(viii)

the Company completed a private placement for proceeds of $500,000 through the issuance of 1,000,000 units at a price of $0.50 per unit. 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 of the Company at a price of $0.75 until December 17, 2004.

(ix)

the Company completed private placements for gross proceeds of $1,799,125. Proceeds of $767,875 were from the sale of 1,181,346 Flow-Through Units at $0.65 per unit. Each Flow-Through Unit consisted of one flow-through common share and one non-flow-through common share purchase warrant exercisable at a price of $0.85 until December 12, 2004. Proceeds of $1,031,250 were received from the sale of 2,062,500 Non-Flow-Through Units at a price of $0.50 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. A further 304,385 share purchase warrants were issued to brokers in connection with this private placement. Each share purchase warrant is exercisable into one common share at a price of $0.75 until December 24, 2004. Fees, legal and other costs of these placements totalled $209,193.

(x)

645,990 share purchase warrants were exercised for proceeds of $233,389 and 96,500 stock options were exercised for proceeds of $35,025.

(xi)

714,272 shares of the Company were released from an original total of 1,190,453 held in escrow pursuant to an arrangement whereby these shares would be released based on a predetermined schedule, such release period not to exceed three years. A further 199,308 shares remained held in escrow at August 31, 2003 subject to the terms of release of a separate escrow agreement originating with predecessor company New Millennium Metals Corporation. The terms of release provide for pro rata release of the escrow shares on the basis of 15% of the original number of performance escrow shares held for every $100,000 expended on exploration and development, subject to certain limitations.

PLATINUM GROUP METALS LTD.

(An exploration stage company)

Notes to the Consolidated Financial Statements

February 28, 2005

(c) Incentive stock option agreement

The Company has entered into Incentive Stock Option Agreements (Agreements) with directors, officers and employees. Under the terms of the Agreements, the exercise price of each option is set at the fair value of the common shares at the date of grant.

The following tables summarize the Company s outstanding stock options:

	NumberExerciseof SharesPrice	Weighted Average
Options outstanding at August 31, 2002	2,061,000	0.53
Granted	465,000	0.57
Exercised	(96,500)	0.67
Cancelled	(162,500)	0.36
Options outstanding at August 31, 2003	2,267,000	0.53
Granted	590,000	1.04
Exercised	(132,000)	0.45
Cancelled	(300,000)	0.60
Options outstanding at August 31, 2004	2,425,000	0.65
Granted	1,736,000	1.01
Exercised	(828,000)	0.57
Cancelled	(125,000)	1.05
Options outstanding at February 28, 2005	3,208,000	$0.85