

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

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)

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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

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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:

<u>Metric</u>	Conversion Table	<u>Imperial</u>
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;

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- 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 90th 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.

SELECTED FINANCIAL DATA

(CDN\$)

	Year Ended	Year Ended	Year Ended	Year Ended	March 16, 2000 to
	<u>August 31, 2004</u>	<u>August 31, 2003</u>	<u>August 31, 2002</u>	<u>August 31, 2001</u>	<u>August 31, 2000</u>
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.

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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

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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

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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,

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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. Acquisition 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

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\$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 failed to locate economic mineralization and the Senga property was allowed to lapse in 2004. Acquisition 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 locate 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 initial geological reconnaissance 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.

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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

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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 were 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 its 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

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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

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\$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

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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 reconnaissance 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 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 reacquire 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 strong and 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

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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 Feasibility 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 (Oorlogfontein) 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 25° 26' (S) and Longitude 27° 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 25° 27' (S) and Longitude 27° 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 25° 24' (S) and Longitude 27° 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 25° 21' (S) and Longitude 27° 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 24°14' (S) and Longitude 29° 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 23° 42' (S) and Longitude 28°54' (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 date 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 its 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).

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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

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the Tweespalk property. PTM is not aware of any exploration data in the public domain which predates its 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 66,000km². 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.

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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 Illes 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).

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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° 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 quartzites 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 25° to 35°.

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

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

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

BHID	Start	End	METRES		CO-ORDINATES (WGS84)			Dip	Total Samples
			From	To	X	Y	Z		
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

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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 km² 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 Oorlogfontein 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):

Hole No	Start	End	METRES		CO-ORDINATES			Dip
			From	To	X	Y	Z	
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% Cr₂O₃ over 4 metres with the highest value at 1.90 % Cr₂O₃ 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

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

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

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** 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, 23° 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.

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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

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.

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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.IV 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

BHID	Def	MR			UG2						
		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

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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

55

56

5

7

Figure 4 – Merensky Reef - Borehole Locations and Reef Facies Distribution

UG 2 Reef

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The UG 2 reef was intersected in only 5 boreholes (which could be used in the resource estimation) towards the north of the area of interest, with the reef thickness varying between 64 cm and 265 cm. Grades vary between 0.46 and 5.87 ppm. No reef type classification could be done due to the limited number of boreholes available. Towards the south-west the UG 2 was either not intersected due to boreholes being stopped to short, reef very thin (possibly not UG 2 since it has been caught up in the shear zone), faulted out or no reef has been recognised. The area of estimation has been limited to the area to the north-east, including boreholes ELN 1, FG 29, FG 2, FG 30 and FG 7.

Figure 5. UG 2 reef – Borehole positions and reef development.

STRUCTURAL DISCONTINUITIES

Weathering affects the reef horizons to a depth of 50 m since the pyroxenites are the most affected. The outcrop trends north-west to south-east. It is not possible from the data to determine whether potholes occur on the property although the possibility exist that pothole edges could be associated with the Contact type reef identified on the property. Duplicated reef intersections could represent pothole edge effects (goose-necking). Pseudo-reefs along the pothole edges and associated with goose-necking could be developed as well. Reef packages to the south in the Elandsfontein area are significantly affected by replacement pegmatoids (Siepker and Muller, 2004) and this should be taken into consideration in the resource estimation and geological loss figures within the Feldspathic pegmatoidal pyroxenite reef type area.

No faults have been identified in the boreholes, but from the magnetic surveys (Figure 6) as well as the 3D Datamine modelling some faulting can be inferred. A shear zone along the Alteration Zone eliminating stratigraphy progressively from the UG 2 horizon to the Main Zone from east to west has serious consequences for the economic units. The UG 2 could have been eliminated for a large part of the area of interest with the Merensky reef affected only further to the west (close to the outcrop area). This feature has been identified as part of the Elandsfontein project's geological assessment (Siepker and Muller, 2004) and can be observed on the Gravity survey image (Figure 7).

Figure 6. Magnetic survey image – Intrusive and possible faults to be observed.

Only thin dolerite intrusives were intersected in the boreholes (0.5 – 2 m thick). An east –west trending intrusive is evident on the magnetic image (Figure 6).

Figure 7. Gravity survey image.

GEOLOGICAL LOSSES – SUMMARY

Industry standards for geological losses are in the order of 30% for platinum mines and projects in the Bushveld Complex. Geological losses in this area within the Feldspathic pegmatoidal pyroxenite reef area though could be as high as 40% due to the influence of replacement bodies, faulting, presence of contact reef type (highly variable grade) and the possibility of potholing. The industry average of 30% geological losses have been applied to the resource estimates.

PRELIMINARY STRUCTURAL MODELLING FOR THE MERENSKY REEF

A structural model was not constructed due to the limited borehole intersections and the fact that collar elevations and down hole surveys were not available.

DRILLING and SAMPLING

A total of 23 boreholes (ELF and FG series) have been drilled within the area of interest supervised by Anglo Platinum. Some concern exists with regards the core management at the time of drilling since core were found to be misplaced in a number of boreholes (drilling runs (stick-ups) as well as individual pieces of core seems to have been turned around). PTM geologists fitted the core as far as possible before stratigraphic identification and correlation was done by PTM geologists and verified by Global Geo Services. Sampling was done by Anglo Platinum with no information available on the method/procedure applied. Some concern exist with regards the quality of this work especially within the Feldspathic pegmatoidal pyroxenite type reef area where a number of reef intersections were indicated to be sampled, but no assay results reported. The security (QA/QC) of the sampling process is unsure since no documentation is available. No documentation was provided with regards the sample preparation or analysis procedure.

DATA VERIFICATION

Global Geo Services compiled a Microsoft Excel spread sheet with assay values and associated depths for the reef intersections from the various datasets (Table 2). Geological modelling and resource estimation were based on this dataset. No borehole collar elevations and down-hole surveys are available.

MINERAL RESOURCE ESTIMATES

A total of 23 boreholes were drilled in the area of interest of which only 8 boreholes could be used for Merensky resource estimation and 5 boreholes for UG 2 resource estimation. Two boreholes were drilled to the west of the outcrop position. A number of boreholes were not sampled, some were sampled but no assay values reported, especially in the area towards the south.

Mineral resources were estimated for the Merensky reef based on 8 boreholes with 2 to 3 deflections per borehole and the UG 2 reef based on 5 holes and deflections. A total of 5 boreholes intersected the Harzburgitic type reef and 3 boreholes the Feldspathic pegmatoidal pyroxenite type reef. The assay values reflect 3PGE & Au. An area towards the south-west has been defined where resource estimation is not possible for the Merensky reef, based on diamond drilling information, since the reefs are less than 50 m from surface, leading to excessive core loss and thinning of the reefs/stratigraphy occur leading to reef identification/correlation problems. Figure 4 depicts the resource area and borehole distribution. No resource has been estimated for the north-western part of the Feldspathic pegmatoidal pyroxenite reef type area since no grade data exist in this area.

A mineral resource for the UG 2 reef was based on 5 boreholes. The assay values reflect 3PGE & Au. A resource for the UG 2 reef could only be estimated in the north of the area of interest, since no reliable information exists towards the south. This is probably due to the abutment of the reef against the shear zone/ Transvaal Sequence.

A minimum reef width/mining cut of 1.00 m has been used for both the Merensky and UG 2 reefs to estimate the resources. Borehole co-ordinates, reef width/minimum mining cut (of 1.00 m) and PGE (3PGE & Au) grades used in the resource estimation exercises are depicted in Tables 3 and 4.

Table 3. Borehole data used in estimation exercises.

HZT – Harzburgitic Reef Type

FPP – Feldspathic Pegmatoidal Pyroxenitic Reef Type

BOREHOLE INTESECTIONS**UG2 REEF**

<i>BHID</i>	<i>XPT</i>	<i>YPT</i>		<i>PGE</i>	<i>LENGTH</i>
<i>ELN01</i>	<i>9902.360</i>	<i>-2813499</i>	<i>UG2</i>	<i>2.65</i>	<i>1.77</i>
<i>FG02</i>	<i>9304.422</i>	<i>-2812867</i>	<i>UG2</i>	<i>0.46</i>	<i>1.70</i>
<i>FG07</i>	<i>8761.204</i>	<i>-2811846</i>	<i>UG2</i>	<i>5.87</i>	<i>1.56</i>
<i>FG29</i>	<i>9436.751</i>	<i>-2813313</i>	<i>UG2</i>	<i>1.27</i>	<i>1.00</i>
<i>FG30</i>	<i>8289.566</i>	<i>-2812141</i>	<i>UG2</i>	<i>3.39</i>	<i>1.00</i>

MERENSKY REEF FPP FACIES

<i>FG29D0</i>	<i>9436.751</i>	<i>-2813313</i>	<i>MR(FPP)</i>	<i>2.61</i>	<i>1.00</i>
<i>FG33D0</i>	<i>9392.247</i>	<i>-2813969</i>	<i>MR(FPP)</i>	<i>6.85</i>	<i>1.00</i>
<i>ELN12</i>	<i>8609.977</i>	<i>-2813751</i>	<i>MR(FPP)</i>	<i>9.77</i>	<i>2.09</i>

MERENSKY REEF HZT FACIES

<i>ELN01D0</i>	<i>9902.36</i>	<i>-2813499</i>	<i>MR(HZT)</i>	<i>10.45</i>	<i>1.00</i>
<i>FG02D0</i>	<i>9304.422</i>	<i>-2812867</i>	<i>MR(HZT)</i>	<i>16.27</i>	<i>2.24</i>
<i>FG07D0</i>	<i>8761.204</i>	<i>-2811846</i>	<i>MR(HZT)</i>	<i>6.86</i>	<i>1.51</i>
<i>FG30D0</i>	<i>8289.566</i>	<i>-2812141</i>	<i>MR(HZT)</i>	<i>4.32</i>	<i>1.00</i>
<i>FG31D0</i>	<i>7455.722</i>	<i>-2811466</i>	<i>MR(HZT)</i>	<i>5.30</i>	<i>1.00</i>

Table 4. Reef intersections

BH INTERSECTIONS					
BHID	Def	MR		UG2	
		MR g/t	MR RW	UG2 g/t	UG2 RW
<i>ELN01</i>	<i>D0</i>	15.24	0.530	2.81	1.830
<i>ELN01</i>	<i>D1</i>			2.43	1.800
<i>ELN01</i>	<i>D2</i>			2.71	1.680
<i>ELN01</i>	<i>D3</i>	18.32	0.700		
<i>FG02</i>	<i>D0</i>	13.21	1.970	0.20	1.700
<i>FG02</i>	<i>D1</i>			0.72	1.700
<i>FG02</i>	<i>D2</i>	18.69	2.500		
<i>FG03</i>	<i>D0</i>	4.12	0.870	2.18	1.650
<i>FG03</i>	<i>D1</i>			4.01	1.110
<i>FG03</i>	<i>D2</i>	3.67	1.080		
<i>FG03</i>	<i>D3</i>	5.90	1.110		
<i>FG06</i>	<i>D0</i>	4.47	1.070	1.62	0.590
<i>FG06</i>	<i>D1</i>			0.25	1.360
<i>FG06</i>	<i>D2</i>	15.78	1.300		
<i>FG06</i>	<i>D3</i>	21.22	0.730		
<i>FG07</i>	<i>D0</i>	3.95	1.290	5.50	1.860
<i>FG07</i>	<i>D1</i>			6.43	1.250
<i>FG07</i>	<i>D2</i>	8.14	2.040		
<i>FG07</i>	<i>D3</i>	7.83	1.190		
<i>FG08</i>	<i>D0</i>	4.51	0.860	1.71	1.810
<i>FG08</i>	<i>D1</i>	5.80	0.590		
<i>FG08</i>	<i>D2</i>	7.16	0.930		
<i>FG09</i>	<i>D0</i>	8.23	0.890	4.90	1.500
<i>FG09</i>	<i>D1</i>			5.20	1.400
<i>FG09</i>	<i>D2</i>	2.39	1.620		
<i>FG09</i>	<i>D3</i>	8.51	1.570		
<i>FG10</i>	<i>D0</i>	11.85	0.780	3.13	5.280
<i>FG10</i>	<i>D1</i>	11.12	0.810		
<i>FG10</i>	<i>D2</i>	7.14	0.540		
<i>FG29</i>	<i>D0</i>	3.40	0.580	1.99	0.640
<i>FG29</i>	<i>D1</i>	5.23	0.620		
<i>FG30</i>	<i>D0</i>	9.36	0.350	3.55	0.890

<i>FG30</i>	<i>D1</i>			<i>3.77</i>	<i>0.960</i>
<i>FG30</i>	<i>D3</i>	<i>17.93</i>	<i>0.300</i>		
<i>FG31</i>	<i>D0</i>	<i>11.27</i>	<i>0.470</i>		<i>0.700</i>
<i>FG31</i>	<i>D3</i>		<i>0.001</i>		<i>SS</i>
<i>FG31</i>	<i>D4</i>		<i>0.001</i>		<i>SS</i>
<i>FG33</i>	<i>D0</i>	<i>7.50</i>	<i>0.910</i>		<i>1.100</i>

Statistical and geostatistical analysis were not possible due to limited information. The inverse distance squared (ID^2) method was used for all interpolations. A 500 m x 500 m cell size was selected, which is half the average borehole spacing. The search radius was set to 2 000 m with a minimum of 2 data points.

The following parameters were interpolated into the 500 m x 500 m cells:

- 3PGE & Au
- Vertical mining width (length)

The corrected thickness was calculated using the dip and vertical thickness in each cell. A minimum width of 1.00 m was used in the resource estimation determinations. An SG of 3.2 for Merensky reef and 3.8 for UG 2 reef were used for tonnage calculations.

Mineral resources for the Merensky Reef and UG2 Reef are summarised in Table 5.

In keeping with industry practice in South Africa the breakdown of 4E elements was not specifically assessed in the Anglo data set, however, the QP makes the following estimates of the 4E breakdown based on PTM's assay data on the edge of the resources area and regional experience on the reefs which is as follows: MR: Pt 64.00%, Pd 27.45%, Rh 4.80% and Au 3.75% and for UG2: Pt 59.15%, Pd 29.55%, Rh 10.50% and Au 0.80%.

Table 5: Mineral Resources for the Merensky Reef and UG2 Reef over 1.00 m mining width.

REEF	TONNAGE (t)	METAL CONTENT		GRADE (g/t)	METAL CONTENT	
		WPGE (g)	TONNAGE (t) (30% geo-loss)		WPGE(g)	Moz
<u>FPP Reef Type (2 g/t cut-off)</u>	6,363,451.47	41,757,559.96	5,090,761.18	6.56	33,406,047.97	1.074
<u>HZT Reef Type (2 g/t cut-off)</u>	12,902,934.97	132,631,207.11	10,322,347.98	8.59	88,668,969.11	2.851
<u>Merensky reef - Total (2 g/t cut-off)</u>	19,266,386.44	174,388,767.07	15,413,109.15	7.92	122,075,017.08	3.925
<u>UG2 (1g/t cut-off)</u>	12,565,083.29	31697323.31	10,052,066.63	2.52	25,357,858.65	0.815
<u>TOTAL – MR and UG 2</u>			25,465,175.78	5.79	147,432,875.73	4.74
	14,571,195.52	36295138	11,656,956.41	2.49	29,036,110.40	0.934

NOTE:

1.

Minimum reef width/minimum mining cut = 1.00 m

2.

Weighted average grade for drill holes for HZT area = 9.9 g/t

3.

ID² grade for drill holes for HZT area = 10.8 g/t

4.

Sishel-T grade for drill holes for HZT area = 8.59 g/t

5.

Sishel-T grade used because of borehole spacing and to minimize the influence of BH FG 2 (high value and wide reef)

INTERPRETATION AND CONCLUSIONS

The WBJV Project seems to be situated on the south-western edge of the Bushveld Igneous Complex, with the Lower Main Zone (Hanging Wall sequence (HW 1 to 5)) and Critical Zone thinning significantly along this margin.

The upper noritic portion of the Main Zone could be identified and correlated with confidence. The contact with the anorthositic Hanging Wall sequence (HW 1 to 5) has been taken as a marker horizon. The Hanging Wall sequence (HW 1 to 5) thins significantly from east to west within the project area. Due to the thinning of the Critical Zone only FW 6 (mottled anorthosite with thin chromite stringer at base) and FW 12 (mottled anorthosite unit immediately overlying UG 2) as well as the Bastard pyroxenite to Merensky reef (separated by the noritic to anorthositic MID 1 to 3 sequence (or part of)) could be identified with confidence. Towards the south the sequence has been more severely affected by iron-replacement.

PGM values have been reported for the ELN 1, FG 2, FG 7, FG 30 and FG 31. Thick, higher grade Harzburgitic type reef towards the north and thin, variable grade Feldspathic pegmatoidal pyroxenite reef towards the south have been identified. No faulting has been observed to occur on the reef horizon within the intersections used in the resource estimation. The Bushveld Igneous Complex abuts against the Transvaal Sequence towards the south. A dramatic thinning of the Main (HW 1 – 5) and Critical (Bastard to FW 6) Zones take place towards the west.

A sequence of even grained, medium crystalline norites (possibly a chill margin with the Transvaal sediments?) occurs below a shear zone cutting progressively higher into the Bushveld stratigraphy from east to west. This causes the lower part of the Critical Zone sequence to be caught up in this zone of shearing. Thin chromitite layers and stringers occur within this zone and might be erroneously identified as UG 2. These chromitite layers/stringers could be remnants of UG 2 or any of the chromitite units lower down in the stratigraphy.

The resource (at a 2 g/t cut-off) for the Merensky reef is 15.4 Mt at 7.92 g/t (3PGE+Au) at a minimum mining cut of 100 cm. The UG 2 resource (at a 1 g/t cut-off) is 10.1 Mt at a grade of 2.52 g/t (3PGE+Au) for a mining cut of 100 cm.

*The resources are classified as **inferred** based on the borehole spacing and to a certain extent the quality of the data especially towards the south of the area of interest.*

RECOMMENDATIONS

More drilling needs to be done in the area of interest. The area underlain by the thicker and higher grade Harzburgitic reef type towards the north should be confirmed with more reef intersections. The possible economic viability of the area to the south with variable PGM values and reef development within the Feldspathic pegmatoidal pyroxenite reef type should be determined by further drilling. Care should be taken not to over drill the area with no possibility of economic viability of this area.

Attention should be given to stratigraphic (marker horizons) and reef type identification and description.

The following recommendations were made by PTM RSA Exploration Manager W. Visser for the 2005 exploration program on the WBJV and War Springs Projects.

Recommendations – 2005 Exploration Programs – WBJV and War Springs

The following exploration programs are recommended for PTM's Tweespalk, War Springs and Western Bushveld Joint Venture Properties. The objective of these programs will be to confirm and upgrade the presence of platinum mineralization, establish favourable geology and stratigraphy and where possible locate and continue tracing the Platinum Reefs on surface and at depth.

Recommended Exploration programs will be a phased approach as laid out below:

Phase 1 Confirmatory fieldwork

- *Confirm the presence of Platreef/Merensky/UG2 mineralization suggested by the previous phase by diamond drilling.*
 - *Establish downdip and along strike continuity of mineralization.*
 - *Identify potential structural features.*
 - *Identify priority drill hole positions.*
-

Phase 2 Resource drilling and resource categorisation

- *Confirm the presence of Merensky and UG2 (western limb) and Platreef (northern limb) mineralization suggested by the previous phase.*
- *Establish downdip and along strike continuity of mineralization.*
- *Identify potential structural features.*
- *Identify priority drill hole positions.*
- *Classify a Resource indicated to SAMREC, JORC and NI 43- 101 standards*

What follows are an estimate of the expenditure of Phase 1 for the Western Bushveld Joint Venture and War Springs:

TOTAL COST : C\$ 1 610 000.00

Western Bushveld Joint Venture : C\$ 990 000.00

War Springs : C\$ 620 000.00

Western Bushveld Joint Venture

The recommended 2005 exploration program for the WBJV Properties is split into two different programs, each with its own objective:

Program One - Resource Definition and Expansion: The objective of this program is to confirm, upgrade the confidence in and expand the current PGE resources as defined by drilling completed to date by Anglo Platinum. This inferred resource occurs in the south-eastern corner of the JV area. Drilling will target both the Merensky and UG2 Reefes. A total of 6,600 metres of diamond drilling is recommended for this phase of exploration with drill holes ranging from 300 to 600 metres in depth. Additional drilling is recommended on the RPM contributed portions of the Elandsfontein property to expand the current resource as determined on the PTM portion of the property. This program is anticipated to take 9 months to complete.

Program Two - Preliminary Exploration and Drill Testing: The objective of the second part of the 2005 program is to test the broad-scale potential and determine the location of the Merensky and UG2 reefes across the balance of the JV holdings with holes spaced approximately 1000 metres apart. The initial phase of this program will consist of drilling four 200-800 metre holes south of the Elands River. This program is anticipated to take 4-6 months to complete.

The recommended, Phase 1 2005 WBJV exploration program is budgeted at \$990,000.

War Springs

The recommended 2005 exploration program for the War Springs Property is split into two different programs, each with its own objective:

Program One - Fill-in Drilling: The objective of this phase of the recommended 2005 War Springs program is to upgrade the current understanding of the A, B and C mineralized horizons on the War Spring properties and to conduct sufficient drill testing to determine if an open-pittable resource can be calculate for these zones across the property. It is envisaged that this will be accomplished with three drill rigs, drilling vertical boreholes on a set grid of 100m x 100m with drill holes averaging between 100 and 120 metres. It is anticipated this program will require 3000 metres of drilling and take roughly 9 months to complete.

ProgramTwo - Preliminary Exploration and Drill Testing: The objective of this phase of the 2005 War Springs project is to continue with boreholes spaced at 500 metres along strike across the balance of the BIC to ascertain the PGE potential across the balance of the War Springs Property. Four drill holes drilled to a depth of 600 metres (2400 metres total) would be required to complete this phase of the program and is anticipated to take 6 months to complete.

The recommended 2005 War Springs exploration program is budgeted at \$620,000 Cdn.

Tweespalk

Currently no exploration planned or recommended for 2005.

The Agnew Lake Property, Ontario

Property Description and Acquisition

Agnew Agreement

Pursuant to an option agreement dated March 1, 1999 (the "Agnew Agreement") between the Company and Donald Hawke and Gregory Campbell (collectively, the "Agnew Optionors"), the Company 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 was initially comprised of 201 mineral claims totalling 3,216 hectares overlying a mafic intrusive complex located near Sudbury, Ontario. Pursuant to additional staking by the Company and the ProAm Agreement described below, the Agnew Lake Property now comprises 551 minerals claim unit in 219 claim blocks totalling 8,816 hectares. See Figure 8.

In order to earn the first 51% (the "First Option") in and to the Agnew Lake Property, the Company must incur expenditures of not less than \$1 million on the Agnew Lake Property, by no specific date, and pay the Agnew Optionors additional consideration as follows:

(a)

Cash payments totalling an aggregate of \$155,000 over a five-year period as follows:

(i)

\$25,000 on March 1, 2000; (paid)

(ii)

\$25,000 on March 1, 2001; (paid)

(iii)

\$25,000 on March 1, 2002; (paid)

(iv)

\$35,000 on March 1, 2003; (paid)

(v)

\$45,000 on March 1, 2004; (paid)

(b)

54,545 Common Shares as follows:

(i)

9,091 Common Shares if and when the first phase of an exploration program on the Agnew Lake Property has been completed and a duly qualified engineer or geologist shall have recommended that a second phase of exploration on the Agnew Lake Property or a part thereof be undertaken but in any event no later than September 1, 1999. The exploration program was commenced but not completed prior to September 1, 1999. The 9,091 Common Shares were issued on August 17, 1999;

(ii)

15,152 Common Shares if and when the second phase of an exploration program on the Agnew Lake Property has been completed and a duly qualified engineer or geologist shall have recommended that a third phase of exploration on the Agnew Lake Property or a part thereof be undertaken but in any event no later than March 1, 2000. The 15,152 Common Shares were issued on February 29, 2000; and

(iii)

The balance of 30,303 Common Shares if and when the third phase of an exploration program on the Agnew Lake Property has been completed and a duly qualified engineer or geologist shall have recommended that a further program of exploration on the Agnew Lake Property or a part thereof be undertaken or recommends that a study to determine the feasibility of commercial production of any mineral deposit in, on or under the Agnew Lake Property or a part thereof be undertaken but in any event no later than March 1, 2001. The 30,303 Common Shares were issued on March 1, 2001.

Once the Company has satisfied the requirements of the First Option, it may earn the remaining 48% interest (the "Second Option"), for a total of 99% interest in and to the Agnew Lake Property, the Company must incur an additional \$1 million in expenditures by no specific date. The Agnew Optionors will retain a 1% carried interest and a 2% net smelter royalty.

In the event of the termination of the Second Option and provided that the First Option has been exercised by the Company, the parties shall enter into a formal joint venture agreement within 120 days of the termination of the Second Option and the Company will, as of the commencement date of the joint venture, be deemed to have a 51% interest and the Agnew Optionors shall be deemed to have a 49% interest in and to the Agnew Lake Property.

In March 1999, the Company staked an additional 16 claims totalling 2,760 hectares covering the southern part of the Agnew Lake Intrusion. The Company owns 100% of these 16 claims.

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.

PFN Agreement

On June 18, 2000, a Letter of Intent (the "PFN LOI") was entered into between the Company and Pacific North West Capital Corp. ("PFN") with respect to the Agnew Lake Property. The terms of the PFN LOI were subsequently formalized in an Option Agreement (the "PFN Option Agreement") executed between the Company and PFN on August 15, 2000 and further amended on August 16, 2001. Pursuant to the terms of the PFN Option Agreement, PFN may acquire 50% of all of the Company's rights and interests in the Agnew Lake Property. In order to vest its 50% interest, PFN must incur exploration expenditures of \$500,000 on or before the fourth anniversary and become responsible for the fulfilment and completion of cash and share payments due to the Agnew Optionors pursuant to the Agnew Agreement. If exploration expenditures totalling \$500,000 have not been incurred by PFN by the fourth anniversary date, PFN may pay the amount of the deficiency to NMM in cash or by the issuance of common shares of PFN. Additional consideration to the Company pursuant to the PFN Option Agreement includes:

(a)

Cash payments totalling an aggregate of \$200,000 over a four-year period as follows:

(i)

\$30,000 upon the execution of the PFN LOI; (paid)

(ii)

\$35,000 on the first anniversary; (paid)

(iii)

\$35,000 on the second anniversary; (paid)

(iv)

\$45,000 on the third anniversary (paid); and

(v)

\$55,000 on the fourth anniversary (paid).

(b)

350,000 common shares of PFN as follows:

(i)

25,000 common shares of PFN upon regulatory approval of the PFN LOI; (issued) and

(ii)

25,000 common shares of PFN on the first anniversary; (issued)

(iii)

75,000 common shares of PFN on or before October 31, 2001; (issued)

(iv)

75,000 common shares of PFN within 45 days of Kaymin electing to proceed with the 2002 exploration program; (issued)

(v)

75,000 common shares of PFN within 45 days of Kaymin electing to proceed with the 2003 exploration program; (issued) and

(vi)

75,000 common shares of PFN within 45 days of Kaymin electing to proceed with the 2004 exploration program (issued).

PFN was appointed the operator of the property and is responsible for completion of all assessment and filing requirements as long as it remains operator of the Agnew Lake Property. PFN also staked an additional 11 claim blocks totaling 1,232 hectares (3,043 acres) which became part of the Agnew Lake Property.

Kaymin Agreement

A Heads of Agreement was entered into on December 19, 2000 (the "Heads of Agreement") pursuant to which the Company and PFN proposed to option a 65% 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. Until such time, there were no legally binding obligations among the parties and the terms of the Heads of Agreement were to remain confidential while Kaymin conducted due diligence of the Agnew Lake Property.

In June 2001, a Farm-In Agreement dated May 25, 2001 (the "Farm-In Agreement") was executed among Kaymin, the Company and PFN, which set out the definitive earn-in terms and legally binding obligations. Pursuant to the terms of the Farm-In Agreement, Kaymin may acquire a 50% interest in the combined rights and interests of the Company and PFN (or in other words, a 49.5% undivided interest in the Agnew Lake Property) by funding or otherwise incurring exploration and development expenditures on the property of not less than \$6.0 million by

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December 31, 2004 and making cash payments of \$200,000 to each of the Company and to PFN as follows:

(a)

Cash payments of \$200,000 to each of the Company and PFN within three days of the effective date of the Farm-In Agreement after which time Kaymin will have 30 days in which to elect to fund a 2001 exploration program budgeted at \$1.18 million which would be under the direction of PFN as project operator (paid).

(b)

Exploration expenditures totaling \$6 million over a four-year period as follows:

(i)

\$226,205 for reimbursement of PFN's previous exploration expenditures on the Agnew Lake Property which shall count towards the \$6 million earn-in expenditures; (paid)

(ii)

a cumulative amount not less than \$1.4 million by December 31, 2001; (completed)

(iii)

a cumulative amount not less than \$2.65 million by December 31, 2002; (completed)

(iv)

a cumulative amount not less than \$4.15 million by December 31, 2003; and

(v)

a cumulative amount not less than \$6 million by December 31, 2004.

The Company remains responsible for its underlying property option payments to the Agnew Optionors, but the expenditures of Kaymin will be credited towards the Company's and PFN's earn-in requirements.

Upon earning its 49.5% interest under the Kaymin Agreement, Kaymin may increase its interest in the property to 57% by entering into a joint venture with the Company and PFN, and completing a bankable feasibility study. Kaymin may subsequently increase its interest to 60% by arranging for or funding all costs of development and construction to commercial production. The Company and PFN would be required to repay Kaymin their portion of these costs from a percentage of their respective shares of production from the project, as described in the Kaymin Agreement.

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At the commencement of commercial production, and assuming PFN earns its full interest in the property, the Company and PFN would each retain an undivided 19.5% participating interest, and the Agnew Optionors, as the original property owners, would hold a 1% carried interest and up to a 2% net smelter returns royalty. Kaymin also has the right to purchase a further 5% interest (for an aggregate 65% interest) in the initial or subsequent mining operations developed on the Agnew Lake Property, based upon the net present value of the operations, according to their respective feasibility studies. PFN remains the operator of the property.

In the event that PFN does not incur its required earn in expenditures of \$500,000 on its own account (i.e. if another party incurs the expenditures) PFN may exercise its earn in right by payment of \$500,000 worth of PFN shares to the Company at any time before PFN's earn in deadline of December 20, 2004. By an amendment to the original agreement dated August 16, 2001, PFN has agreed to pay the Company incremental payments towards their earn in requirement. Commencing in 2001, 75,000 PFN shares will be paid annually to the Company for four years (all four tranches of which have been received), unless PFN exercises its earn in right earlier. The shares will be valued according to the ten-day average market price at their time of issue, but in no case at a value less than \$0.60 per share.

The Agnew Lake Farm-in Agreement was amended on October 10, 2001 to defer \$329,000 in exploration expenditures from 2001 to 2002 such that Kaymin was required to fund a minimum of \$109,000 exploration expenditures prior to December 31, 2001. The deferred expenditures were rolled forward to 2002 with the required cumulative expenditures to December 31, 2002 remaining unchanged at \$2.65 million. On April 18, 2002 PFN announced that Kaymin had approved and would fund an additional \$1.25 million dollars in exploration expenditures on the Agnew Lake Property in 2002.

The Agnew Lake Farm-in Agreement was further amended on October 10, 2003 and November 25, 2003 so Kaymin's requirement to complete cumulative work commitments of \$4,150,000 was extended, from December 31, 2003 to December 31, 2004. Similarly, Kaymin's requirement to complete cumulative work commitments of not less than \$6,000,000 by December 31, 2004 was extended to December 31, 2005. At the time of writing the exploration committee for the Agnew Lake Program had proposed to extend the December 31, 2004 deadline to December 31, 2005 and the December 31, 2005 deadline to December 31, 2006 with no other additional changes to the structure of the Agnew Lake Farm-in agreement recommended.

ProAm Agreement

Pursuant to an Agreement dated October 21, 2001 (the "ProAm Agreement"), the Company and PFN were granted an option to acquire up to a 100% interest in three claim blocks internal to the Agnew Lake Property (the "ProAm Property") from ProAm Explorations Corporation ("ProAm"). Under the terms of the ProAm Agreement, the Company and PFN can earn a 100% interest in the ProAm Property by making cash payments totaling \$30,000, issuing 29,091 Common Shares to ProAm, issuing 21,000 common shares of PFN to ProAm, making certain pre-production royalty payments annually and undertaking \$400,000 in exploration expenditures as follows:

(a)

Cash payments totaling an aggregate of \$30,000 over a two-year period as follows:

(i)

\$8,000 within 10 days regulatory approval; (paid)

(ii)

\$10,000 on the first anniversary of the ProAm Agreement; (paid)

(iii)

\$12,000 on the second anniversary of the ProAm Agreement (paid).

(b)

29,091 Common Shares and 21,000 common shares of PFN as follows:

(i)

8,485 Common Shares and 6,000 common shares of PFN within 10 days of regulatory approval; (issued)

(ii)

9,697 Common Shares and 7,000 common shares of PFN on the first anniversary of the ProAm Agreement; (issued) and

(iii)

10,909 Common Shares and 8,000 common shares of PFN on the second anniversary of the ProAm Agreement (issued).

(c)

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Exploration expenditures totaling \$400,000 in exploration expenditures on the ProAm Property by the fourth anniversary of the ProAm Agreement (the Company has not been notified by PFN as to the extent of expenditures on the ProAm Property); and

(d)

Beginning on the fifth anniversary of the ProAm Agreement, making annual payments of \$6,000 in pre-production royalties from which ProAm would be required to settle the advance royalty payable to the underlying vendor (Mr. James Bond II).

Under the terms of the ProAm Agreement, the ProAm Property became part of the Agnew Lake Property, and is subject to the Agnew Agreement and the Kaymin Agreement described above. Kaymin has assumed the underlying cash property option payments, which will also be credited to Kaymin's earn-in requirements, but the share installments remain the responsibility of the Company and PFN, respectively.

The ProAm Property is also subject to a 2.5% net smelter royalty in favour of the original property vendor (a Mr. James Bond II), 1.5% of which may be purchased by ProAm for \$1.5 million. Upon earning its interest, a 0.75% net smelter returns royalty will be granted to ProAm. The Company and PFN have the right to purchase the entirety of the initial 1.5% net smelter returns royalty from Mr. Bond should the terms of the ProAm Agreement be fulfilled, and by making an additional cash payment of \$100,000 to ProAm.

Location and Description

Information italicized below has been excerpted from reports dated July 15, 2002 entitled "Phase II Surface Exploration Program, Agnew Lake Property" by Scott Jobin-Bevans, M.Sc., P.Geol. and Grant Murre, M.Sc., dated October 31, 2002 entitled "Review of Phase I Drilling Results, Agnew Lake Property for Platinum Group Metals Ltd. as at August 31, 2002" by Derry, Michener, Booth & Wahl Consultants Ltd, dated May 1, 2003 entitled Summary of Phase 2 Diamond Drilling Program, Agnew Lake Property by Grant Murre, M.Sc., P.Geol. and Scott Jobin-Bevans, M.Sc., P.Geol. and a report dated Phase 5 Surface Exploration Program, Agnew Lake Property by Iain Kelso, H.B.Sc..

The Agnew Lake property is situated in the Sudbury Mining Division of Ontario, in Shakespeare, Dunlop, Shibananing, Gough and Porter Township (centred at 428193mE, 5135210mN - NAD27, Zone 17; NTS sheet 411/5).

The Agnew Lake property lies approximately 100 km west-southwest of the city of Sudbury, and 9 km north of the village of Webbwood. The western part of the property is accessible from the Westbranch Road, and the southeast portion is accessible from the Agnew Lodge Road. Agnew Lake provides boat access to the east and northern parts of the property, and a Hydro One power line, and a series of logging roads cut the northern and central parts of the intrusion, respectively. The Agnew Lake property is accessible year round. The climate is typical of the Southern shield. Four distinct seasons are evident. Surface exploration can be conducted 7 -8 months of the year with the optimum period ranging from early April until late October.

The Agnew Lake Property contains no known body of commercial ore.

The following is a summary of the claims comprising the Agnew Lake Property as at the date of this Form 20-F Annual Report:

Claim details for the Agnew Lake Property

Claim Numbers	Units	Size (ha)	Township	Recording Date	Due Date ⁽¹⁾
S1229584	15	240	Dunlop	July 12, 1999	July 12, 2006
S1229585	9	144	Dunlop	July 12, 1999	July 12, 2006
S1229586	10	160	Dunlop	July 12, 1999	July 12, 2006
S1236172	16	256	Shakespeare	March 5, 1999	March 5, 2006
S1236167	16	256	Shakespeare	March 5, 1999	March 5, 2006
S1236168	15	240	Shakespeare	March 5, 1999	March 5, 2005
S1236170	15	240	Shakespeare	March 5, 1999	March 5, 2007
S1236166	16	256	Shakespeare	March 5, 1999	March 5, 2006
S1236171	4	64	Shakespeare	March 5, 1999	March 5, 2006
S1236169	15	240	Shakespeare	March 5, 1999	March 5, 2007
S1236173	4	64	Shakespeare	March 5, 1999	March 5, 2007
S1236174	8	128	Gough	March 5, 1999	March 5, 2005
S1236175	16	256	Dunlop	March 5, 1999	March 5, 2007
S1236176	16	256	Dunlop	March 5, 1999	March 5, 2009
S1236162	2	32	Dunlop	March 5, 1999	March 5, 2006
S1236163	4	64	Dunlop	March 5, 1999	March 5, 2006
S1236164	15	240	Dunlop	March 5, 1999	March 5, 2006
S1236165	8	128	Dunlop	March 5, 1999	March 5, 2006
S1236177	3	48	Shibananing	March 5, 1999	March 5, 2005
S953446	1	16	Shibananing	March 24, 1987	March 24, 2006
S954067	1	16	Gough	March 24, 1987	March 24, 2006

Claim Numbers	Units	Size (ha)	Township	Recording Date	Due Date ⁽¹⁾
S954074	1	16	Gough	March 24, 1987	March 24, 2007
S953447	1	16	Shibananing	March 24, 1987	March 24, 2006
S954004	1	16	Gough	March 24, 1987	March 24, 2006
S954005	1	16	Gough	March 24, 1987	March 24, 2007
S954006	1	16	Gough	March 24, 1987	March 24, 2007
S954007	1	16	Gough	March 24, 1987	March 24, 2006
S954008	1	16	Gough	March 24, 1987	March 24, 2006
S954009	1	16	Gough	March 24, 1987	March 24, 2006
S954010	1	16	Gough	March 24, 1987	March 24, 2006
S954012	1	16	Gough	March 24, 1987	March 24, 2006
S954013	1	16	Gough	March 24, 1987	March 24, 2006
S954065	1	16	Gough	March 24, 1987	March 24, 2006
S954066	1	16	Gough	March 24, 1987	March 24, 2006
S954068	1	16	Gough	March 24, 1987	March 24, 2006
S954069	1	16	Gough	March 24, 1987	March 24, 2006
S954070	1	16	Gough	March 24, 1987	March 24, 2006
S954071	1	16	Gough	March 24, 1987	March 24, 2007
S954072	1	16	Gough	March 24, 1987	March 24, 2007
S954073	1	16	Gough	March 24, 1987	March 24, 2006
S1223075	10	160	Dunlop	May 22, 1998	May 22, 2006
S1229506	2	32	Dunlop	July 3, 1998	July 3, 2006
S1024194	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024181	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024182	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024183	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024190	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024191	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024200	1	16	Shibananing	July 25, 1989	July 25, 2006
S1116166	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116167	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116168	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116169	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116170	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116171	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116172	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116173	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116174	1	16	Dunlop	July 25, 1989	July 25, 2006
S1116175	1	16	Dunlop	July 25, 1989	July 25, 2006
S1116176	1	16	Dunlop	July 25, 1989	July 25, 2006

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S1116177	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116178	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116179	1	16	Dunlop	July 25, 1989	July 25, 2006
S1116180	1	16	Dunlop	July 25, 1989	July 25, 2008
S1116181	1	16	Dunlop	July 25, 1989	July 25, 2008
S1116182	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116183	1	16	Dunlop	July 25, 1989	July 25, 2008
S1116184	1	16	Dunlop	July 25, 1989	July 25, 2009
S1116185	1	16	Dunlop	July 25, 1989	July 25, 2008
S1116186	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116187	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116188	1	16	Dunlop	July 25, 1989	July 25, 2007

Claim Numbers	Units	Size (ha)	Township	Recording Date	Due Date ⁽¹⁾
S1116189	1	16	Dunlop	July 25, 1989	July 25, 2006
S1116190	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116191	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116192	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116193	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116194	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116195	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116204	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116205	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116206	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116207	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116208	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116209	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116210	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116211	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116212	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116216	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116217	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116218	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116219	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116220	1	16	Dunlop	July 25, 1989	July 25, 2008
S1116221	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116222	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116223	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116224	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116225	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116226	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116227	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116228	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116229	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116230	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116231	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116232	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116233	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116234	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116235	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116236	1	16	Dunlop	July 25, 1989	July 25, 2007

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S1116237	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116238	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116241	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116242	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116249	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116250	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116254	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116255	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116256	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116257	1	16	Dunlop	July 25, 1989	July 25, 2009
S1116348	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116349	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116350	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116351	1	16	Dunlop	July 25, 1989	July 25, 2007

Claim Numbers	Units	Size (ha)	Township	Recording Date	Due Date ⁽¹⁾
S1116352	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116353	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116354	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116355	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116356	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116357	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116361	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116362	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116258	1	16	Dunlop	August 4, 1989	August 4, 2009
S1116259	1	16	Dunlop	August 4, 1989	August 4, 2007
S1116260	1	16	Dunlop	August 4, 1989	August 4, 2007
S1116261	1	16	Dunlop	August 4, 1989	August 4, 2007
S1116262	1	16	Dunlop	August 4, 1989	August 4, 2007
S1116263	1	16	Dunlop	August 4, 1989	August 4, 2007
S1116373	1	16	Shakespeare	August 4, 1989	August 4, 2006
S1116374	1	16	Shakespeare	August 4, 1989	August 4, 2006
S1116375	1	16	Shakespeare	August 4, 1989	August 4, 2006
S1119135	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119140	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119141	1	16	Gough	August 4, 1989	August 4, 2007
S1119145	1	16	Gough	August 4, 1989	August 4, 2008
S1119146	1	16	Gough	August 4, 1989	August 4, 2007
S1119147	1	16	Gough	August 4, 1989	August 4, 2006
S1119148	1	16	Gough	August 4, 1989	August 4, 2007
S1119149	1	16	Gough	August 4, 1989	August 4, 2006
S1119150	1	16	Gough	August 4, 1989	August 4, 2006
S1119155	1	16	Gough	August 4, 1989	August 4, 2006
S1119164	1	16	Gough	August 4, 1989	August 4, 2007
S1119165	1	16	Gough	August 4, 1989	August 4, 2007
S1119166	1	16	Gough	August 4, 1989	August 4, 2007
S1119170	1	16	Gough	August 4, 1989	August 4, 2007
S1224120	4	64	Porter	December 14, 1998	December 14, 2008
S953445	1	16	Shibananing	March 24, 1987	March 24, 2006
S953448	1	16	Shibananing	March 24, 1987	March 24, 2006
S953449	1	16	Shibananing	March 24, 1987	March 24, 2006
S953444	1	16	Shibananing	March 24, 1987	March 24, 2007
S954011	1	16	Gough	March 24, 1987	March 24, 2006
S954064	1	16	Gough	March 24, 1987	March 24, 2006
S1229970	6	96	Dunlop	April 9, 1998	April 9, 2006

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S1116202	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116203	1	16	Dunlop	July 25, 1989	July 25, 2007
S1024184	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024185	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024186	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024187	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024188	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024189	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024192	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024193	1	16	Shibananing	July 25, 1989	July 25, 2005
S1024195	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024196	1	16	Shibananing	July 25, 1989	July 25, 2006

Claim Numbers	Units	Size (ha)	Township	Recording Date	Due Date ⁽¹⁾
S1024197	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024198	1	16	Shibananing	July 25, 1989	July 25, 2009
S1024199	1	16	Shibananing	July 25, 1989	July 25, 2006
S1024201	1	16	Shibananing	July 25, 1989	July 25, 2006
S1116200	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116201	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116239	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116240	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116243	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116244	1	16	Dunlop	July 25, 1989	July 25, 2009
S1116245	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116246	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116247	1	16	Dunlop	July 25, 1989	July 25, 2009
S1116248	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116251	1	16	Dunlop	July 25, 1989	July 25, 2009
S1116252	1	16	Dunlop	July 25, 1989	July 25, 2007
S1116253	1	16	Dunlop	July 25, 1989	July 25, 2007
S1119136	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119138	1	16	Shibananing	August 4, 1989	August 4, 2007
S1119139	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119143	1	16	Gough	August 4, 1989	August 4, 2007
S1119144	1	16	Gough	August 4, 1989	August 4, 2007
S1119185	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119186	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119187	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119191	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119137	1	16	Shibananing	August 4, 1989	August 4, 2006
S1119142	1	16	Gough	August 4, 1989	August 4, 2008
S1246434	6	96	Dunlop	October 30, 2000	October 30, 2006
S1191269	2	32	Gough	October 30, 2000	October 30, 2006
S1246188	12	192	Gough	October 30, 2000	October 30, 2006
S1240237	7	112	Shibananing	October 30, 2000	October 30, 2008
S1244326	1	16	Shibananing	October 30, 2000	October 30, 2008
S1246494	8	128	Dunlop	November 8, 2000	November 8, 2006
S1246496	2	32	Dunlop	November 8, 2000	November 8, 2006
S1246515	5	80	Shibananing	November 8, 2000	November 8, 2008
S1246190	4	64	Shibananing	October 30, 2000	October 30, 2008
S1246189	15	240	Dunlop	October 30, 2000	October 30, 2006
S1221504	15	240	Dunlop	August 10, 2001	August 10, 2006
S1221505	4	64	Shibananing	August 10, 2001	August 10, 2006

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S1221506	10	160	Shibananing	August 10, 2001	August 10, 2006
S1221507	11	176	Shibananing	August 10, 2001	August 10, 2008
S1229998	12	192	Gough	October 30, 1998	October 30, 2005
S1229999	16	256	Shakespeare	October 30, 1998	October 30, 2005
S1230000	13	208	Shakespeare	October 30, 1998	October 30, 2005

(1)

The due date is the date that the title to the claims will lapse if no further exploration is carried out on the claims and filed with the Province of Ontario. All claims remain in good standing as at the date of this Form 20-F Annual Report.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Agnew Lake property is characterized by a rocky landscape interspersed with areas of low relief occupied by lakes, swamps, marsh and muskeg. Bedrock exposure within the property accounts for approximately 15-20% of the land surface. The remaining scenery is characterized by dense forest of mainly birch, maple, spruce, poplar and pine trees. Approximately 75% of the northern contact is exposed along the NE-SW striking, Hydro One power line. The Agnew Lake property lies approximately 100 km west-southwest of the city of Sudbury, and 9 km north of the village of Webbwood. The western part of the property is accessible from the Westbranch Road, and the southeast portion is accessible from the Agnew Lodge Road. Agnew Lake provides boat access to the east and northern parts of the property, and a Hydro One power line, and a series of logging roads cut the northern and central parts of the intrusion, respectively. The Agnew Lake property is accessible year round. The climate is typical of the Southern shield. Four distinct seasons are evident. Surface exploration can be conducted 7 -8 months of the year with the optimum period ranging from early April until late October.

History

1954: Dominion Gulf Company completed 2 diamond drill holes in the southwest corner of the intrusion. Results are unknown.

1967: Broulan Reef mines Ltd. completed airborne magnetometer, electromagnetic survey. Location and results are unknown.

1968: Broulan Reef Mines Ltd. conducted a ground electromagnetic survey. Location and results unknown.

1969: Falconbridge Nickel Mines Ltd. completed a 380 ft diamond drill hole along the east-central edge of the intrusion. The hole intersected 214 feet of Huronian metasediment and 62 feet of sheared and highly altered gabbro containing finely disseminated pyrite. Assay results are unknown.

1974: Inco Ltd. conducted a 2-day reconnaissance sampling program in Shakespeare Township. A total of 8 samples were collected, none of which were apparently assayed.

1986: As part of a regional examination of 'Nipissing' rocks in the Sudbury area, BP Resources Canada Ltd. completed reconnaissance sampling in Shakespeare Township. Five samples returned values of >1 g/t combined Pt+Pd in the area they subsequently named the A-Zone of the Agnew Lake Intrusion.

1987: BP Resources Canada Ltd. acquired 27 claims in Gough and Shibananing Township. The company completed an airborne magnetometer and VLF survey over part of the complex. A grid was established over the A-Zone and several lines of induced-polarization survey were completed. Reconnaissance prospecting was carried out in the areas of the contact zones. Assay results included 5 samples with combined Pt+Pd >1 g/t (105 samples in total). The best result was 4.1 g/t Pt+Pd.

1988: BP Resources Canada Ltd. re-established the A-Zone grid and completed 6.3 line km of induced-polarization survey. Mapping and sampling of the A-Zone outlined mineralization over a 25-35 m wide interval extending intermittently for 700 m along strike. Thirty-eight (38) of 142 samples assayed over 1 g/t combined Pt+Pd, and 9 samples returned values >2 g/t Pt+Pd.

1989: BP Resources Canada Ltd. completed four diamond drill holes totalling 542m on the A-Zone. Results from core samples ranged up to 1 g/t combined Pt+Pd. Based on the drill hole results, most of the remainder of the Agnew Lake Intrusion was acquired by staking or option agreement.

1990: BP Resources Canada Ltd. established grids on the margins of the complex in the areas they named the B-, B2- (Brunne Option), C- and D-Zones. A two man geological team conducted prospecting in these areas as well as along four widely spaced traverse lines through the central parts of the complex. A total of 923 surface samples were obtained, of which 144 returned combined Pt+Pd values >1 g/t. The most significant results are summarized in Table 6. BP Resources Canada Ltd. completed 28 diamond drill holes totalling 4801m on the B-, B2-, C- and D-Zones. Significant results are summarized in Table 6.

1992-1993: BP Resources Canada Ltd. was disbanded and the Agnew claims transferred to Inco Ltd. Inco conducted a bulk channel sampling program on the B- and D-Zones. The bulk sample results indicate average grades of 56 ppb Pt and 188 ppb Pd for B-Zone mineralization, and 634 ppb Pt and 163 ppb Pd for D-Zone mineralization.

1998: The Inco claims over the Agnew Lake Intrusion were acquired by two local geologists, who staked additional ground including the Bye Zone. Prospecting of the latter area returned values up to 1.5 g/t Pt, 5.4 g/t Pd and 10.5 g/t Au. An independent American prospector staked a

small area in the south central part of the Agnew Lake Intrusion in late 1998 - the ProAm Property.

Table 6. Selected results from drill core samples, BP Resources Canada Ltd., 1990.

DDH #	Interval (m)	B-Zone		
		Au (ppb)	Pt (ppb)	Pd (ppb)
90-B-15	30.0-31.0	23	552	2168
90-B-16	23.0-24.0	34	266	1620
90-B-17	7.0-8.0	6	326	1017
90-B-18	210.0-211.0	16	731	1749
		C-Zone		
90-C-01	83.95-85.0	14	174	903
		D-Zone		
90-D-02	46.0-47.0	15	524	1081
90-D-07	358.0-359.0	37	1321	4570
90-D-09	561.0-562.0	126	459	1518

Geological Setting and Mineralization

The Agnew Lake Intrusion, also known as the Shakespeare-Dunlop Intrusion, is a member of the Paleoproterozoic East Bull Lake suite (EBLS) of intrusions, which include the East Bull Lake, River Valley, Drury, May, Falconbridge and Wisner Intrusive Complexes. The intrusions are characterized by gabbroic to anorthositic lithologies, in which plagioclase is the dominant cumulus phase. The members of the suite share a number of common characteristics in addition to lithology, including typically sill like forms, igneous layering and anomalous PGE mineralization. They range in age from 2.49-2.48 Ga and are most likely coeval with the volcanic rocks of the Huronian Supergroup.

The Agnew Lake Intrusion is exposed as a crudely elliptical body measuring roughly 10 km by 6 km, with its long axis trending about 110°. The complex is hosted by sulphur-poor granitic rocks of the Ramsey-Algoma Granitoid suite, and the intrusion is overlain by Matinenda Formation conglomerate, which forms part of the lower sedimentary sequences in the Huronian Supergroup. Post-emplacement faulting and late emplacement of mafic dykes and/or sills generally obscure the contact relations at the base and along the exposed contact of the complex. In a few locations, mainly along the northern contact, quenching of the Agnew magmas is evidenced by occasional exposures of highly altered and chilled marginal gabbros. Some degree of at least localized partial melting of the country rocks is evident with the rare occurrence of net-textured granitic veins within the chilled marginal rocks. At localities where the upper contact of the intrusion is exposed there is no evidence of melting or metamorphic effects within the overlying Matinenda Formation.

Geological mapping and sampling (Phase I and II) has confirmed the presence of significant quantities of disseminated and blebby sulphide mineralization within the marginal environment along the north, west and southern contacts of the Agnew Lake Intrusion. Mineralization occurs primarily within a heterogeneous gabbro/melagabbro breccia that is within 25-50 m of the basal contact of the intrusion. The mineralized gabbro/melagabbro breccia consists of a coarse-grained to locally pegmatitic matrix that commonly hosts up to 75% plagioclase nodules (aggregates) and sub-angular to sub-rounded melagabbro/pyroxenite fragments that are typically <50 cm in diameter (long axis). The coarse-grained gabbro matrix commonly surrounds large fragments (>1 m) of medium-grained gabbro, which also contain smaller (<50 cm) mafic/ultramafic fragments. Sulphide mineralization occurs primarily within the coarse-grained to pegmatitic gabbro matrix, although regionally extensive sulphide mineralization occurs within both the matrix and fragment phases.

Recent and On-going Exploration

1999: Harvey Creek Gold Placer Ltd. (name changed to New Millennium Metals Corporation in March 1999) optioned the Agnew Lake property from the claim holders, and subsequently staked a large area of ground to cover most of the known intrusion; assessment totaling \$386,473 was filed against a number of these claims. New Millennium Metals Corporation conducted a regional sampling program of the entire Agnew Lake property during which they collected a total of 980 samples. Of these 980 samples, 110 assayed in excess of 0.5 g/t Pt+Pd. The primary focus of New Millennium's 1999 exploration program was along the contact between units 7a and 7b where there was the potential for discovery of a 'PGE reef'. Stripping, channel saw sampling, and drilling along this contact resulted in anomalous but uneconomic PGE concentrations (i.e. <300 ppb Pt+Pd).

In 2000, PFN entered into an option on the Agnew Lake property with PTM and following the subsequent option with Kaymin Resources Limited, staked several new claims in order to cover areas that might include favourable rocks of the ALI. Since 2000, five phases of surface exploration, and three phases of diamond drilling have been completed on the property.

PFN Phase 1 Surface Exploration

The Phase 1 work program was completed on the Agnew Lake property between July 15th and December 30th, 2000. This initial program was aimed at confirming previously reported PGE-Cu-Ni values, data interpretation, and report writing. Fieldwork included the establishment of detailed and regional exploration grids, regional prospecting and sampling, stripping and cleaning of selected outcrop areas, detailed sampling of cleared areas, and IP / Mag surveys.

More than 400 surface samples were collected during the exploration program. Regional prospecting confirmed the presence of anomalous PGE mineralization in areas previously defined by BP Resources and New Millennium. The highest value from surface sampling was 5.61 g/t 3E (B-Zone). 13 samples assayed >1 g/t 3E (Table 7).

More than 80% of the work during the Phase 1 surface program concentrated on the A-, B-, B2-, and C-Zones, with the balance of the work directed towards regional prospecting over the ALI, including the D-Zone and the Mong Lake Area. 116km of grid were established: 30km in the A-Zone, 33km in the C-Zone, and 53km in the B-Zone. Mechanical stripping was completed during fall 2000. Two areas in the A-Zone, totalling 0.24 hectares, were chosen as test areas for detailed mapping and sampling in order to determine the geological setting of high PGE concentrations from initial grab samples.

Approximately 10km of IP / Mag surveys were conducted in the fall of 2000 along selected areas of the ALI. The surveys were completed over the A-Zone, B-Zone, and C-Zone grids, representing approximately 25% of the prospective contact. Several areas with substantial chargeability values were delineated and some of the higher priority anomalies were ground truthed. However, to date many of the IP chargeability targets have not been reviewed or prospected.

Table 7. Selected surface-sample assays (PFN Phase 1 Surface, 2000).

Location	Sample	Rock Name	Au(ppb)	Pt(ppb)	Pd(ppb)	3E(ppb)	Ni(ppm)	Cu(ppm)
A-Zone Grid	CF-00-01	melagabbro/pyroxenite	1748	25	18	1791	41	424
A-Zone Grid	CF-00-03	melagabbro/pyroxenite	91	474	1045	1610	445	2690
A-Zone Grid	CF-00-16	melagabbro/pyroxenite	46	1187	1603	2836	126	170
A-Zone Grid	GM-00-03	gabbro/melagabbro	110	280	652	1042	417	3050
A-Zone Grid	GM-00-05	melagabbro/pyroxenite	110	341	603	1054	281	1370
B2-Zone	CF-00-29	melagabbro/pyroxenite	162	703	2593	3458	191	364
B2-Zone	CF-00-29A	melagabbro/pyroxenite	127	3010	2045	5182	66	440
B2-Zone	GM-00-48	melagabbro/pyroxenite	180	1804	3628	5612	79	692
B-Zone	CF-00-40	gabbro	42	184	1346	1572	416	451
B-Zone	GM-00-60	gabbro/leucogabbro	154	592	2310	3056	1120	4820
B-Zone	GM-00-67	gabbro	52	265	972	1289	356	2700
B-Zone	GM-00-68	gabbro	47	215	781	1043	212	1200
C-Zone	GM-00-95	melagabbro/pyroxenite	77	1942	375	2394	150	1090

PFN Phase 2 Surface Exploration

A Phase 2 surface exploration program was completed on the Property between June 1st and December 30th, 2001. Most of the work completed during this phase focused on the contact region within the A- and B-Zones, as well as the C- and D-Zones, the Mong Lake, Bye, and O'Brien Areas.

A total of 2,639 grab samples were collected during regional sampling and submitted for assay. An additional 17 km of exploration grid were added onto the previously established A-Grid. IP / Mag surveys completed on the extension delineated several substantial chargeability anomalies. Six areas located within the A- and B-Zones were mapped and sampled in detail. A total of 1,886 samples were collected from the six-stripped areas (Table 8). Samples were collected on a 2.5m x 2.5m detailed grid using a cut-off saw.

Table 8. Selected surface-sample assays (PFN Phase 2 Surface, 2001).

Sample	Rock Name	Au(ppb)	Pt(ppb)	Pd(ppb)	3E(ppb)	Ni(ppm)	Cu(ppm)
143659	GAB	10	369	889	1268	113	3
18498	LGAB	5	548	752	1305	70	23
18820	PYROX.	91	465	753	1309	85	284
LQ-01-06	LGAB	133	611	611	1355	164	2560
20013	LGAB-GAB	11	716	689	1416	102	120
143998	LGAB	18	822	583	1423	139	385
18677	PYROX.	10	1030	415	1455	90	6.3
143985	PYROX.	17	1078	383	1478	110	24
158679	PYROX.	54	943	501	1498	102	174
143991	PYROX.	5	835	666	1506	132	8
19971	GAB	308	952	332	1592	1630	7190
18912	MGAB	147	1308	257	1712	71	1335

tr=trace; nv=none visible

PFN Phase 1 Diamond Drilling

The Phase 1 diamond-drilling program on the ALI was completed in two stages, with holes AL-01 through to AL-10 drilled from November 20th to December 12th, 2001 and holes AL-11 to AL-21 drilled from February 2nd to March 20th, 2002. Anomalous PGE sulphide mineralization of significant width and grade (>0.25 g/t 3E) was intersected in 20 of the 21 drill holes (Table 9). A total of 3000 metres were completed in the areas of the A- and B-Zones.

Table 9. Selected drill-core assays (PFN Phase 1 Drilling, 2001).

DDH	From (m)	To (m)	Int (m)	Au (ppb)	Pt (ppb)	Pd (ppb)	3E (ppb)	3E (g/t)
AL-01	12.85	14.50	1.65	4.4	163.3	238.3	406.1	0.41
AL-02	3.00	17.00	14.00	29.1	86.5	340.5	456.1	0.46
incl.	6.00	17.00	11.00	23.2	105.1	427.4	555.7	0.56
AL-03	27.00	30.35	3.35	18.0	8.3	188.0	214.3	0.21
And	39.00	40.00	1.00	46.5	171.0	291.5	509.0	0.51
And	41.00	42.50	1.50	41.7	269.3	289.0	600.0	0.60

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AL-04	30.00	33.00	3.00	25.5	117.0	240.2	382.7	0.38
And	39.65	41.00	1.35	18.0	141.3	178.4	337.7	0.34
AL-05	57.00	62.50	5.50	2.5	95.5	233.3	331.4	0.33
AL-06	66.50	77.50	11.00	29.6	226.6	152.5	408.8	0.41
incl.	69.00	70.50	1.50	55.3	866.3	384.0	1305.7	1.31
incl.	69.00	77.50	8.50	36.6	245.1	180.5	462.2	0.46
AL-07	77.00	86.00	9.00	38.2	149.6	165.4	353.2	0.35
incl.	83.00	84.50	1.50	40.7	230.3	465.7	736.7	0.74
AL-08	103.00	103.50	0.50	6.0	877.0	149.0	1032.0	1.03
And	124.50	141.50	17.00	10.3	83.6	171.1	265.0	0.27
incl.	129.00	132.00	3.00	14.7	175.2	305.8	495.7	0.50
AL-09	93.00	96.00	3.00	5.5	146.8	212.3	364.7	0.36
And	118.50	127.50	9.00	22.4	144.3	157.7	324.4	0.32
And	132.50	136.00	3.50	42.9	250.0	212.4	505.3	0.51
AL-10	75.00	76.00	1.00	3.0	195.0	465.0	663.0	0.66
And	78.00	80.00	2.00	2.0	182.0	146.5	330.5	0.33
And	94.60	98.00	3.40	14.8	126.4	90.9	232.1	0.23
AL-11	23.00	36.00	13.00	18.9	165.3	164.7	348.9	0.35
incl.	31.50	36.00	4.50	50.0	338.0	225.0	613.0	0.61
AL-12	65.00	66.50	1.50	39.0	471.3	497.7	969.0	0.97
AL-13	68.00	70.00	2.00	58.5	686.0	1924.5	2669.0	2.67
incl.	69.00	70.00	1.00	115.0	1310.0	3760.0	5185.0	5.19
And	105.55	109.00	3.45	4.9	111.7	202.3	318.9	0.32
AL-14	81.00	82.25	1.25	0.0	242.0	514.0	756.0	0.76
AL-15	50.75	55.00	4.25	5.2	112.2	160.6	278.1	0.28
And	83.00	88.00	5.00	5.4	86.6	178.2	270.2	0.27

AL-16	44.00	49.00	5.00	6.0	114.6	308.0	428.6	0.43
And	110.00	117.50	7.50	5.5	153.0	408.5	567.0	0.57
incl.	111.50	115.00	3.50	8.0	250.9	741.9	1000.7	1.00
AL-17	101.00	135.60	34.60	22.8	171.1	110.2	304.1	0.30
incl.	111.00	115.00	4.00	69.3	777.5	371.3	1218.0	1.22
incl.	111.00	133.00	22.00	34.7	232.5	157.5	424.7	0.42
incl.	127.50	130.50	3.00	39.8	148.5	288.5	476.8	0.48
AL-18	112.00	120.00	8.00	1.8	223.4	87.1	312.3	0.31
incl.	117.00	120.00	3.00	3.7	540.0	186.5	730.2	0.73
incl.	117.00	121.00	4.00	2.8	430.1	150.0	582.9	0.58
And	134.00	141.45	7.45	15.3	182.1	324.9	522.3	0.52
incl.	136.50	141.45	4.95	21.4	200.1	284.7	506.2	0.51
And	149.00	151.00	2.00	29.5	342.0	1104.0	1475.5	1.48
AL-20	128.50	130.50	2.00	7.5	269.3	115.0	391.8	0.39
And	134.50	135.00	0.50	17.0	1070.0	460.0	1547.0	1.55
And	139.50	149.00	9.50	22.6	188.8	124.5	335.8	0.34
And	139.50	150.50	11.00	19.6	165.8	118.3	303.7	0.30
incl.	141.50	144.00	2.50	48.2	396.8	279.6	724.6	0.72
incl.	147.30	149.00	1.70	29.9	364.8	200.9	595.6	0.60
And	170.00	174.00	4.00	27.6	121.4	357.1	506.1	0.51
AL-21	109.50	113.70	4.20	5.3	195.3	93.9	294.5	0.29

PFN Phase 3 Surface Exploration

A third phase of surface exploration was completed between June 1st and December 31st, 2002. Most of the sampling work focussed on the northern portion of the ALI and the Stony Lake area (Table 10). Eagle Mapping Services Ltd. completed a digital topography survey for the property that included colour orthophotos.

A grid line was cut for a geophysical gravity survey, which was surveyed for line station position and elevation. JVX concluded that the maximum thickness of the ALI along the survey line varied from 1134 to 2089m. JVX Ltd conducted an IP survey on the ProAm Grid. A total of 11 IP zones were identified, which led to the development of five exploration targets. The highest priority target is T-5, which is located within the IP chargeability zone IP-7.

Table 10. Selected surface-sample assays (PFN Phase 3 Surface, 2002).

Sample	Rock Name	Au	Pt	Pd	3E	Ni	Cu
		(ppb)	(ppb)	(ppb)	(ppb)	(ppm)	(ppm)
19925	MGAB	34	977	2020	3031	179	1100
158619	GAB	185	677	2169	3031	517	2420
18532	GAB	65	384	2627	3076	1074	1227
143361	MGAB	91	835	2160	3086	154	258
143065	PYROX.	275	1580	1260	3115	91	560
18755	GAB	36	875	2280	3191	72	6.2
158561	PYROX.	28	2309	1032	3369	139	45
18353	GAB	104	420	3570	4094	853	2140
158568	PYROX.	195	3131	1629	4955	92	194
158630	GAB	518	1057	3498	5073	816	6304
158620	GAB	372	1498	3980	5850	879	5498
143997	MGAB	153	8332	3812	12297	2537	4441

tr=trace; nv=none visible

G. Mourre submitted an internal report on the geochemistry and petrography of the ALI in May, 2002. This report detailed trace element changes through the intrusion and concluded early sulphide saturation was not reached within the system.

PFN Phase 2 Diamond Drilling

A Phase 2 diamond-drilling program was completed from August 14th to November 28th, 2002. Nine holes (5105m) were drilled in three separate and geologically different locations within the ALI. AL-22 was collared along the southeast margin of the ALI; AL-23 within the central portion. Drill holes AL-24 through AL-30 were located along the northern contact (C-Zone). These drill holes confirmed the presence of anomalous PGE mineralization.

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AL-22 and AL-23 were drilled along a gravity line in order to test the depth of the basal contact. Hole AL-22 was collared along the southwest margin of the ALI, a location corresponding to what was interpreted as the deepest portion of the intrusion and the approximate centre of the large regional gravity anomaly. Hole AL-23 was collared approximately 2.5 km northwest of AL-22, at an area interpreted as a topographical depression within the footwall. Neither hole AL-22 (2131.8m) or AL-23 (1570.5m) intersected the footwall contact or any significant mineralization (Table 11).

Crone Geophysics conducted a Borehole Pulse Time Domain Electromagnetic (PEM) survey on AL-22 and AL-23 in March 2003. No discrete anomalous features were identified and the presence of any large conductive body within a 100-150m radius of either hole was concluded to be unlikely.

Table 11. Selected drill-core assays (PFN Phase 2 Drilling, 2002).

<i>DDH</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Int (m)</i>	<i>Au (ppb)</i>	<i>Pt (ppb)</i>	<i>Pd (ppb)</i>	<i>3E (ppb)</i>	<i>3E (g/t)</i>
AL-23	425	426	1.0	6	1550	10	1566	1.57
AL-23	733	734	1.0	62	263	778	1103	1.1
AL-23	1177	1178	1.0	58	260	859	1177	1.18
AL-24	147	149.55	2.25	15	451	1638	2105	2.11
AL-25	33	34	1.0	5	143	836	984	0.98
AL-27	49	50	1.0	676	10	11	697	0.7
AL-27	128	129	1.0	39	411	2110	2560	2.56
AL-27	164	165	1.0	22	169	902	1093	1.09
AL-28	46	50	4.0	12	164	273	449	0.45
AL-28	57.1	58	0.9	29	343	1270	1642	1.64
AL-29	215	216	1.0	11	124	539	674	0.67

PFN Phase 4 Surface Exploration

From June 5th to 8th, 2003, SPECTREM Air Ltd. conducted airborne electromagnetic and magnetic surveys over the Agnew Lake property and area. A total of 1650km were surveyed, with six conductive zones recommended for ground follow up. Zones 1 through to 4 are located outside of the property boundary. Zone 1 belongs to a local prospector and zones 2 to 4 are located on URSA Major Resources Shakespeare Property. Zones 5 and 6 are located on the Agnew Lake Property, in claims 1236176 and 1224120, respectively.

Minimum ground truthing of other anomalies generated by the SPECTREM survey was completed August 2003. Many of the anomalies visited were generally covered in overburden and outcrops that did coincide with strong EM/Mag responses

did not explain the elevated signatures. Two days were spent traversing into the Zone 6 SPECTREM target for ground-truthing in the fall of 2003. A total of 17 samples were taken (Table 12). The Zone 5 target area was interpreted to be of moderate priority and shallow depth - probably due to a very small sulphide body. The Zone 6 target area was considered a high priority zone consisting of two anomalies, interpreted as a small massive sulphide body with significant pyrrhotite content.

SPECTREM Air's geophysical operator, John Bell, carried out detailed modelling and evaluation of targets within specific regions of the SPECTREM survey coverage. One area located on the western edge of the intrusion, east of the north end of the A-Zone grid (Bell area) was identified to have a number of irregular features, which could imply mineralized zones.

Darin Wagner (PTM) visited the property at the end of October and his initial sampling led to the discovery of a narrow high-grade zone of Au-Ag mineralization located in close proximity to the Zone 6 EM conductor. Grab samples from the area of the new "V showing" returned values up to 76.2 g/t Au and 206 g/t Ag. The mineralization is associated with a sulphide-bearing quartz vein system located along the contact between a diabase dyke and argillaceous sediments 140 metres from the interpreted centre of the Zone 6 SPECTREM target.

Table 12. SPECTRUM Zone 6 surface-sample assays (PFN Phase 3 Surface, 2003).

Sample	Au (ppb)	Pt (ppb)	Pd (ppb)	3E (ppb)	Ni (ppm)	Cu (ppm)
144801	1	14	13	28	21	31.8
144802	2	<10	4	6	19	43.5
144803	3	<10	2	5	30	234
144804	2	<10	2	4	31	102
144805	2	<10	4	6	15	57.4
144806	2	<10	3	5	20	187
144807	88	<10	1	89	3	925
144808	5	<10	6	11	24	79.3
144809	1	<10	3	4	17	107
144810	6	18	14	38	62	875
144811	7	<10	3	10	22	33
144812	10	<10	7	17	21	527
144813	6	<10	15	21	50	154
111901	33	<15	<10	33	641	18
111902	46	<15	12	58	205	101
111903	9	17	14	40	947	79

A total of 20km of line cutting was completed in November 2003 over the Zone 5 and Zone 6 SPECTREM targets (Bye and O'Brien grids). Geophysics was completed over the two grids December 2003 and January 2004. Poor weather and late freeze-up prevented access to the Bye grid until January 2004. Mag and TDEM surveys were subsequently completed over both grids.

PFN Phase 3 Diamond Drilling

996.5m of diamond drilling was completed in January and February 2004 on the O'Brien and Bye grids. No significant precious metal zones were intersected despite strong sulphide mineralization within quartz veins, which were intercepted in both areas. Strong pyrrhotite-chalcopyrite mineralization returned values up to 1.0% Cu, 0.03% Ni, 0.43% Zn, 4.3 g/t Ag and 60 ppb Au from individual drill core assays (generally 0.5 metre sample intervals).

Figure 8 - The Agnew Lake Property

PFN Phase 5 Surface Exploration

Activities for Phase 5 surface exploration at the Agnew Lake property commenced June 18th, 2004. The bulk of the sampling and mapping work was completed by August 31th under the direction of I. Kelso, PFN. Line cutting at the Bye and Bell areas (16.5 km and 9 km, respectively) was completed during September and October; IP / Mag surveys were completed on both grids during October.

Figure 9. Location of areas evaluated during Phase 5 Surface Exploration.

Bell Area

Based on their detailed structural interpretation of the ALI western contact, John Bell and Louis Polome (SPECTREM Air Ltd.) recommended the gap between the A- and B-Zone grids (Bell area) as a prospective target for sulphide mineralization.

Phase 5 mapping of the Bell area resulted in a significant northward adjustment of the ALI contact (up to 200m) and indicates the presence of significant offsetting (Camp 11 fault). Due to a lack of outcropping in topographic hollows (40-50% of the area), establishing the location of the ALI contact continuously across the area is not possible.

Of 170 samples collected over the area, only 1 assayed above 1 g/t 3E. Strong pyrite mineralization was noted in the marginal gabbro-norite unit on the east side of the Bell area. A showing of sulphide mineralization (1-2% pyrrhotite with trace chalcopyrite) was discovered in the northern portion of the area within marginal gabbro-norite containing granitic remnants. Samples from the showing assayed up to 815ppb 3E. A group of anomalous samples around the south end of L4 lie within the north extremity of the A-zone and duplicate previous work by PFN.

A 9km grid was established over the area in early October; R.J. Meikle & Associates was contracted to conduct IP / Mag surveys. The surveys were completed in late October, and as of December 15, the final interpretation has not been received by PFN. However, the results and a preliminary interpretation indicate no significant zones of chargeability over the grid.

Bye Area

As part of the Phase 5 surface exploration program at the Agnew Lake property, the Bye area was re-evaluated for its PGE potential. The Bye area is located on the east side of the Agnew Lake property (Figure 9) where a shallow WSW-dipping (synclinal) body of Nippissing Gabbro (NG) intrudes Mississagi and Matienda Formation meta-sediments. Despite their relatively small size, the NG intrusions have significant mineral potential as demonstrated by the Shakespeare Deposit, held by Ursa Major Minerals, which hosts an in-situ resource of 12 million tonnes of 0.35% nickel, 0.36% copper, 0.02% cobalt, 0.19 g/t gold, 0.34 g/t platinum and 0.38 g/t palladium. The Shakespeare Deposit is located about 4km south of the Bye area.

The NG at the Bye area has historically been found to host two types of mineralization (Table 13):

i.

Au-Cu (pyrrhotite-arsenopyrite-chalcopyrite) basal contact mineralization, and

ii.

Pd-Pt-Au (chalcopyrite-pyrrhotite) magmatic sulphides within the body of the gabbro.

Table 13. Bye area selected surface-sample assays (New Millennium Metals, 1999).

Sample	UTM-E	UTM-N	Au (ppb)	Pt (ppb)	Pd (ppb)	3E (ppb)	Ni (ppm)	Cu (ppm)
29211	436246	5137101	7474	31	24	7529	45	758
29319	436060	5137179	269	1187	4731	6187	255	1130
34371	436087	5137208	754	1278	4089	6121	523	4470
57793	436069	5137174	536	1271	3801	5608	34	59
29323	436038	5137141	470	1160	3603	5233	1140	6350
29322	436038	5137141	524	1038	3079	4641	1840	7340
57666	436377	5137433	4533	54	31	4618	44	728
57665	436377	5137433	4251	38	27	4316	48	363
57890	436377	5137433	3948	46	22	4016	24	39
57667	436086	5137218	336	631	2340	3307	28	687
29324	436038	5137141	239	573	2073	2885	607	3950
57794	436053	5137164	135	727	1907	2769	1950	9450
34370	436087	5137208	265	557	1840	2662	597	3320
34369	436093	5137200	192	426	1477	2095	17	41
34376	436054	5137139	141	345	1230	1716	156	680
57664	436377	5137433	1598	25	20	1643	27	109
29333	435787	5137092	182	284	1025	1491	623	2670
29210	436246	5137101	1354	6	11	1371	30	775
29332	435787	5137092	144	339	861	1344	700	2590

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34018	435952	5136999	144	349	584	1077	792	2720
57935	436254	5137188	1001	28	16	1045	82	391

Table 14. Bye area Phase 5 surface-samples assays.

<i>Sample</i>	<i>UTM-E</i>	<i>UTM-N</i>	<i>Au (ppb)</i>	<i>Pt (ppb)</i>	<i>Pd (ppb)</i>	<i>3E (ppb)</i>	<i>Ni (ppm)</i>	<i>Cu (ppm)</i>
<i>IK-050</i>	<i>436108</i>	<i>5137441</i>	<i>713</i>	<i>1451</i>	<i>4558</i>	<i>6722</i>	<i>1200</i>	<i>>10000</i>
<i>IK-052</i>	<i>436093</i>	<i>5137431</i>	<i>481</i>	<i>1033</i>	<i>3007</i>	<i>4521</i>	<i>2440</i>	<i>8991.5</i>
<i>IK-049</i>	<i>436108</i>	<i>5137439</i>	<i>372</i>	<i>950</i>	<i>3031</i>	<i>4353</i>	<i>1440</i>	<i>6044.7</i>
<i>IK-114</i>	<i>436234</i>	<i>5137579</i>	<i>4206</i>	<i><10</i>	<i>4</i>	<i>4210</i>	<i>42</i>	<i>796.2</i>
<i>IK-113</i>	<i>436234</i>	<i>5137579</i>	<i>3531</i>	<i><10</i>	<i>3</i>	<i>3534</i>	<i>41</i>	<i>675.7</i>
<i>IK-051</i>	<i>436120</i>	<i>5137444</i>	<i>215</i>	<i>467</i>	<i>1602</i>	<i>2284</i>	<i>621</i>	<i>2787.7</i>
<i>IK-053</i>	<i>436272</i>	<i>5137403</i>	<i>1946</i>	<i><10</i>	<i>11</i>	<i>1957</i>	<i>34</i>	<i>5455.7</i>
<i>IK-048</i>	<i>436108</i>	<i>5137439</i>	<i>127</i>	<i>293</i>	<i>761</i>	<i>1181</i>	<i>374</i>	<i>2560.2</i>
<i>IK-112</i>	<i>436234</i>	<i>5137579</i>	<i>793</i>	<i><10</i>	<i>3</i>	<i>796</i>	<i>29</i>	<i>246</i>
<i>IK-055</i>	<i>436272</i>	<i>5137403</i>	<i>106</i>	<i><10</i>	<i>14</i>	<i>120</i>	<i>193</i>	<i>214.4</i>

Previous programs by Placer Dome and Rio Tinto have delimited the extent of low-grade Au mineralization to the east side of the gabbro. PGE potential was not a focus of either program. According to D. Wagner of PTM (formerly New Millennium) their 1999 drill program at Bye was completed on short notice and with inadequate preparation. The technical report from that program indicates that although no significant sulphide body was intersected, the zone may remain open to the southwest (Figure 10).

Figure 10. Cross section of the Bye Area (1:1).

After some limited surface work which confirmed previous results (Table 14), PFN contracted Ray Meikle & Assoc. to conduct an IP survey across the area. Although the final interpretation has not yet been received, the results and preliminary interpretation indicate a number of IP anomalies across the exploration grid. Of importance to note is no part of the Bye Area was identified as a SPECTREM zone (2003 survey). This would include sulphide pits (semi-massive pyrrhotite within altered gabbro) drilled by Rio Tinto, and the PGE showing drilled by New Millennium (2-3% chalcopyrite in gabbro).

Mong Lake Area

The Mong Lake area is located on the south-east margin of the ALI (Figure

9). A limited amount of time was spent in there area filling in gaps of sample coverage and attempting to duplicate previous results. Of 49 samples collected from the area, only 1 assayed above 1 g/t 3E (1.01 g/t).

A group of anomalous surface samples trending WNW for about 400m, in confluence with a strong IP-trend (2004 survey) at the west end of Mong Lake likely represents the best prospect along the south margin of the ALI. The highest surface sample results are below 2 g/t 3E with a platinum-palladium ratio of 2. The Mong Lake area lies along 6km of ALI strike untested by drilling. Drill testing at Mong Lake would serve to nullify the PGE potential of the ALI south margin.

North Area

All 167 samples collected from within the North Area assayed below 1 g/t 3E. A clustering of anomalous values (previous and current work) on the west side of Agnew Lake extends for about 600m proximal to the ALI contact. Phase 5 attempts to reproduce anomalous values obtained by BP Resources in this area (up to 3.1 g/t 3E) were not successful (maximum 759 3E from the same area). The area lies on relatively high, flat ground and is populated by stands of mature birch and poplar. Outcrop exposure is limited to 5-10%. The maximum surface-sample value returned from the North area east of Agnew Lake was 177ppb 3E.

O

'Brien Area

The O

O'Brien area was briefly re-evaluated during Phase 5. The focus was to reproduce Au surface sample results obtained in 2003 and to determine the extent of any Au mineralization at surface. The anomalous values are obtained from an exposed gossan where a ~1m wide quartz vein is in contact with diabasic host-rock or dyke. 2 rounds of detailed rock sampling revealed the highest Au values are confined to a <1m x 1m portion of the gossan (Table 15).

The first 4 holes of the Phase 3 drill program (2004)

- none of which intersected any significant Au zone - targeted this anomalous area. All 4 holes would have presumably intersected the quartz vein at depth. To the SW, the quartz vein disappears beneath overburden on surface, although at depth, the drilling may leave the zone in this direction.

Table 1

5. O'Brien area Phase 5 surface-sample highlights.

<i>Sample</i>	<i>UTM-E</i>	<i>UTM-N</i>	<i>Rock</i>	<i>Au (ppb)</i>	<i>Pt (ppb)</i>	<i>Pd (ppb)</i>	<i>3E (ppb)</i>	<i>Ni (ppm)</i>	<i>Cu (ppm)</i>
<i>IK-078</i>	<i>437580</i>	<i>5139020</i>	<i>QV</i>	<i>40400</i>	<i><10</i>	<i>64</i>	<i>40464</i>	<i>6</i>	<i>147.2</i>
<i>IK-045</i>	<i>437581</i>	<i>5139028</i>	<i>QV</i>	<i>34000</i>	<i><10</i>	<i>75</i>	<i>34075</i>	<i>7</i>	<i>213.5</i>
<i>IK-079</i>	<i>437580</i>	<i>5139020</i>	<i>QV</i>	<i>29100</i>	<i><10</i>	<i>30</i>	<i>29130</i>	<i>5</i>	<i>370.1</i>
<i>IK-082</i>	<i>437580</i>	<i>5139020</i>	<i>QV</i>	<i>14100</i>	<i><10</i>	<i>19</i>	<i>14119</i>	<i>6</i>	<i>178.6</i>
<i>IK-080</i>	<i>437580</i>	<i>5139020</i>	<i>QV</i>	<i>6417</i>	<i><10</i>	<i>7</i>	<i>6424</i>	<i>5</i>	<i>102.9</i>
<i>IK-085</i>	<i>437578</i>	<i>5139020</i>	<i>QV</i>	<i>3328</i>	<i><10</i>	<i>2</i>	<i>3330</i>	<i>8</i>	<i>2679.3</i>
<i>P5S-312</i>	<i>437585</i>	<i>5139017</i>	<i>DIABASE</i>	<i>3030</i>	<i><10</i>	<i>5</i>	<i>3035</i>	<i>4</i>	<i>595.1</i>
<i>P5S-310</i>	<i>437580</i>	<i>5139017</i>	<i>QV</i>	<i>1680</i>	<i><10</i>	<i>2</i>	<i>1682</i>	<i>5</i>	<i>71.2</i>
<i>P5S-313</i>	<i>437581</i>	<i>5139017</i>	<i>QV</i>	<i>703</i>	<i><10</i>	<i>1</i>	<i>704</i>	<i>5</i>	<i>87.8</i>
<i>IK-086</i>	<i>437578</i>	<i>5139020</i>	<i>QV</i>	<i>127</i>	<i><10</i>	<i><1</i>	<i>127</i>	<i>10</i>	<i>1338.1</i>

In order to trace any extent of Au mineralization SW along strike of the quartz vein (240°), a small grid of soil sampling was conducted (three 70m lines spaced 10m apart, with 10m stations). The results indicate the Au values do not extend along strike (at surface).

Olivine Gabbronorite Zones

Three zones of olivine gabbronorite within the ALI were evaluated for the potential to host stratabound PGE-mineralization. The zones (Lower, Middle, and Upper Olivine) were mapped to ascertain their locations and extent, which in the case of the Lower and Middle, were adjusted significantly. The upper zone is the most easily accessed of the three, as much of it lies on the transmission-line clearing east of the D-Zone.

54 samples were collected from the Lower Olivine zone and 90 were collected from the Middle Olivine Zone. All samples returned values less than 100 ppb 3E (average 13 ppb 3E). No samples were collected from the Upper Olivine zone as it has been covered by previous PFN work (with similar results).

Stony Lake Area

The objective of work at the Stony Lake area was to ground truth results of the 2002 IP / Mag survey. Of 386 samples collected over the area, 2 assayed above 1 g/t 3E (3.095 g/t and 2.067 g/t 3E). In general little to no confluence was observed between IP trends and sampling results from this program.

The maximum values were obtained from an area just west of the 2002 grid, in a showing of purplish, altered gabbro adjacent to a mafic dyke, which is limited to an area of a few m². Trace, disseminated chalcopyrite was visible in a sample that assayed 3095ppb 3E. The results were not easily duplicated: 1 of 10 rock samples collected from the alteration-showing assayed 2067ppb 3E, another 383 ppb 3E; the remaining 8 below 100ppb 3E. Samples collected from a similar alteration-showing 20m to the northeast returned a maximum value of 174ppb 3E.

In order to evaluate any possible extent to the zone, a small grid of soil sampling was completed over the area (10 lines spaced at 25m, with samples taken at 10m stations). The grid was run parallel to the extrapolated contact of the dyke. The results present some spikes proximal to the anomalous surface samples; however, these spikes (maximum 8ppb 3E) are less than 10 times laboratory detection limits and are therefore not statistically sound.

West Nippissing Gabbro

The West NG is located on the west side of Agnew Lake and may be the west extremity of the NG at the Bye area (Figure

9). Sampling and mapping was conducted to determine if any mineralization (analogous to that at Bye) was present. No mineralization was observed in the area. Of 58 samples taken, 2 assayed above 100ppb 3E (maximum 160ppb 3E).

Recommendations

On the basis of work conducted during Phase 5, further work is recommended for the Bye and Mong Lake areas to evaluate PGE targets. Recommendations are listed in order of priority:

1.

To test new IP targets and fully evaluate its PGE potential, **600m of drilling is recommended for the Bye area**. A zone of high-grade surface mineralization (up to 6.7 g/t 3E grab) remains open and untested to the SW of previous drill programs. Within this untested area, the 2004 IP/Mag survey has identified anomalies (2 strong and 1 moderate) that are attributable to sulphide mineralization.

Drilling recommendations for the Bye area (see Figure

11, below).

DDH	Az.	Dip	Length (m)	Target Description
A	0	-90	200	Moderate IP; limited outcrop; test possible depth extent of PGE-min to east.
B	90	-60	150	Strong IP; untested by drilling (~150m n-s, open to west); test possible depth extent of PGE-min to east.
C	225	-60	100	Strong IP; ~200x200m zone untested by drilling; test possible depth extent of PGE-min to west.
D	225	-60	75	Strong IP; test gabbro limb.
E			75	Strong IP.

While the Bye area is fully accessible year round, any drilling at the Mong Lake area must be completed during the winter, as the drill rig would be moved in across Mong Lake after freeze-up.

Figure

11: Proposed drill holes - 2005 Bye Area

2.

*To test a 2004 IP target and verify/nullify the PGE potential of the ALI south contact, **200m of drilling is recommended for the Mong Lake area.** The south contact of the ALI (approximately 6km long) remains untested by drilling. Along this area, the confluence of anomalous surface samples (up to 1988 ppb 3E) and an IP anomaly that could be attributed to a concentration of sulphides represents the best target for drilling.*

Drilling recommendations for the Mong Lake area

<i>DDH</i>	<i>Az.</i>	<i>Dip</i>	<i>Length (m)</i>	<i>Target Description</i>
<i>A</i>	<i>180</i>	<i>-45</i>	<i>100</i>	<i>Collar north of IP-1; test IP target and anomalous surface mineralization.</i>
<i>B</i>	<i>180</i>	<i>-45</i>	<i>100</i>	<i>Collar north of IP-1; test IP target and anomalous surface mineralization.</i>

Sampling Method and Approach

During the PFN exploration programs three different varieties of samples were collected throughout the Agnew Lake Property. They are prospecting samples, channel samples and lithogeochemical samples. The following summarized the general characteristic of the three sampling programs.

Regional Prospecting: A regional sampling program was implemented in order to test as much of the Agnew Lake Intrusion as possible for PGM and other mineralization. Grab samples were collected irrespective of geology, rock type, sulphide content, mineralogy, composition or location. During traversing 1 kg 'grab samples' were collected every 25-50m, provided that there was adequate exposure.

Channel Samples: A total of 1886 samples were collected from the six stripped areas on the Agnew Lake property (BZ1, BZ2, BZ3, BZ4, AZ3 and AZ4). Sample descriptions and assay results are available from PFN. Samples were taken on a 2.5 m x 2.5 m detailed grid and samples were collected using a cut-off saw (referred to as channel-grab samples). Each channel-grab sample consisted of approximated 1-1.5 kg of material excluding the small representative sample that is kept and stored for possible future analysis.

Lithochemical Samples: A lithochemical sampling program was implemented in order to test the geochemical characteristics of specific units within the ALI. Samples were collected during four separate traverses. Samples were collected at 25m in areas that contained as little alteration, mineralization and structure as possible (approximately 2.5 kg of material was collected at each site).

Sampling Method and Approach - Core Samples

Core samples from drilling were generally taken continuously from the top to the bottom of the hole, with widths varying from 0.50 m to 3.00 m. The sampling intervals were determined based on geology and sulphide content. Longer samples (1.0-1.5 m) were taken from non-mineralized or weakly mineralized sections. Core recovery from the Agnew Lake diamond drill programs was excellent.

A contract geologist rough logged drill core in the field, and boxes were hand wired shut and transported to the designated loading point. Core boxes were then hand transferred by an experienced field person into a 1 ton, four-wheel drive truck and driven to the core shack on Fielding Road in Lively, Ontario.

Once at the warehouse, the core was cut in half using table mounted, wet diamond blade rock saws, with custom made stainless steel core trays to ensure an even split. The saw blades were cleaned and sharpened with a dry brick after every box cut. The project geologist then logged holes and all data was entered into an MS Access database.

Sample intervals were selectively marked up with wax pencils and a trained sampler rinsed the sample, to remove any excess material, and placed one half of the core for each sample, into a plastic bag containing a tag with the sample number marked on the outside. A sample tag with the same number was also placed in the core box at the start of each sample interval.

The individual samples were bagged together in commercial rock bags (up to 20 kilograms per bag). Regular sample shipments were made using, Manitoulin Transport, a bonded commercial truck carrier for transport to Rouyn-Noranda where the samples were submitted to SGS (XRAL) Laboratories and assayed for Pt, Pd, Au and multi-element ICP, which includes Cu and Ni.

For the remaining half of the core, metal tags were stapled to the end of each core box showing the hole number and meters. Lids were then strapped tightly onto each box using hard plastic strapping and moved to the secure (barbed wire fenced and locked with monitored alarm system in main building) core storage compound located on the grounds of the Fielding Road core shack.

Sample Preparation, Analyses and Security

This section describes the analytical procedures used at primary and check assay laboratories, and provides and evaluation of results.

Grab samples, channel samples and lithogeochemical samples were submitted to XRAL Laboratories, Rouyn-Noranda, Quebec and Bondar Clegg Laboratories, Val d

'Or, Quebec, where they were analyzed for (amongst other elements) Pt, Pd, Au, Cu, Ni and S. Representative hand and/or chip samples were taken from all collected samples that were submitted for assay and are catalogued and stored at the Fielding Road location.

At both Bondar-Clegg and XRAL, concentrations of Pt-Pd-Au were determined using standard lead fire assay methods, followed by dissolution with aqua regia, and measurement with either an ICP (inductively coupled plasma) finish at Bondar-Clegg or a DCP (direct current plasma) finish at XRAL. Lower limits of detection (in 30g sample) are 1 ppb Au, 1 ppb Pd and 5 ppb Pt at Bondar-Clegg and 1 ppb Au, 1 ppb Pd and 10 ppb Pt at XRAL; both labs have upper limits of detection of 10,000 ppb Pt, Pd, or Au. Concentrations of Cu-Ni were determined by ICP methods and generally have lower limits of detection of 1 ppm Cu and 1 ppm Ni; the upper limit for the ICP method for Cu and Ni is 10,000 ppm. Major elements were determined by XRF and rare earth elements and trace elements were determined by INAA and ICP.

Bondar-Clegg and XRAL Laboratories are both ISO-9002 certified laboratories. At both Bondar-Clegg and XRAL Laboratories all samples returning Pt, Pd or Au values over 1000 ppb are re-assayed by the laboratory, as well, in house standards are inserted every 10 samples.

There are no drilling, sampling or recovery factors that could materially impact the accuracy of results.

In the opinion of the author the sample quality is good and the samples are representative of the mineralization. The samples are free from bias.

Figure

12 - Lac Des Iles Project

Lac Des Iles Project, Thunder Bay Area, Ontario

The Company

's Lac Des Iles Pt-Pd Project currently consists of the Shelby Lake, Lac Des Iles River, South Legris, Wakinoo and Dog River Properties. During Fiscal 2004, the Company significantly reduced its land holdings in the Lac des Iles District in response to exploration results and depressed palladium prices and no exploration work was conducted. At the present time, only the Shelby Lake, Lac des Iles River and South Legris Properties are considered material to the Company's efforts and reported on below.

The Lac Des Iles Project contains no known body of commercial ore. All exploration programs conducted by the Company to date have been exploratory in nature.

Information italicized below has been excerpted from a Report dated January 13, 2004 entitled

"Technical Report on the Lac Des Iles Pt-Pd Project - Lac Des Iles River, Shelby Lake and South Legris Properties"
by Darin Wagner, M. Sc., P. Geo.

Location, Description and Acquisition**Shelby Lake Property**

On June 28, 2000, a Letter of Intent was entered into between the Company 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 the Company as the optionee and New Claymore as the optionor effective July 26, 2000. Pursuant to the terms of the Shelby Lake Agreement, the Company 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 encompassing 2,160 hectares (5,333 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. See Figure 12.

The Company can earn a 50% interest in and to the Shelby Lake Property by making cash payments totaling \$10,000, issuing 30,304 Common Shares to New Claymore and completing \$500,000 in exploration expenditures over a four-year period as follows:

(a)

Cash payment of \$10,000 upon receipt of regulatory approval; (paid)

(b)

30,304 Common Shares as follows:

(i)

15,152 Common Shares upon receipt of regulatory approval; (issued) and

(ii)

15,152 Common Shares on the first anniversary (June 28, 2001) (issued).

(c)

Exploration expenditures totaling \$500,000 over a four-year period as follows:

(i)

\$20,000 by August 31, 2000; (completed); and

(ii)

\$480,000 within four years of the Shelby Lake Agreement (June 28, 2005) (completed).

Within 30 months of completing its 50% earn-in, the Company may earn an additional 10% interest, for a total of 60% interest, in and to the Shelby Lake Property by expending a further \$500,000. The Company may also elect to stop at 50% in which case both parties will contribute to the project equally. On April 10, 2004 the Company advised New Claymore that it had exercised its option to halt at 50% earned interest in the project and hence any future exploration will proceed as a 50/50 joint venture between the Company and New Claymore with the Company as operator.

Upon the commencement of commercial production, the Shelby Lake Property will be subject to a 2% net smelter returns royalty in favour of the Robert Fairservice and Nelson O

Toole of Kenora, Ontario. The Company and New Claymore may purchase, in proportion to their ownership interest at that time, up to 50% of the 2% net smelter returns royalty from Robert Fairservice and Nelson O'Toole for the sum of \$500,000.

The Shelby Lake Property adjoins the Company

's Lac Des Iles River and South Legris Properties and forms part of the Company's Lac Des Iles Project. Claim details for the Shelby Lake Property are summarized in the table below. The Shelby Lake Property has not been legally surveyed and no work permits have been required for the work completed to date.

Shelby Lake Property Claim Information

Claim Number	# of units	Approx. Area Hectares	Approx. Area Acres	Township or Mining District	Original Recording Date	Assessment Work Due Date
TB-1220855	4	64	158	Shelby Lake	December 10, 1999	December 10, 2005
TB-1220857	10	160	395	Shelby Lake	December 10, 1999	December 10, 2005
TB-1220858	12	192	474	Shelby Lake	December 10, 1999	December 10, 2005
TB-1220859	15	240	593	Shelby Lake	December 10, 1999	December 10, 2005

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TB-1220860	15	240	593	Shelby Lake	December 10, 1999	December 10, 2005
TB-1220862	16	256	632	Shelby Lake	December 10, 1999	December 10, 2005
TB-1220863	16	256	632	Shelby Lake	December 10, 1999	December 10, 2005
TB-1220864	16	256	632	Shelby Lake	December 10, 1999	December 10, 2005
TB-1220866	15	240	593	Shelby Lake	December 10, 1999	December 10, 2005
TB-1220867	16	256	632	Shelby Lake	December 10, 1999	December 10, 2005
Totals	135	2,160	5,333			

Lac Des Iles River Property

On May 5, 2000, the Company entered into an option agreement with Maple Minerals Inc. and East West Resources Corp. to acquire up to an undivided 60% interest in the Lac Des Iles River Property. Maples Minerals Inc. and East West Resources Corp. each hold an undivided 50% interest in the property. The Lac Des Iles River Property is comprised of 14 contiguous claim blocks encompassing an area of 2,544 hectares (6,281 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. See Figure 12.

The Company can earn a 50% interest in and to the Lac Des Iles River Property by making cash payments totaling \$38,500 and spending \$1,000,000 on exploration over a six-year period as follows:

(a)

\$38,500 in cash over a three-year period as follows:

(i)

\$19,000 within 10 days of regulatory approval; (paid)

(ii)

\$4,500 within six months of signing (November 5, 2000); (paid)

(iii)

\$5,000 on the first anniversary of signing (June 22, 2001); (paid)

(iv)

\$5,000 on the second anniversary of signing (June 22, 2002); (paid) and

(v)

\$5,000 on the third anniversary of signing (June 22, 2003) (paid).

(b)

Exploration expenditures of \$1,000,000 over a five-year period as follows:

(i)

\$20,000 by October 31, 2000; (completed)

(ii)

\$80,000 by the first anniversary of signing; (completed) and

(iii)

\$900,000 within five years of signing (\$548,316 of which has been incurred to August 31, 2004).

The Company can then earn a further undivided 10% interest by completing a feasibility study acceptable to the Exchange within the following three years.

Upon the commencement of commercial production, four claims blocks (1220808, 1220810, 1220833 and 1220838) will be subject to a 1% net smelter returns royalty in favour of the Robert Fairservice and Nelson O

Toole of Kenora, Ontario. The Company and the Lac Des Iles River Optionors may purchase, in proportion to their ownership interest at that time, up to 100% of the 1% net smelter returns royalty from Robert Fairservice and Nelson O'Toole for the sum of \$500,000.

The Lac Des Iles River Property adjoins the Company

's Wakinoo and Shelby Lake Properties and forms part of the Company's Lac Des Iles Project. Claim details for the Lac Des Iles River Property are summarized in the table below. The property has not been legally surveyed. No work permits have been required for the work completed to date on the property.

Lac Des Iles River Property Claim Information

Claim Number	# of units	Approx. Area Hectares	Approx. Area	Township or Mining District	Original Recording Date	Assessment Work Due Date
			Acres			
TB-1172976	4	64	158	Shelby Lake	March 13, 2000	March 13, 2006
TB-1172991	12	192	474	Shelby Lake	March 13, 2000	March 13, 2006
TB-1172993	12	240	474	Shelby Lake	March 13, 2000	March 13, 2006
TB-1172995	16	256	632	Shelby Lake	March 13, 2000	March 13, 2006
TB-1172998	12	192	474	Shelby Lake	March 6, 2000	March 6, 2006
TB-1172999	6	96	237	Shelby Lake	March 6, 2000	March 6, 2006
TB-1173000	4	64	158	Shelby Lake	March 13, 2000	March 13, 2006
TB-1220808	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-1220810	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-1220833	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-1220838	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-1227514	9	144	356	Shelby Lake	March 28, 2000	March 28, 2006
TB-1240355	8	128	316	Shelby Lake	March 13, 2000	March 13, 2006
TB-1240518	12	192	474	Orbit Lake	March 20, 2000	March 20, 2006
Totals	159	2,544	6,281			

South Legris Property

Pursuant to an option agreement dated April 10, 2000 and amended October 31, 2000 (the

"South Legris Agreement") between the Company as the optionee and Canadian Golden Dragon Resources Ltd. ("CGD") as the optionor, the Company was granted an option to acquire up to a 60% undivided interest in and to 10 contiguous claim blocks covering a total of approximately 2,160 hectares (5,333 acres) (the "South Legris Property"). The South Legris Property is 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. See Figure 12. The South Legris Property adjoins the Shelby Lake and forms part of the Lac Des Iles Project.

The South Legris Property is accessed by traveling 87 kilometres north of Thunder Bay on provincial Highway #527, and then traveling approximately 21 kilometres west along the Fensom Lake all-weather gravel logging road. Secondary logging roads extend southwest from here to all parts of the property.

The Company can earn a 50% interest in and to the South Legris Property by making cash payments totaling \$48,300 and completing \$1,000,000 in exploration expenditures as follows:

(a)

Cash payments totaling an aggregate of \$48,300 over a period of 60 months as follows:

(i)

\$10,000 within 14 days of signing; (paid)

(ii)

\$ 9,000 within 1 month of signing; (paid)

(iii)

\$ 4,300 within 6 months of signing; (paid)

(iv)

\$ 5,000 within 12 months of signing (April 10, 2001); (paid)

(v)

\$ 5,000 within 24 months of the signing (April 10, 2002); (paid)

(i)

\$ 5,000 within 36 months of the signing (April 10, 2003); (paid)

(ii)

\$ 5,000 within 48 months of the signing (April 10, 2004); (paid) and

(iii)

\$ 5,000 within 60 months of the signing (April 10, 2005);

(b)

Completing exploration expenditures totaling \$1,000,000 over a five-year period as follows:

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(i)

\$ 40,000 within 6 months of signing; (completed)

(ii)

\$ 100,000 within 12 months of signing; (completed)

(iii)

\$ 200,000 within 24 months of the signing; (completed)

(iv)

\$ 300,000 within 36 months of the signing; (completed)

(v)

\$ 400,000 within 48 months of the signing; (completed)

(vi)

\$1,000,000 within 60 months of signing.

Within three years of completing its 50% earn-in, the Company may earn a further 10% interest, for a total of 60% interest, by completing a feasibility study to the standards required by the Exchange.

A portion of the South Legris Property, specifically claims 1239923 and 3003317, are the subject of an underlying agreement, dated April 7, 2000, between Canadian Golden Dragon Resources Ltd. and Ken Fenwick, Don Leishman and Ron Tweedie (collectively the

"underlying vendors") of Thunder Bay, Ontario. Under the terms of the Underlying Agreement CGD can earn a 100% interest in the two claims by making cash payments totaling \$50,000 and issuing 100,000 common shares to the underlying vendors as indicated below. As per the terms of the South Legris Agreement the Company is responsible for making all payments to the underlying vendors up to the time it earns an interest in the property, after which point payments are to be made by both parties according to their interest in the property.

(a)

Cash payments to the underlying vendors totaling \$50,000 over a 4-year period as follows:

- (i)
\$3,000 within 10 days of signing; (completed)
 - (ii)
\$3,000 upon 6 month anniversary of the date of Exchange approval; (completed)
 - (iii)
\$3,000 12 months from the approval date (April 7, 2001); (completed)
 - (iv)
\$5,000 18 months from the approval date (October 7, 2001); (completed)
 - (v)
\$16,000 36 months from the approval date (April 7, 2003); (completed)
 - (vi)
\$20,000 48 months from the approval date (April 7, 2004). (completed)
- (b)
Issuing 100,000 common shares of Canadian Golden Dragon Resources to the underlying vendors as follows:

- (i)
25,000 common shares within 10 days of the approval date; (completed)
- (ii)
25,000 common shares within 6 months of the approval date; (completed)
- (iii)
25,000 common shares within 12 months of the approval date; (completed)
- (iv)
25,000 common shares within 18 months of the approval date. (completed)

Upon the commencement of commercial production a portion of the South Legris Property (claims 1172977-1172985, 1240523 and 1227503) will be subject to a 2% net smelter returns royalty in favour of Kenneth Fenwick, Don Leishman and Ron Tweedie of Thunder Bay, Ontario. The Company and CGD may purchase at any time, in proportion to their ownership interest at that time, up to 0.8% of the 2.0% royalty interest from Fenwick, Leishman and Tweedie for the sum of \$800,000. The Company and CGD also have a first right of refusal on the sale of the balance of the royalty interest granted in favour of Fenwick, Tweedie and Leishman.

The following is a summary of the claims currently comprising South Legris Property. The South Legris Property has not been surveyed and no work permits have been required for the work completed on the property to date.

South Legris Property Claim Information

Claim Number	# of units	Approx. Area (Hectares)	Approx. Area (Acres)	Township or Mining District	Original Recording Date	Assessment Work Due Date
TB-1172977	4	64	158	Shelby Lake	March 6, 2000	March 6, 2006
TB-1172982	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-1172983	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-1172984	15	240	593	Shelby Lake	March 6, 2000	March 6, 2006

TB-1172985	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-1172986	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-1172989	12	192	474	Shelby Lake	March 6, 2000	March 6, 2007
TB-1172990	16	256	632	Shelby Lake	March 6, 2000	March 6, 2006
TB-3003317	8	128	316	Shelby Lake	May 9, 2003	May 9, 2006
TB-1239923	16	256	632	Whitefin Lake	January 5, 2000	January 5, 2006
Totals	135	2,160	5,333			

Infrastructure and Physiography

The Lac Des Iles Project covers gently rolling, heavily forested terrain typical of the Canadian Shield. Elevation within the project area ranges from 436 to 524 metres (1,430 to 1,720 feet) above sea level. The area is covered by extensive glacial deposits dominated by glaciofluvial deposits in the south and till cover in the north. Low swampy ground is common throughout the area.

The Project area is typically heavily forested with mixed jackpine and poplar forests predominating. Alder and willow are common in and around swampy areas and the numerous small lakes on the property. Roughly 40% of the Project area has been logged off in the last 10-15 years. Second growth stands of jackpine are extremely dense and make for difficult working conditions. Recent clear cutting activities have created greatly improved access to the southern portion of the project area.

Access to the Project area is excellent. Thunder Bay serves as the regional supply center for this portion of Ontario with a population base in excess 125,000. From Thunder Bay the main access to the western portion of the property is reached by driving 95 km west along the Trans-Canada Highway (Hwy 17) to the Dog River Forest Access Road, an all-weather main haul logging and fire access road. The Dog River Road passes along the western edge of the project area.

Located 4.2 km north of the Dog River Road/Hwy 17 turnoff is a major Y-shaped intersection that marks the turnoff for the Shelby Lake Road. The Shelby Lake Road, and Orbit Lake road that turns off the Shelby Lake Road to the south at approximately the 15 km mark, are recently constructed main haul roads that provide excellent access to the Lac Des Iles River, Wakinoo properties and western portion of the Shelby Lake Property. The eastern portion of the Shelby Lake Property and the South Legris Property are most easily accessed via a separate and unconnected series of logging roads, which turns west off regional highway 527, 85 km north of Thunder Bay.

Climate in the Thunder Bay region ranges from highs of 25-35 degrees Celsius in June, July and August to lows of -30 to -35 in January and February. Summers are typically moderately warm and dry. Rainfall and muddy conditions limit surface work in late April to early May and again in mid-November to early December. Extremely cold temperatures from mid-January to late February typically result in increased exploration costs but in general work can be conducted year round in the project area.

Exploration History

Recorded exploration activities on the Lac Des Iles River, Shelby Lake and South Legris properties, within the Project boundaries, are summarized below. The exploration histories are based on a review of the provincial assessment records stored with the Mining Recorder in Thunder Bay and Sudbury, Ontario. Under the claim acquisition system in effect in Ontario there is no obligation to file work completed on a property if the claim holder does not intend to hold the claims beyond the second anniversary date. Therefore, the lack of recorded work on these properties does not rule out the possibility that early stage work (i.e. mapping, prospecting, sampling) has been completed in some of these areas by other operators in the past.

Recorded exploration on these three properties includes 3 airborne EM and magnetic surveys as follows:

9

1970-72 - V.R. Henbid and T.A. Gustafson - survey covered the western third of the South Legris property, northern half of the Shelby Lake Property and majority of the Lac Des Iles River Property. It identified several weak EM anomalies in and immediately northeast of the northeastern corner of the South Legris Property. Ground follow-up indicated that these anomalies were associated with the gabbro contact in this area and topographic lineaments. No significant mineralization was identified.

1975 - Texas Gulf Inc. conducted a regional airborne EM and Magnetic survey, which included the western third of the South Legris property, northern half of the Shelby Lake Property and majority of the Lac Des Iles River Property. This survey identified and defined the magnetic high associated with the Shelby Lake Intrusion and the Demars and Wakinoo intrusions to the east.

1986 - American Platinum Incorporated conducted an airborne EM and Magnetic survey over the western half of the Lac Des Iles River Property and conducted ground exploration and drill testing on the adjacent Demars and Wakinoo Lake Properties.

1989

- An assessment report by B. Fowler noted the presence of chalcopyrite mineralization within mafic volcanic rocks on the south side of Shelby Creek at the eastern edge of the South Legris Property. Assays of up to 5.4% Cu, 33 ppm Ag and 50 ppb Au were returned from several small pits and trenches. This is the only recorded occurrence of mineralization on the three properties prior to the Company's involvement.

2000

- In September of 2000 the Ontario government released a detailed airborne magnetic and electromagnetic survey that covered the majority of the project area. This survey clearly identified strong magnetic highs associated with the major mafic intrusions in the Lac Des Iles area and has proved to be an invaluable aid in geological mapping and structural interpretation in the region.

2002

- In September of 2002 the Ontario government released a detailed lake sediment survey that covered the entire project area. The survey identified Pt-Pd-Ni-Cu-Cr-Co anomalies associated with the Lac Des Iles Mine, the Towle Lake intrusive complex and several lower level anomalies associated with the other mafic intrusions in the area.

Geological Setting

The Lac Des Iles District is defined geologically by the occurrence of a number relatively undeformed, Late Archean mafic/ultramafic intrusions located near the southern margin of the Wabigoon Sub-Province of the Superior craton. The intrusions, which date at roughly 2.74 Ga, occur mainly along the margins of a crudely circular "ring" (The Lac Des Iles Ring Structure) some 25-30 km in diameter. The Lac Des Iles intrusions are intruded into Mid to Late Archean orhito and paragneiss of the Wabigoon Sub-Province. The southern contact of the Wabigoon Sub-Province, with the metasediments of the Quetico Sub-Province, occurs less than 2 km south of the southern-most member of the Lac Des Iles suite

Sutcliffe (1986) considered the Lac Des Iles suite of intrusions to be roughly coeval with a series of granitic-tonalitic-granodioritic intrusions in the Lac Des Iles area. This suite of felsic intrusions is restricted spatially to the interior of the Lac Des Iles Ring Structure and appears to cut the mafic intrusions. The felsic intrusions are, in turn, cut by Late Archean mafic dykes whose relationship to the Lac Des Iles Suite is unknown.

Lac Des Iles Suite of Intrusions

The main focus of exploration in the Lac Des Iles District has been the Lac Des Iles Suite of mafic/ultramafic intrusions. The Lac Des Iles Suite is comprised of no fewer than 13 separate but magmatically related, multi-phase, mafic to ultramafic intrusions, which define a crudely circular structure some 30 km in diameter, the Lac Des Iles Ring Complex. Limited in-depth research conducted on this intrusive suite assigns a tentative date of 2.74 Ga to the mafic magmatic activity and indicates derivation from either a partially depleted mantle source or from mafic underplating of continental crust (Brugmann et al, 1997).

Pt-Pd-Au mineralization is known from at least 10 of the 13 members of the Lac Des Iles Suite. The most significant concentration identified to date is the Lac Des Iles Mine, which is owned and operated by North American Palladium. Published reports indicate that the mine hosts a measured and indicated resource of 49.9 mT grading 2.15 g/T Pt+Pd+Au

and an additional inferred resource of 110 mT grading 1.77 g/t 3E. The Lac Des Iles Deposit is hosted by a large-scale gabbro to gabbro-norite breccia phase of the Mine Complex Intrusion along the eastern margin of the Lac Des Iles Ring Complex. Mineralization occurs in the form of sparsely disseminated chalcopyrite and pyrrhotite typically hosted by the varitextured gabbro matrix to the breccia zone. A high-grade margin to the deposit is hosted by a strongly altered and deformed, but narrow (7-15 metre wide) pyroxenite unit.

The Shelby Lake and Towle Lake Intrusive Complexes are relatively narrow, elongate gabbro-dominated intrusions, which occur along the eastern and southern margins of the Lac Des Iles district, respectively. Both intrusions appear to have been intruded along pre-existing zones of structural weakness and exhibit marginal breccia zones and multiple intrusive events. These two intrusions underlay the three properties, which are the focus of this report and host most of the known PGE mineralized occurrences within the Company

's holdings.

Lac Des Iles-type Deposits

PGE mineralization at Lac Des Iles is hosted by a large breccia zone developed within the marginal phase of the Mine Complex, a 2.5 x 1.5 km gabbroic intrusion which is part of the Lac Des Iles Suite of Intrusions. Mineralization occurs mainly in the form of sparsely disseminated chalcopyrite and pyrrhotite within varitextured gabbro/gabbro-norite that comprises the matrix to the breccia. The breccia itself is matrix supported with fragments ranging in size from several cm to over 30 metres. The fragments are dominantly comprised of gabbroic lithologies with lesser pyroxenite and rare ultramafic and wall rock fragments. The breccia body covers over an area in excess of 600 x 150 metres. Along the eastern contact of the breccia zone is a narrow (7-15 metre wide) band of pyroxenite, which exhibits strong alteration and shearing. This pyroxenite zone hosts the highest-grade mineralization within the deposit and appears to have acted as a chemical/structural trap for mineralized fluids. There is evidence throughout the Lac Des Iles deposit of hydrothermal alteration in the form of chlorite, sericite and epidote, which were formed either during or after deposition of the PGE mineralization. The varitextured nature of the gabbro matrix also suggests a significant role for volatiles during deposit formation. In general, the Lac Des Iles deposit appears to possess aspects of both the Contact Breccia and Magmatic/Hydrothermal classes of deposits. There is no clear evidence to date for contamination or mixing (except possibly within the pyroxenite zone) playing a significant role in deposition of PGE's at Lac Des Iles. The other potential deposition mechanisms are pressure decrease and/or cooling of a PGE-bearing, volatile fluid phase, which could also be responsible for breccia development. Additional work on modeling this deposit is on-going. Important exploration criteria include evidence for volatile activity (varitextured/pegmatitic gabbro), breccia development, weak but pervasive alteration and low level sulphide mineralization.

Exploration and Mineralization on the Lac Des Iles Project

Since property acquisition began in early 2000 New Millennium Metals, Platinum Group Metals and the merged companies have conducted eight exploration programs covering portions of the three properties. These programs and the material results are summarized below.

Phase 1 - Prospecting and Mapping

- Summer 2000

Between May and July of 2000 New Millennium employed between 4 and 10 geologists and prospectors to undertake first pass prospecting and reconnaissance geological mapping over roughly 85% of the Lac Des Iles Project holdings. The Phase 1 prospecting and mapping program resulted in the discovery of two significant PGE showings, the discovery of two zones of PGE mineralization hosted in boulders and the identification of four previously unmapped members of the Lac Des Iles Intrusive Suite.

Significant zones of PGE mineralization were discovered in outcrop at Powder Hill, on the Lac Des Iles River Property, and at Turtle Hill on the Shelby Lake Property. At Powder Hill 9 of 13 grab samples collected from an outcrop of chalcopyrite-mineralized leucogabbro breccia and varitextured gabbro returned values in excess of 1.0 g/T Pt+Pd+Au with a high of 1.81 g/T. The Powder Hill mineralization is hosted by the Towle Lake Intrusive Complex, which is marked by a prominent northeast-trending magnetic anomaly that extends for over 16 km across ground held by the company.

PGE mineralization was also discovered in outcrop at Turtle Hill on the Shelby Lake Property. Here weakly disseminated chalcopyrite and pyrite mineralization occurs in a leucogabbro contact-style breccia along the northern contact of the Shelby

Lake Intrusion. Values of up to 363 ppb Pt+Pd+Au were obtained from grab samples of the Turtle Hill breccia, which covers a minimum area of 55 x 15 metres.

In the northeast corner of the Lac Des Iles River Property a number of sulphide mineralized PGE-bearing boulders, known as the Stocker occurrence, were located during the Phase 1 program. Fourteen angular gabbro breccia and varitextured gabbro boulders sampled over an area of 20 x 50 metres returned values > 500 ppb Pt+Pd+Au. The mineralized boulders occur in a basal till horizon, range in size from 60 cm to over 1.5 metres and are very angular. Based on their mode of occurrence, angular nature and similarity to locally observed lithologies they are believed to be of local provenance.

Phase 2 - Trench and Channel Sampling Program

- Fall 2000

Following completion of the Phase 1 mapping and prospecting program a limited program of mechanical outcrop stripping and channel sampling was conducted by New Millennium during the fall of 2000. Areas stripped and sampled included the Powder Hill Zone on the Lac Des Iles River Property and the Turtle Hill Zone on the Shelby Lake Property.

Powder Hill

At Powder Hill a 25 x 30 metre area was exposed at the west end of the main outcrop, as well as a 3 x 50 metre trench at the east end. A Pt-Pd mineralized zone was exposed over a 20 (NE-SW) x 10 metre area on the southwest corner of the Powder Hill outcrop. Subsequent channel sampling across this zone returned two mineralized intervals averaging 392 ppb Pt+Pd+Au over 2.0 metres and 124 ppb Pt+Pd+Au over 2.0 metres. Based on these results, and failed attempts to locate additional outcrop, a program of I.P./Mag and drill testing was recommended

Turtle Hill

Stripping of a 55 x 15-metre area at Turtle Hill on the Shelby Lake Property exposed a gabbro breccia unit along the northern contact of the Shelby Lake intrusion. Low-level Pt-Pd mineralization is associated with sparsely disseminated chalcopyrite and pyrrhotite in the matrix of the Turtle Hill breccia. Of 57 one metre samples collected from the Turtle Hill breccia and an adjacent pyroxenite unit 21, or 37%, returned Pd values above the detection limit

of 10 ppb, with a high of 101 ppb Pt+Pd+Au over 1 metre. Grab samples from the discovery outcrop at Turtle Hill had returned values to 363 ppb Pt+Pd+Au. Additional prospecting and mapping along the northern contact of the Shelby Lake intrusion was recommended.

Phase 3- Powder Hill and Stocker Geophysical Surveys

- Winter 2000

In December of 2000 Scott Geophysics Ltd. of Vancouver completed 26.8-line km of IP/Mag over the Powder Hill area and southwestern portion of the Lac Des Iles River Property. The IP survey was conducted using the pole-dipole array, an electrode spacing of 50 metres and "n" separations of 1-6. Magnetic readings were obtained at 25 metre intervals along the sample lines with fill-in at 12.5 metres in areas of steep gradients. Surveying was completed on northwest oriented cut lines spaced at 200 metre intervals.

The Powder Hill survey detected a moderately strong 600 x 200 metre chargeability anomaly located 100 to 300 metres south of the mineralized outcrop at Powder Hill with chargeability values ranging from 10 to 22 mV/Volt. A weaker anomaly, 8-10 mV/V, blankets the Powder Hill outcrop and extends for several hundred metres to the east and west beyond the limits of the survey area. The magnetic survey detected a very strong, northeast-trending magnetic high beneath cover immediately to the northeast of the Powder Hill outcrop and a second anomaly 300 metres south of Powder Hill. The southern magnetic anomaly correlates with the known trend of turbidite-hosted iron formation, but the northeastern anomaly could not be correlated with any known outcropping unit. Based on these results drill testing of the chargeability features was recommended (see below - Phase 1 Powder Hill Drilling).

The second portion of the planned IP/Mag survey was completed by Geosig Inc. of Sainte-Foy, Quebec. The change in contractors was necessitated due to the high costs of the initial survey and the availability of a Geosig crew in the survey area. The survey was conducted using identical survey parameters and similar instrumentation such that the results should be directly comparable. In total Geosig completed 28.8-line km of IP and Mag over the area that included the Stocker boulder field and the Turtle Hill Zone.

The Geosig (Stocker) IP survey identified a number of narrow northeast-trending zones of weakly anomalous chargeability, at least four of which are interpreted to be in the up-ice direction from the Stocker boulder field. The strongest of these anomalies occurs 300 to 900 metres to the northeast of the Stocker boulders and is 50 to 100 metres wide. It reaches maximum chargeability values of 10.5 mV/V. This anomaly appears to be coincident with the north flank of a magnetic high. No anomaly was detected over the Turtle Hill Zone. Trenching and detailed mapping were recommended as a follow-up to the IP survey.

Phase 4 Drilling - Powder Hill Drilling

- Spring 2001

Between February 1 and March 12 of 2001 a 12-hole diamond-drilling program was carried out in the Powder Hill area. The purpose of this drill program was to test the known bedrock mineralization at Powder Hill and the chargeability anomalies detected by the Scott geophysical survey south of Powder Hill. In all 12 holes totaling 1,043 metres were completed in and around Powder Hill. The results of this program are described in more detail below.

Phase 5 - Mapping and Prospecting

- Summer 2001

Based on the results of the Powder Hill drill program, which indicated a stratiform zone of mineralization within the Towle Lake Intrusive Complex, a detailed program of mapping and prospecting was undertaken along the 13 km long portion of the Towle Lake Complex on the Lac Des Iles River and Shelby Lake Properties. In total 90 man-days were spent mapping and prospecting along chain and compass lines across the Towle Lake Complex. Lines were placed at 100 metre intervals and sample/outcrop locations were controlled by GPS.

This program led to the discovery of the PGE mineralized Stinger Zone. The Stinger Zone is located within the central portion of the Towle Lake Complex, 6.5-km northeast of Powder Hill. Initial grab sample results from the 2x3 metre discovery outcrop ranged from a low of 37 ppb Pt+Pd to a high of 7.47 g/T Pt+Pd+Au. In addition to the high-grade mineralization at the discovery showing, low level (35-75 ppb) Pt and Pd mineralization was detected in several intrusive phases for over one kilometer to the northeast and 300 metres to the southwest of the Stinger Zone within the Towle Lake Complex.

At the same time as the New Millennium crews were prospecting/mapping in the Stinger area an exploration crew working on the adjacent South Legris Property for Platinum Group Metals discovered the Vande Zone. The Vande Zone is a geologically complex series of PGE-bearing gabbro breccias and mafic intrusive phases hosted by the eastern portion of the Towle Lake Intrusive Complex. The Vande Zone is located 3.5 km northeast of Stinger discovery.

PGE mineralization within the Vande Zone is related to 1-5% disseminated pyrite and chalcopyrite, which is hosted by leucogabbro, mesogabbro and pyroxenite. There appears to be a direct relationship between the abundance of chalcopyrite and the grade of the PGE mineralization, although no statistical analysis has been conducted to confirm this observation. Initial grab samples from chalcopyrite-bearing sections of the Vande Zone collected along strike for 400 metres returned grades ranging between 55 and 1,238 ppb Pt+Pd+Au.

Phase 6 - Mechanical Stripping

- Vande and Stinger Zones - Summer/Fall 2001

During July of 2001 Platinum Group Metals undertook a follow-up trenching and channel sampling program in the Vande Zone discovery area. In total 1,750 square metres of shallow bedrock trenching was completed in four trenches along a 350 metre long section of the Vande Zone. This program identified a broad zone of PGE mineralization which returned 0.36 g/T Pt+Pd+Au over a 50 metre width with a high of 1.22 g/T over 2.0 metres from saw cut channel samples across the discovery showing. Trenching and channel sampling 300 metres to the southwest of the discovery showing, along the Towle Lake trend, also located PGE mineralized gabbro breccias which returned 11.0 metres grading 1.26 g/T Pt+Pd+Au, including 5.0 metres averaging 2.28 g/T Pt+Pd+Au.

In October of 2001 a program of mechanical stripping and channel sampling was completed by New Millennium Metals in the Stinger Discovery area. In total five areas were excavated and sampled. A 65 x 20 metre area was stripped along strike (055 degrees) over the discovery showing (main trench), a 4 x 55 metre trench was cut across strike and up-section at the east end of the main trench and a similar trench some 4 x 90 metres was cut across strike and up-section at the east end of the main trench. In addition to these areas 4-5 metre wide trenches were cut 150 metres northeast and southwest of the

discovery outcrop. The western trench covered roughly 90 metres of stratigraphy and the eastern trench cut across 112 metres of stratigraphy.

Stripping of the main trench exposed three bands of Pt-Pd mineralized leucogabbro, varying from 0.4 to 2.5 metres in thickness, cutting fine-grained pyroxenite over a 4 to 6.5 metre widths for 55 metres along strike. Disseminated sulphide mineralization is present throughout this interval and several channels were cut across the main trench outcrop. The results of this sampling (Table 16) are provided in the table below along with the channel locations relative to the discovery outcrop. Samples were collected from saw cut 5-7 cm wide, continuous channels across the strike of the mineralized units. Sample intervals varied as a function of variations in mineralization and lithology, but seldom exceeded one metre. The mineralized stratigraphy appears to dip at 60-65 degrees to the southeast. The majority of the channel samples were collected along a relative steep incline to the northeast such that sample intervals approximate true width within 5%.

Sulphide mineralization in the discovery outcrop is heaviest at the base (northern contact) of the southern-most leucogabbro band. This was the location of the initial high-grade grab samples. A 30 cm to 1.7 metre band of heavy sulphide, high-grade PGM mineralization (> 2.9 g/T Pt+Pd+Au) is present at this level across the entire outcrop. Individual leucogabbro bands beneath the high-grade zone typically return grades in excess of 1 g/T Pt+Pd+Au while intervening pyroxenite intervals return several hundred ppb Pt+Pd+Au.

Anomalous Pt and Pd values (> 100 ppb Pt+Pd) were detected over a forty-two-metre interval stratigraphically above the level of the main zone in the cross-strike trench at the east end of the main trench. Anomalous Pt+Pd mineralization was detected in pyroxenite, ferrogabbro and coarse-grained leucogabbro in this trench. Values appear to correlate with the presence of very fine-grained disseminated chalcopyrite +/- pyrrhotite. A continuous channel sample ran the length of this trench.

Table 16: Stinger Channel Sample Results

Channel #	Interval	Location	Au ppb	Pt ppb	Pd ppb	Pt+Pd+Au g/T	Pd:Pt
1	4.8 m	3.5E	66	159	852	1.08	5.36
2	2.5 m*	0	68	303	1748	2.12	5.77
3	4.7 m	15E	72	149	785	1.01	5.27
including	2.2 m		97	195	1090	1.38	5.58
4	6.4 m	25E	108	177	1067	1.35	6.02
5	4.6 m	45E	133	301	1589	2.02	5.28
including	1.7 m		278	639	3269	4.19	5.12
6	4.1 m	55E	78	221	1131	1.43	5.11

* Channel 2 failed to sample the entire mineralized interval

Phase 7

- Geophysical Surveying - South Legris Property (Vande Zone) - Fall 2001

Between July and September of 2001, 35.5-line km of IP and 40-line km of magnetic surveying were completed over a cut grid in the Vande Zone area by Platinum Group Metals.

The IP surveys identified a relatively continuous zone of elevated chargeability, > 5 mV/V, for over 3.0 km associated with a northeast-trending magnetic anomaly believed to be sourced by the Towle Lake Intrusive Complex. Chargeability values reach a high of 13.9 mV/V in the discovery showing area.

Based on the results of the trenching and geophysical programs along the Vande Zone on the South Legris property a program of diamond drilling to test geophysical and geological targets was recommended and conducted during the fall/winter of 2001.

Phase 8, 9, 10

- Drilling of the Vande, Stinger and Shelby Contact Zones

Between the fall of 2001 and fall/winter of 2002 three programs of diamond drilling and a limited program of trenching were completed to test the surface mineralization discovered at the Stinger, Vande and Shelby Contact Zones.

Diamond Drilling

- Lac Des Iles River, Shelby Lake and South Legris Properties

Phase 4 Work Program

- Diamond Drilling - Powder Hill Zone - Lac Des Iles River Property

Between February 1 and March 12 of 2001 New Millennium Metals Corp. conducted a 12-hole, 1,043 metre diamond-drilling program in the Powder Hill area. The purpose of this drill program was to test the known bedrock mineralization at Powder Hill and the chargeability anomalies detected by the Scott geophysical survey south of Powder Hill.

Nine of the twelve holes drilled intersected stratiform Pt-Pd mineralization belonging to the Powder Hill Zone. The mineralized intercepts in holes PH 1, 2, 4 and 7-12 are shown Table 1

7, below. Hole PH-3 was drilled into footwall lithologies, overshooting the Powder Hill Zone by a matter of 2-3 metres. Holes PH 5 and 6 tested the previously mentioned chargeability anomaly south of Powder Hill. These holes intersected numerous cm-scale bands of disseminated to semi-massive pyrrhotite spread over a 20-25 metre interval in turbiditic sediments south of the southern contact of the Towle Lake Complex. These pyrrhotitic bands are interpreted to be the source of the IP anomaly.

Drilling intersected a stratiform zone of Pt-Pd-Au-Cu mineralization across 600 metres in strike length and to a depth of 65 metres. The zone remains open both along strike (065 degrees) and downdip. The Powder Hill Zone mineralization, as discussed above, consists of fine-grained, disseminated chalcopyrite and pyrite hosted by the varitextured leucogabbro matrix to a stratiform breccia unit. The mineralization occurs at the base of the breccia unit where it is in intrusive contact with a younger fine-grained leucogabbro (to the southwest) or a magnetite-bearing ferrogabbro (to the northeast). Fragments of mineralized breccia are observed in the younger intrusive lithologies in outcrop and drill core. The Powder Hill mineralization is located within a broad, low-level chargeability anomaly, which includes the ferrogabbro and part of the metasedimentary sequence to the south. Additional drilling was recommended to trace the mineralized zone to the southwest and northeast.

Table 1

7: 2001 Drill Intercepts and Results - Powder Hill Zone

<i>Hole Number</i>	<i>Grid Easting</i>	<i>Grid Northing</i>	<i>Intersection</i>	<i>Core Length</i>	<i>Pd g/T</i>	<i>Pt g/T</i>	<i>Au g/T</i>	<i>Pt+Pd+Au g/T</i>
<i>PH-11</i>	<i>1800W</i>	<i>450S</i>	<i>35.5-37.0 m</i>	<i>1.5 m</i>	<i>0.59</i>	<i>0.05</i>	<i>0.08</i>	<i>0.72</i>
<i>PH-10</i>	<i>1900W</i>	<i>450S</i>	<i>36.5-42.15 m</i>	<i>5.65 m</i>	<i>0.91</i>	<i>0.16</i>	<i>0.10</i>	<i>1.17</i>
		<i>including</i>	<i>38.1-39.7 m</i>	<i>1.6 m</i>	<i>1.61</i>	<i>0.26</i>	<i>0.17</i>	<i>2.04</i>
<i>PH-12</i>	<i>1950W</i>	<i>525S</i>	<i>92.9-97.6 m</i>	<i>4.65 m</i>	<i>0.76</i>	<i>0.14</i>	<i>0.06</i>	<i>0.96</i>
<i>PH-04</i>	<i>2000W</i>	<i>475S</i>	<i>53.2-59.8 m</i>	<i>6.60 m</i>	<i>0.41</i>	<i>0.11</i>	<i>0.05</i>	<i>0.57</i>
<i>PH-02</i>	<i>2100W</i>	<i>435S</i>	<i>28.0-29.25 m</i>	<i>1.25 m</i>	<i>0.79</i>	<i>0.14</i>	<i>0.07</i>	<i>1.00</i>
<i>PH-01</i>	<i>2100W</i>	<i>475S</i>	<i>63.0-64.0 m</i>	<i>1.0 m</i>	<i>0.40</i>	<i>0.10</i>	<i>0.02</i>	<i>0.52</i>
<i>PH-07</i>	<i>2200W</i>	<i>450S</i>	<i>24.8-26.2 m</i>	<i>1.4 m</i>	<i>1.69</i>	<i>0.29</i>	<i>0.06</i>	<i>2.04</i>
<i>PH-08</i>	<i>2300W</i>	<i>475S</i>	<i>65.2-67.8 m</i>	<i>2.6 m</i>	<i>1.55</i>	<i>0.25</i>	<i>0.10</i>	<i>1.90</i>
		<i>including</i>	<i>65.8-67.0</i>	<i>1.2 m</i>	<i>2.40</i>	<i>0.29</i>	<i>0.14</i>	<i>2.83</i>
<i>PH-09</i>	<i>2400W</i>	<i>465S</i>	<i>69.2-70.2 m</i>	<i>1.0 m</i>	<i>0.13</i>	<i>0.02</i>	<i>0.02</i>	<i>0.17</i>

Phase 8

- Diamond Drilling - Vande Zone, South Legris Property - Fall 2001

Platinum Group Metals completed 1,492 metres of diamond drilling, in 6 holes, on the South Legris property, between August and November of 2001. Drilling was conducted to test the Vande Zone at shallow depths and to test additional geological and geophysical targets.

Drill holes SL-01 and -02 were drilled in section, from southeast to northwest at

-45 degrees, beneath the discovery showing. Hole SL-01 intersected two narrow mineralized zones, as indicated in Table 18 below, separated by a 26.79 metre wide late gabbro dyke beneath the 50 metre-thick mineralized intercept reported from the discovery trench above. Hole SL-02 collared 55 metres southeast of hole SL-01 failed to intersect any more than weakly anomalous Pt+Pd+Au mineralization despite intercepting similar lithologies.

Drill hole SL-03 tested the mineralized section observed in trench 300E (see above). While failing to return the higher-grade mineralization observed in the trench, hole 03 did intersect two thick zones of lower grade Pt+Pd+Au mineralization (see table 14 below). As in hole SL-01 PGE mineralization is present in both gabbro breccia and leucogabbro units.

Drill hole SL-04

-06 failed to intersect anymore than weakly anomalous PGE mineralization outside one vein-related zone in hole 04. Hole SL-04 tested a distinct magnetic low cross-cutting the Towle Lake trend which appears to be related to a zone of late vertical faulting. A narrow quartz-tourmaline vein encountered in the lower portion of this hole contained strongly elevated Pd values (1110 ppb over 0.79 metres) but virtually no Au or Pt (1 and 3 ppb respectively). This suggests greater mobility of Pd in the post-magmatic environment than either Au or Pt.

Holes SL-05 and 06 were drilled to test a coincident magnetic and chargeability anomaly along line 1800W. The author has not examined these holes but available drill logs and assays indicate the holes encountered a thick section of gabbro breccia and leucogabbro, as in the discovery area, but only minor PGE mineralization (maximum intercept of 323 ppb Pt+Pd+Au over 1.2 metres at a depth of 137.75 metres in hole SL-05).

Following a re-evaluation of the available exploration data Platinum Group collared three additional diamond drill holes, totaling 489 metres, targeting geophysical anomalies in December of 2001. Drill hole SL-07 was collared 35 metres northeast of hole SL-03 and drilled back, toward the collar of hole 03, under trench 300E. A recent re-evaluation of the geology of this area by the author indicates that this hole was drilled at an angle of approximately 45 degrees to the strike of the Vande Zone in this area providing an oblique cut of the lower part of the zone. Hole SL-07 did intersect 1.45 metres grading 1.18 g/T Pt+Pd+Au within a broader package of weakly anomalous PGE values.

Drill hole SL-08 and SL-09 were collared near the northeastern end of the area covered by the geophysical survey. Based on a recent re-interpretation of the local geology by the author both holes, which targeted coincident magnetic and chargeability anomalies, appear to have been drilled down-dip (to the southeast) and did not test the geophysical anomalies being targeted. Neither of the two holes intersected any more than very weakly anomalous PGE values and

the majority of hole 09 appears to have been drilled through a diorite dyke.

Based on the drill results to date it is evident that there is an extensive zone of PGE mineralization hosted within the Towle Lake Complex on the South Legris Property. Drilling to date, however, has not been able to demonstrate the presence of PGM mineralization of economic grade/thickness. Given the extensive nature of the mineralized system in the Vande Zone area it is recommended that additional closely spaced (50-100 metre) diamond drilling be undertaken to test the Vande Zone both along strike and down dip to a depth of 300 metres. Additional drilling should target geophysical and geological targets along the Towle Lake trend including the anomalies that were not adequately tested by holes SL-08 and SL-09. Additional consideration should also be given to extending the available geophysical coverage to the northeast, along the Towle Lake trend to the property boundary.

Table 1

8: Significant Drill Hole Intercepts from Vande Zone 2001/2002 Drilling

<i>Drill</i>	<i>Intersection</i>	<i>From</i>	<i>To</i>	<i>Width</i>	<i>Pd</i>	<i>Pt</i>	<i>Au</i>	<i>Pd+Pt+Au</i> (ppb)	<i>Pt:Pd</i>
<i>Hole</i>	<i>Details</i>	<i>(m)</i>	<i>(m)</i>	<i>(m)</i>	<i>(ppb)</i>	<i>(ppb)</i>	<i>(ppb)</i>		<i>Ratio</i>
SL-01	Leucogabbro phase in gabbro breccia	3.70	7.50	3.80	495	144	108	747	3.43
SL-01	Melanogabbro breccia	34.29	37.00	2.71	836	258	271	1365	3.23
SL-03	Leucogabbro breccia	14.74	24.10	9.36	82	36	17	135	2.28
SL-03	Leucogabbro	36.55	45.03	8.48	143	54	41	238	2.65
SL-04	Quartz-Tourmaline Vein	161.55	162.34	0.79	1110	3	1	1113	370
SL-07	Leucogabbro	14.15	15.60	1.45	912	253	19	1184	3.60
SL02-10	Leucogabbro/ Leucogabbro Bx Including	11.10	24.80	13.70	315	119	17	451	2.65
				2.00	1378	539	28	1945	2.56
SL02-11	Leucogabbro	92.1	102.4	10.30	264	27	21	308	9.8
SL02-12	Mesogabbro	35.65	41.8	6.25	420	176	84	680	2.45

One unusual aspect of the Vande Zone mineralization encountered to date in drilling is the relatively low Pd:Pt ratio (2.28:1-3.48:1) which is similar to the metals ratios in the Shelby Contact area (see below) but considerably lower than those associated with the mineralization in the Stinger area and at the Lac Des Iles deposit (5.5:1 and 8.5:1 respectively). The source/cause of this variation in Pd:Pt ratio is still being investigated.

Phase 9

- Diamond Drilling and Trenching - Stinger/Shelby Contact Zones, Shelby Lake Property - Summer 2002

Shelby Contact Trenching

Between June 21 and July 8, 2002, following the merger of Platinum Group Metals and New Millennium Metals under the Platinum Group Metals (PTM) banner, PTM completed 536 square meters of shallow overburden trenching in four trenches along the Shelby Contact Zone on the Shelby Lake and Lac Des Iles River Properties. Trenching was contracted to Methot Excavating of Thunder Bay, Ontario.

The initial trench was completed over a geophysical target (IP anomaly #2) identified by the 2001 IP survey over the Stocker grid. This anomaly reached a peak value of 15 milliseconds along line 32+00E on which it was trenched. This geophysical anomaly can be traced for 400 metres and was not known to be associated with any significant bedrock mineralization.

Trenching exposed a strongly fractured, massive biotite-hornblende leucocratic diorite with minor pyroxenite xenoliths. The chargeability anomaly appears to be sourced by narrow veinlets and fracture-fillings of pyrite and lesser chalcopyrite, which dissected the diorite in this area. In total 34 channel samples, ranging in length from 0.3 to 1.2 metres, were collected from the washed bedrock exposure and analyzed for Pt, Pd and Au. No significant anomalies were returned (max. values of 36 ppb Au, 27 ppb Pt and 15 ppb Pd).

A short trench (Shelby Contact Trench #2) was completed along the northern edge of the Shelby Lake Road, near line 3400E, across a narrow exposure of leucogabbro breccia and varitextured gabbro. Similar lithologies have returned strongly elevated Pt-Pd-Au values throughout the property. Shelby Contact Trench #2 exposed 7.5 metres of coarse-grained, varitextured hornblende leucogabbro cut by both a granite pegmatite and granodiorite dykes. Weakly disseminated pyrite and lesser chalcopyrite occur throughout the varitextured portion of the leucogabbro and in the matrix to the gabbro breccia at the base of the interval. Nine channel samples were completed across the width of the leucogabbro interval and across a xenolith-bearing portion of the granodiorite. Low level Pt-Pd-Au mineralization was encountered throughout the

leucogabbro with Pt+Pd+Au values ranging between 24 and 92 ppb. The mineralized interval in this trench is similar in many respects to that observed at Turtle Hill 400 metres to the northeast.

A third bedrock trench was completed along line 2400E from 525 to 575 N. This portion of Line 2400E was targeted due to the presence of a moderate strength chargeability anomaly and the shallow nature of the overburden cover. Trenching exposed, from line north to south, the contact between the Shelby Lake intrusion and granitic gneiss to the north which is marked by an 8 metres vertical cliff; a 25 metre, poorly exposed section, of varitextured hornblende leucogabbro and xenolith-bearing leucogabbro similar to that observed in trench #2; and a 25 metre section of late biotite-hornblende diorite (as in trench #1) cut by a eight metre wide feldspar porphyritic granodiorite dyke.

The observed chargeability anomaly is sourced by up to 2-3% disseminated chalcopyrite and pyrite within the varitextured leucogabbro unit. Sulphide content appears to increase in the coarser-grained and more variably textured portions of this unit, which locally contains between 1 and 3% fragments of melanogabbro, pyroxenite and fine-grained gabbro. None of the earlier mafic intrusive phases appear to be sulphide bearing. Sulphide mineralization is observed throughout the exposed portion of this leucogabbro unit, over a width of approximately 25 metres (approximately 11 metres of which is not exposed or only very poorly exposed).

A single grab sample of moderately well mineralized material from the bottom of the trench returned 1.64 g/T Pt+Pd+Au. Channel sampling through the mineralized portion of the trench returned a high of only 0.81 g/T Pt+Pd+Au (232 ppb Pt, 491 ppb Pd, 98 ppb Au), 0.12% Cu and 0.03% Ni. Channel samples collected from 9.2 metres of 13.3 metres through the main mineralized interval (the 9.2 excluding late dykes and areas not amenable to channel sampling) returned a weighted average grade of 0.268 g/T Pt+Pd+Au. One unusual aspect of the Shelby Contact Mineralization, in a regional context, is the low Pd:Pt ratios. The majority of mineralized occurrences in the Lac Des Iles District have Pd:Pt ratios of >4:1 and the Pd:Pt ratio at the Lac Des Iles Mine is greater than 8:1. However the Shelby Contact mineralization returns Pd:Pt ratios between 1 and 2.4:1.

A fourth trench was completed at approximately 1670E. This trench expanded a narrow trench completed in 2001 but not sampled. The northern 25 metres of the trench exposed banded granitic gneiss. Between 30 and 42 metres south along the trench a medium-grained to locally varitextured hornblende leucogabbro is exposed. This unit is locally similar to the mineralized host in trench 2400L but less variable in texture and contains relatively few xenoliths. Channel samples cut through an 8-metre section of this unit returned Pt+Pd+Au values ranging from below detection to a high of 118 ppb Pt+Pd.

From 42-45 metres the trench encountered a xenolith-bearing, varitextured leucogabbro unit identical to the mineralized interval in trench 2400E. The contact between the upper/northern leucogabbro and the varitextured

gabbro is sharp. The varitextured leucogabbro is terminated at 45 metres south by a feldspar porphyry granodiorite dyke, which appears to be the same one observed cutting the hornblende biotite diorite in the 2400E trench. The northern contact of the dyke appears to dip steeply to the south. The dyke was exposed over a width of 8 metres but the southern contact was not encountered before overburden depths terminated the trenching.

Two 1.5 metre channels cut across the varitextured leucogabbro returned values of 43 and 109 ppb Pt+Pd (Au below detection). A separate one metre channel cut through a hornblendite pod within this interval returned 270 ppb Pt+Pd with an anomalously high (4.5:1) Pd: Pt ratio.

Based on the results of the trenching program, which traced PGM mineralization along a 1.73 km long stretch of the northern contact of the Shelby Lake Intrusion, the decision was made to undertake a short drill test of the zone beneath the L2400E trench.

Drilling- Shelby Contact Zone, Shelby Lake Property

Two short diamond drill holes were collared to test the Shelby Contact Zone mineralization encountered in Trench 2400E. Drill hole SH02-01 was collared at 590 north and drilled to the grid south, along the trace of the trench and L2400E, at an angle of

-45 degrees. This hole was intended to provide an undercut of the exposed mineralization and a complete geological section from the gneiss, through the mineralized zone and into the hornblende-biotite diorite. Unfortunately the hole passed through granitic gneiss (to 22.8 m), then into a pyroxenite gabbro unit (22.8-36.4 m), which is poorly exposed on surface, and then back into granitic gneiss. This later occurrence of granitic gneiss appears to be a roll/structural high in the

basement. At a depth of 51.9 metres the hole passed back out of the gneiss into a pyroxenite unit, which is not observed on surface. The hole then passed into pyroxene gabbro and intersected a thin unit of the varitextured gabbro prior to encountering the hornblende-biotite diorite. The hole encountered only weakly anomalous mineralization with a maximum of 144 ppb Pt+Pd+Au over 1.0 metre within the pyroxene gabbro unit.

Hole SH02-02 was collared at 550 north on L2400E and drilled to the north at an angle of 70 degrees with the intention of testing the exposed portion of the mineralized varitextured gabbro and determining if the lower granitic gneiss encountered in hole 01 was a xenolith or basement high. Hole 02 collared into a 5-metre thick felsic dyke and then cut two intervals (4.1 and 5.1 metres) of mineralized varitextured and xenolith-bearing leucogabbro separated by a dyke of hornblende-biotite diorite. Grades of the two mineralized sections were similar to those observed in the channel sampling (4.1 m @ 0.303 g/T Pt+Pd+Au and 5.1 m @ 0.234 g/T Pt +Pd+Au).

Hole SH02-02 intersected granitic gneiss at a depth of 26.1 metres and remained in gneiss till the end of the hole (72.0 metres) which indicates that the granitic gneiss intersected in hole 01 was indeed part of the gneissic basement and not a large xenolith. Additional drill testing of geophysical anomalies along the contact is recommended.

Diamond Drilling - Stinger Zone, Shelby Lake Property

During July of 2002 six diamond drill holes, totaling 884 metres, were collared to test the Stinger Zone beneath and along strike of the discovery trench completed in 2001 (see above). Diamond drilling was conducted by Norex drilling of Timmins, Ontario. All holes, including those discussed above, were completed using BQ sized metric drill rods. Core samples were selected, by the author, on the basis of core length, mineralization and lithological changes. The majority of samples were split by a hydraulic splitter with the mineralized intervals in holes 4 and 5 being sawn. Half of the split/sawn samples were retained for future study and the other half submitted for analysis to the Thunder Bay facilities of Accurassay. All drill core samples were submitted for Pt-Pd-Au assay and 27 element ICP analysis. Following the receipt of the ICP data all drillcore samples were also submitted for Cu-Ni AA analysis due to discrepancies identified in the ICP data by PTM

's quality control program (see QC program report below).

Diamond drill holes ST02-01, 02, 04 and 05 were collared at 15N on lines 25E, 25W, 100E and 100W respectively. Hole ST02-03 was collared at 11W and 44S and hole ST02-06 at 6W, 30S

- the location of both of these latter two holes in part determined by local topography. The Stinger Pt-Pd-Au-Cu-Ni Zone was intersected in holes 4, 5 and 6 (see Table 19 - below). Key intercepts included 19.2 metres grading 1.06 g/T Pt+Pd+Au in hole 04, 6.5 metres @ 1.28 g/T in hole 05 and 13.65 metres @ 1.48 g/T in hole 06. Each of the three wider intercepts contains a higher-grade interval at the upper leucogabbro/pyroxenite contact (2.6 metres @ 3.47 g/T Pt+Pd+Au in 04, 1.3 metres @ 5.48 g/T in 05 and 3.1 metres @ 4.92 g/T in hole 06).

Hole ST02-01 intersected 25.1 metres of anomalous Pt-Pd-Au mineralization (averaging 0.14 g/T Pt+Pd+Au) but failed to intersect the higher-grade portion of the Stinger Zone. In Hole ST02-02 the Stinger Zone appears to have been fault offset by a steeply dipping brittle fault zone, which may correlate with the fault that crosscuts the central portion of the main trench. Hole ST02-03 was terminated above the projected depth of the Stinger horizon due to drilling difficulties associated with an unexposed flat fault also encountered in hole 06.

Phase 10

- Diamond Drilling - Stinger and Vande Zones, Shelby Lake and South Legris Properties - Winter 2002

Between November 30 and December 31, 2002 a total of 9 drill holes totaling 1,782 metres (6 holes totaling 1,167 metres at Stinger (ST02-07 to 12) and 3 holes totaling 515 metres at Vande (SL02-10 to

-12)) were collared to test the Stinger and Vande Zones within the Towle Lake Complex.

Drilling in the Stinger area was designed to test the along strike and down-dip extensions of the Stinger Zone mineralization encountered during the Summer 2002 drill program. Drill hole ST02-07 was collared 45 metres grid south and down dip of an intercept of 19.2 metres grading 1.06 g/T Pt+Pd+Au in hole ST02-04. This hole intersected several northwest-side down brittle-ductile faults, which effectively stepped the target stratigraphy down approximately 40 metres and slide it out a similar distance to the northwest (grid north). The hole intersected 5.6 metres grading 1.23 g/T Pt+Pd+Au including 0.7 metres grading 3.9 g/T Pt+Pd+Au demonstrating the down dip continuity of both the Stinger zone and the higher-grade upper contact sub-zone.

Table 1

9: 2002 Drill Results - Stinger Zone - Shelby Lake Property

<i>Hole No</i>	<i>East</i>	<i>North</i>	<i>From</i> <i>(m)</i>	<i>To</i> <i>(m)</i>	<i>Intercept</i> <i>(m)</i>	<i>Au</i> <i>(ppb)</i>	<i>Pt</i> <i>(ppb)</i>	<i>Pd</i> <i>(ppb)</i>	<i>Au+Pt+Pd</i> <i>(g/t)</i>	<i>Pd:Pt</i>
ST02-01	25E	15N	41.8	66.9	25.1	13	33	98	0.14	2.97
ST02-02	25W	15N	60.9	63.8	2.9	28	54	331	0.41	6.13
ST02-03	11W	44S			** Lost in Fault Above Zone					
ST02-04	100E	15N	49.7	68.9	19.2	71	157	827	1.06	5.27
		<i>*including</i>			2.6				3.47	
ST02-05	100W	15N	56.3	62.8	6.5	68	176	1033	1.28	5.87
		<i>*including</i>			1.3				5.48	
ST02-06	6E	30S	125.3	139	13.65	22	238	1219	1.48	5.12
		<i>*including</i>			3.1				4.92	
		<i>which includes</i>			1.1				6.71	
ST02-07	100E	30S	212.3	217.9	5.6	59	168	1006	1.23	5.99
		<i>*including</i>			0.7				3.9	
ST02-08	200E	0N	80	82.5	2.5	26	161	892	1.08	5.54
ST02-09	300E	10 S			** Failed to Intersect Stinger Zone					
ST02-10	200W	15N			** Stinger Zone removed by late ferrogabbro dyke					
ST02-11	50W	90S	190.9	196.5	5.6	2	126	252	0.38	2
			245.5	253	7.5	36	134	447	0.62	3.34
ST02-12	500W	0N	77.3	79.4	2.1	21	245	884	1.15	3.61

Holes ST02-08 and

-09 represented 100 and 200 metre step-outs to the grid east from the previously mentioned intercept in hole 04. Both these holes are located east of the zone of faulting intersected in hole 07 and are interpreted to be part of a structurally uplifted fault block. The mineralized leucogabbro unit is only weakly developed in hole 08 (returning values to 437 ppb Pt+Pd+Au) and appears to be absent in hole 09. A narrow PGM mineralized interval was intersected in hole ST02-08 (2.5 metres grading 1.08 g/T Pt+Pd+Au). This interval is interpreted to occur below the stratigraphically level of the Stinger Zone and is characterized by very low sulphide content with one sample returning 1.61 g/T Pt+Pd+Au but only 26 ppm Cu. Only weakly anomalous Pt, Pd mineralization was intersected in hole ST02-09, 100 metres to the east.

Hole ST02-10 was drilled 100 metres west of the mineralized intersection in hole ST02-05 (6.5 metres grading 1.28 g/T Pt+Pd+Au) and failed to intersect the Stinger Zone. In hole 10 it appears that the Stinger stratigraphy has been replaced by an anomalous thick portion of the late ferrogabbro dyke, which is present in the hanging wall to the mineralized zone to the east.

Hole ST02-12 was a 300-metre step out to the grid west from Hole ST02-10. This hole intersected a narrow zone of PGM mineralization (2.10 metres grading 1.15 g/T Pt+Pd+Au) directly beneath the ferrogabbro dyke. This mineralization appears to be a continuation of the Stinger Zone, extending the known strike length of the zone to 700 metres, but the upper portion, and higher-grade part, of the zone appears to have been removed by dyking here.

Hole ST02-11 was collared to the south of the previous drilling in order to test both an isolated magnetic anomaly located south of the main ferrogabbro trend and test the Stinger Zone at depth. The isolated magnetic anomaly is sourced by two, potentially fault repeats of the same horizon, bands of semi-massive magnetic within the hanging wall pyroxene mesogabbro unit. These bands, 1.7 and 0.4 metres thick, contain in excess of 60% magnetite and are related to the ferrogabbro dyke.

Two intercepts of the Stinger Zone were returned in this hole. Between 190.9 and 196.5 metres, directly below a brittle-ductile fault zone similar to those observed in hole 07, the lower portion of the Stinger stratigraphy was intersected returning 0.38 g/T Pt+Pd+Au over 5.6 metres. The higher-grade, upper contact of the zone was not observed and has apparently been faulted off in this intercept. Beneath this intercept a second step fault repeated the stratigraphic section from the ferrogabbro down through the Stinger Zone. The lower intercept of the Stinger Zone, 245.5 to 253 metres, returned 0.62 g/T Pt+Pd+Au over 7.5 metres including 2.1 metres grading 1.39 g/T Pt+Pd+Au. The Stinger leucogabbro is relatively poorly developed over this interval.

In summary, the 2002 drill program at Stinger has demonstrated the presence of strongly anomalous to locally high-grade PGM-Cu-Ni mineralization along strike for 700 metres and dowdip to a vertical depth of 180 metres. The mineralized zone remains open to the west and down-dip. The mineralized zone is locally offset by late brittle-ductile faulting, which appears to be characterized by northwest directed dip-slip movement on the scale of metres to tens of metres. Late dyking has also locally disrupted the mineralized stratigraphy. Based on observations to date the mineralized sequence appears to strike 065 degrees and dip to the southeast at between 55 and 65 degrees such that the mineralized intercept reported in Table 1

9 above would appear to represent 5-9% over-estimates of the true thickness of the mineralized zone. In all cases half of the drill core from each hole has been preserved for future study and at the present time all pulps and rejects from the analyzed samples are stored with Accurassay in Thunder Bay, Ontario.

Diamond Drilling

- Vande Zone, South Legris Property - Winter 2002

Between December 19th, 2002 and January 16th, 2003 three additional diamond drill holes, totaling 515 metres were collared, logged and submitted for assay from the Vande Zone area of the Towle Lake Intrusive Complex.

Drill hole SL02-10 was drilled along line 0E, 100 metres west of hole SL03 which returned two broad intercepts of low grade PGM mineralization (see above). The hole intersected what is believed to be a gabbro breccia zone, similar to that observed in hole SL03 over the upper 14.2 metres. Between 14.2 and 25.1 metres a feldspathic leucogabbro hosting trace to 2% disseminated pyrite + chalcopyrite was intersected. This interval is cut by a 0.8 metre wide mafic dyke and includes what appears to be a fragment of melanogabbro, which is 1.3 metres thick. The sulphide-bearing leucogabbro is underlain by a series of magnetite-bearing

"ferrogabbro's", minor pyroxene gabbro and medium-grained mesocratic gabbros.

Results from Hole SL02-10 include a 13.7 metre section averaging 0.45 g/T Pt+Pd+Au and including 2.0 metres grading 1.94 g/T Pt+Pd+Au. The mineralized interval includes the lower part of the gabbro breccia unit and the upper part of the leucogabbro unit. The higher-grade mineralization is located within the upper portion of the leucogabbro where it is most strongly feldspathic.

Drill hole SL02-11 was drilled along line 300W and represents a 300-metre step out from hole SL02-10 and a 700-metre step-out to the west from the discovery area. This hole was drilled to test a weak IP chargeability anomaly at the western edge of the existing geophysical coverage. Results from Hole SL02-11 indicate only very weak PGM

mineralization associated with a gabbro breccia zone in the lower half of the hole. A 10.3 metre section grading 0.31 g/T Pt+Pd+Au (including 0.9 metres grading 1.77 g/T Pt+Pd+Au) was intersected. This mineralization is similar to that observed in Stinger hole ST02-08 in being very poor in sulphide and low in associated Cu and Ni values (90 ppm Cu and 418 ppm Ni associated with 0.9 metre higher-grade PGE interval noted above). It is also characterized by a much higher than normal Pd:Pt ratio (9.8:1) for the Vande Zone area. It appears as if Hole SL02-11 may have in fact been collared in the footwall to the Vande Zone indicating the presence of a late fault between holes -10 and -11.

Drill hole SL02-12 was collared at 295 south on line 400E between drill holes SL01 and SL02. The aim of this hole was to determine if the re-interpreted geological model for the dip of the Vande Zone and related stratigraphy was correct in order to guide future exploration and drilling in the Vande Zone area. As per the re-interpreted geology Hole SL02-12 collared in a thick gabbro breccia sequence which hosts minor disseminated sulphide mineralization throughout. An 11 metre thick medium-grained mesogabbro was intersected beneath a small shear, which marks the lower contact of the breccia zone in this hole. The lower 5 metres of this mesogabbro unit is well mineralized with 1-2% disseminated chalcopyrite+pyrite and 2% disseminated magnetite. The mesogabbro overlays medium to coarse-grained leucogabbro and fine-grained pyroxene gabbro units, both of which are cut through by a number of dykes of magnetite-rich gabbro creating a large-scale crackle breccia. A second leucogabbro unit is present near the base of the hole, which can be correlated with a similar unit in hole SL01. The above-mentioned mesogabbro returned an intercept of 6.25 metres grading 0.68 g/T Pt+Pd+Au, which includes

1.4 metres within the upper, more feldspathic portion of the leucogabbro. Only minor, low-grade mineralization was returned outside this intercept in hole 12.

In general the 2002 drilling in the vicinity of the Vande Zone has confirmed the presence of a crudely stratiform gabbro breccia unit which locally hosts PGM mineralization and a lower, somewhat variable, stratigraphy dominated by leucogabbro and cut through by later magnetite-bearing gabbro

"dykes". A zone of higher grade PGM mineralization is at least locally present at the gabbro breccia/leucogabbro contact. This zone has lower Pd:Pt ratios than the mineralization in either the Powder Hill or Stinger areas. The intrusive package strikes at 55 to 60 degrees and dips to the southeast at between 45 and 55 degrees.

Phase 11

- 2003 Fall/Winter Diamond Drilling - Stinger Zone, Powder Hill and Shelby Contact Zones and Towle Lake Regional Holes

Between October 5 and November 12, 2003 thirteen diamond drill holes, totaling 3040 metres, were collared to test continuations of the Stinger, Powder Hill and Shelby Contact PGM Zones on the Lac des Iles River and Shelby Lake properties. Six of the thirteen holes were drilled between the mineralized zones as part of a regional stratigraphic drilling program within the Towle Lake Intrusion. Diamond drilling was conducted by Chibougama Diamond Drilling of Chibougama, Quebec. All holes completed as part of this program were completed using NQ sized metric drill rods. The majority of samples were split by a hydraulic splitter with the mineralized intervals in several of the holes being sawn. Half of the split/sawn samples were retained for future study and the other half submitted for analysis to the Thunder Bay facilities of ALS-Chemex Laboratories. All drill core samples were submitted for Pt-Pd-Au assay and 27 element ICP analysis. An extensive quality control program was conducted as part of the analytical program and is discussed in more detail below.

Stinger Zone Drilling

Four drill holes were completed in the Stinger Zone area to test along strike and down dip of the high-grade core of the Stinger Zone. Drill hole ST03-13 was collared on the south side of the unnamed creek in the Stinger Zone area to test the down dip projection of the Stinger Zone. The hole collared in tuffaceous sediments and mafic volcanoclastics of the Lac des Iles greenstone belt and intersected a 52 metre thick brittle fault zone between 81.1 and 133.3 metres. The fault appears to dip steeply (65 degrees) to the northwest, parallel to a number of block faults observed within the Stinger area. It may also exhibit similar northwest side down faulting, which characterizes the block fault. Hole ST03-13 provides the most complete section through the Towle Lake intrusion to date. The section indicates an

approximate true thickness of 285 metres for the preserved portion of the Towle Lake Intrusion in the Stinger area.

Low level PGE mineralization was intersected over a 7.1 metre interval in Hole ST03-13 between 392 and 399.1 metres which represents a vertical depth of approximately 265 metres and a down dip extension of the Stinger Zone to approximately 160 metres once the effects of block faulting are removed. The mineralization occurs in the form of weakly disseminated chalcopyrite, pyrite and lesser pyrrhotite hosted by a fine-grained pyroxenite unit and resembles the mineralization in hole ST03-01. The Stinger leucogabbro, which hosts the bulk of the higher grade mineralization in the Stinger Zone area, is not present in hole 13. As in the other deeper Stinger holes significant block faulting is observed and the mineralized intersection appears to be offset some 130 metres down hole from it

's projected location based on the mineralized intercept in hole ST02-06 located along the same grid line.

Table

20 - Stinger Zone - Significant Intercepts - 2003 Drilling

<i>Hole No</i>
<i>East</i>
<i>North</i>
<i>From</i>
<i>To</i>
<i>Intercept</i>
<i>Au</i>
<i>Pt</i>
<i>Pd</i>
<i>Au+Pt+Pd</i>
<i>Pd:Pt</i>
<i>(m)</i>
<i>(m)</i>
<i>(m)</i>
<i>(ppb)</i>

(ppb)

(ppb)

(g/t)

ST03-13

0E

160S

392.0

399.1

7.1

23

96

390

0.51

4.06

**including*

0.52

1.33

ST03-14

150E

15N

57.0

77.4

17.4

44

90

734

0.85

8.16

**including*

1.85

2.85

TL03-06

1230W

20S

301.8

305.2

3.4

44

129

580

0.75

4.50

All holes inclined 45 degrees and directed toward 332 degrees - Stinger grid

Drill hole ST03-14 was collared between holes ST02-04 which returned 19.2 metres grading 1.06 g/T Pt+Pd+Au and hole ST02-08 which returned only 2.5 metres @ 1.08 g/T to determine the controls on the better mineralized portions of the Stinger Zone. Hole ST03-14 intersected 17.4 metres grading 0.85 g/T Au+Pt+Pd including a high-grade upper section, which assayed 2.85 g/T Au+Pt+Pd, and 0.31% Cu over 1.85 metres. This section is very similar that observed in hole ST02-04 50 metres to the grid west. Comparisons with hole ST03-08 indicate the presence of a potentially late leucogabbro unit in the stratigraphic position of the Stinger mineralization in hole 08, which may have resulted in removal of the bulk of the mineralized sequence in this hole.

Drill holes ST03-15 and 16 were collared to test the along strike and down-dip projection of the high-grade intercept in hole ST02-05 which returned 1.3 metres grading 5.48 g/T Pt+Pd+Au. Both holes intersected only weakly mineralized gabbro within a complex assemblage of faulted gabbro and pyroxenite lithologies.

Powder Hill Zone Drilling

As indicated above drill testing of the Powder Hill Zone in 2001 had indicated the presence of an open-ended stratabound PGE mineralized zone grading between 0.20 and 2.83 g/T PGE over a strike length of 600 metres in the Powder Hill area on the Lac des Iles River Property. A decision was made to drill three wide spaced drill holes to test the northeastern extension of the Powder Hill Zone beneath a broad, overburden-covered plain.

As with the previous Powder Hill drilling all holes were collared at an angle of -45 degrees and directed grid north toward 325 degrees. Drill hole PH03-13 was collared 400 metres grid east of the eastern most hole drilled in 2001 (PH-11). Thirty-three metres of sandy overburden were encountered before the hole collared in before the hole collared in hornblende-biotite gabbro of the Towle Lake intrusion. The Powder Hill mesogabbro unit, which hosts the Powder Hill Zone near it's base, was intersected at a depth of 42.05 metres. The first significant sulphide mineralization within the Powder Hill Gabbro corresponds with the beginning of a zone of cm-scale xenoliths of pyroxenite and melanogabbro and with the first significant PGE values at a depth of 68.9 metres. 8.1 metres of mineralized, xenolith-bearing gabbro, averaging 0.33 g/T Pt+Pd+Au were intersected in hole PH03-13. As in previous drilling in the Powder Hill area the xenoliths within the mineralized sequence were barren; the PGE mineralization being confined to the medium to coarse-grained, slightly varitextured mesogabbro matrix. The PGE mineralization is related to 0.5 to 2.5% disseminated pyrite and chalcopyrite mineralization locally associated with minor epidote and magnetite. A narrow interval between two breccia fragments of slightly heavier than normal sulphide concentration (3.5%) returned 3.1 g/T combined Pt+Pd+Au - the highest assay to date from the Powder Hill area.

Table

21 - Powder Hill Zone -Significant Drill Intercepts - 2003 Drilling

Hole No

East

North

From

To

Intercept

Au

Pt

Pd

Au+Pt+Pd

Pd:Pt

(m)

(m)

(m)

(ppb)

(ppb)

(ppb)

(g/t)

PH03-13

1400W

525S

68.9

77

8.1

11

65

256

0.33

3.94

**including*

0.3

3.1

PH03-14

800W

550S

56.5

61.15

4.65

44

106

456

0.61

4.30

**including*

,

2.00

TL03-01

0W

675S

0.4

24

344

1480

1.85

4.30

All holes inclined 45 degrees to 315 degrees - Powder Hill Grid.

Drill hole PH03-14 was collared an additional 600 metres grid east of hole -13 and 1000 metres grid east of the termination of the 2001 drilling. The Towle Lake Intrusion was intersected at a depth of 50.9 metres. The Powder Hill gabbro section is considerably thinner in hole 14 than in hole 13 and again the sulphide and related PGM mineralization is concentrated at the base of the unit in association with a zone of xenoliths. Three separate gabbro sections were encountered in hole 14 averaging 1.43 g/T Pt+Pd+Au separated by largely barren xenoliths of pyroxene gabbro, anorthositic gabbro and biotitic gabbro. Overall the mineralized interval averaged 0.61 g/T Pt+Pd+Au over 4.65 metres.

Hole TL03-01 was collared 800 metres grid east from hole PH03-14. Hole TL03-01 also passed through a thick sandy overburden cover (13 metres) before intersecting mafic tuff. The contact with the Towle Lake Intrusion was intersected at a depth of 46.5 metres. The Powder Hill Gabbro was intersected between 64.2 and 65.55 metres with the only significant sulphide mineralization at the base of this interval in a band of nearly massive magnetite. This 0.4 metre section returned 1.85 g/T Pt+Pd+Au and is correlated with the Powder Hill Zone due to it

's presence at the base of the Powder Hill Gabbro. Only weakly elevated PGM values were encountered above this interval.

Towle Lake Series of Drill Holes

- Regional stratigraphic drilling

Diamond drill holes TL03-01 to 06 were collared as the first phase of a regional stratigraphic drilling program designed to test the Towle Lake intrusion in the area between the Powder Hill and Stinger Zones

- a distance six kilometres. As noted above hole TL03-01 intersected the northeastern extension of the Powder Hill Zone beneath overburden cover south of Towle Lake. Hole TL03-02 and -03 were drilled along the same section as hole TL03-01 in an effort to get a stratigraphic fence across the width of the Towle Lake Intrusion in the Towle Lake area. Hole TL03-01 terminated in an equigranular, non-magnetic, medium to fine-grained gabbro-diorite intrusive phase of uncertain affiliation. Holes TL03-02 and -03 both intersected the same lithology throughout their length (210 metres) with little variation and no significant sulphide mineralization in either hole.

TL03-05 was collared 1.25 km northeast of hole TL03-01 and was intended to test the Towle Lake contact, the Powder Hill and Stinger stratigraphy and a broad crackle breccia zone identified in surface mapping northwest of the collar. While the hole did intersect a thick gabbroic sequence it failed to intersect any significant mineralization.

Hole TL03-04 was collared 900 metres northeast of hole -05 along the Towle Lake intrusion. The hole was targeted on a prominent magnetic anomaly, similar to the one in the Stinger and Powder Hill areas, located along the Towle Lake trend. Hole -04, drilled to a depth of 246 metres intersected a strongly fractured and variably chlorite-potassium altered granodiorite intrusion throughout it

's length and failed to intersect the Towle Lake Intrusion. No evidence of magnetism was detected within the granodiorite and it appears likely that the granodiorite is either a small plug or dyke dipping in the direction of the drill hole. Additional testing of the magnetic feature in this area is warranted.

Drill hole TL03-06, drilled 920 metres to the northeast was collared to test the strike extension of the Stinger Zone. The hole had to be placed south of a small unnamed lake and collared in tuffaceous sediments of the Lac des Iles greenstone belt. The Towle Lake intrusion was intersected at a depth of 273 metres. As with previous drilling in the Stinger area the border phase of the Towle Lake intrusion is a weakly feldspar porphyritic mesogabbro. However in hole 06 the stratigraphic sequence in the upper portion of the hole is considerably compressed. Only 5 metres of feldspar porphyritic gabbro was intersected prior to passing into Powder Hill Leucogabbro. Leucogabbro was intersected over a width of 12 metres, including a narrow (0.9 metre intercept of ferrogabbro) before the hole passed into pyroxenite and mesogabbro

- Stinger stratigraphy. Weakly disseminated pyrite and chalcopyrite were observed in both the mesogabbro and pyroxenite over a width of approximately 20 meters before the marker anorthositic gabbro unit was intersected. The hole was terminated at a depth of 339 metres within a fine-grained pyroxenite unit.

Hole TL03-06 returned a strongly anomalous intercept of 3.4 metres grading 0.75 g/T Pt+Pd+Au centered around the mesogabbro/pyroxenite contact as in the core of the Stinger area. This hole thus extends the PGE mineralized Stinger stratigraphy to slightly over 1400 metres. Given the nature of this intercept additional drilling appears to be warranted along the Towle Lake trend in this area.

Sampling Methodology and Data Verification

Several types of rock samples have been collected during the Lac Des Iles Project work to date. Outcrop grabs samples were collected from the majority of mafic intrusive outcrops mapped within the Project area. Sample location was often based on the availability of an angular face, as many of the outcrops in the project area are strongly rounded and difficult to sample. Once a sample location was selected a 10-20 cm sample was hammered off, taking care to include as little weathered material as practical, and then placed in a standard plastic sample bag along with an assay tag. The assay tag number was also written on the sample bag with waterproof marker. Each sample locality was noted along with GPS coordinates, sample

number, rock type sampled and presence of obvious mineralization (including nature of mineralization and percentage) in a water-resistant field book. The recorded information was transcribed into a digital database on a nightly basis. Samples were sealed with flagging tape in the field, transported to the base camp and then delivered to Accurassay (in the case of materials collected by New Millennium Metals) or Chemex Labs (in the case of materials collected by Platinum Group Metals prior to the merger in February of 2002) in Thunder Bay by truck in batches of 100-300 samples. In the case of the work completed by New Millennium Metals prior to the February 2002 merger and for all work since the 2002 merger either the author or another of the project geologists conducted sample delivery. The author is not aware of the chain of custody for samples collected by Platinum Group Metals on the South Legris Property prior to the merger but has no reason to believe that sampling and delivery procedures varied significantly from those described above. This is true for all types of sample materials collected.

Assay results were delivered by hand to the author or emailed to a private email account to which only the author has access. Assay certificates were mailed to the New Millennium/Platinum Group Metal's Vancouver offices once the author had been contacted and had reviewed the assay data for completeness and accuracy (see quality control procedures described below). Within the areas held by New Millennium Metals prior to the merger float samples were collected and treated in the same manner with only angular to sub-angular mafic intrusive boulders > 20 cm in size being selected for sampling. There appears to have been little sampling of similar materials by the Platinum Group Metals crews prior to the merger.

Channel samples collected from stripped outcrops by both companies were cut using a gas-powered diamond blade saw. Typically channels were cut continuously across strike in the exposed area. Samples range in length from 30 cm to 2.0 metres as a function of variations in lithology, mineralization and structure. A typical channel is 5 cm wide and 6 to 7 cm deep. Sample collection and delivery are the same as described above.

Core samples were collected from split, or in some cases sawn, halves of drill core. In all cases one half of the drill core was retained for future study/sampling. Drill core from all of the drilling completed to date is currently stored at the home of field technician Ron Tweedie in Kaministiquia, Ontario. Core samples also varied in length as a function of lithology, mineralization and structure, but in all cases did not exceed 2.0 metres.

Drilling at Powder Hill in 2000 was completed by NDS drilling of Timmins, Ontario using BQ-sized core. The core samples were split and half collected and transported by the author to Manitoulin Transports docking facility in Thunder Bay. It was then shipped by transport to XRAL Assay labs in Rouyn-Noranda, Quebec. Outside of the check assaying and duplicate analysis (every 10th sample) normally completed by the XRAL no systematic program of data verification was undertaken on this group of samples. Analysis of randomly inserted duplicate samples did not yield any significant discrepancies and a single batch of twelve samples collected from throughout the project area and submitted to a third analytical facility (Chemex) returned values within 3-4% of those obtained from the two facilities utilized (XRAL, Accurassay) for the bulk of the samples collected prior to 2002.

Effective February 2002 the Company institute a strict quality control and assurance program to cover all sampling conducted on it

's projects. This program in outlined, and the results as they relate to the 2003 drilling and sampling program, are described in more detail below.

Sample Preparation and Security

The majority of samples collected by New Millennium Metals prior to the merger, and by the combined companies between February 2002 and January 2003, were submitted to Accurassay in Thunder Bay, Ontario. Accurassay is an ISO/IEC 17025 accredited facility with an extra accreditation (AL4APP) for Au, Pt, Pd fire analysis with atomic absorption finish and ALACNC accreditation for Cu, Ni, Co analysis by atomic absorption.

Drill core samples from the 2000-drilling program were submitted to XRAL Labs in Rouyn-Noranda, Quebec, which is also an ISO/IEC 17025 accredited facility but without separate PGM accreditation.

Samples collected by Platinum Group Metals prior to the February 2002 were submitted to ALS-Chemex

's Thunder Bay preparation lab where initial preparation was completed. Prepared samples were then shipped by ALS-Chemex to their analytical facilities in Vancouver, British Columbia for analysis. The Vancouver facility is also ISO/IEC 17025 accredited with no apparent separate accreditation of PGM's. Based on the results of the 2002 Quality Control program and on-going evaluation of analytical facilities by the company and it's directors a decision was made to use ALS-Chemex for all analytical work during the 2003 season.

Standard sample preparation techniques were applied to all samples collected from the Lac Des Iles Project. Both XRAL and Accurassay use chrome steel crushers and milling equipment to reduce field collected samples. Samples are initially dried and then crushed to 90% < -10 mesh (2 mm). Both labs then riffle a subsample of between 250 and 450 grams for grinding to 90% -200 mesh (-150 mesh in the case of Accurassay). Both facilities utilize chrome-steel grinding ring and puck mills to grind the sample. In both labs sample crushing and grinding equipment is cleaned with silica sand between each sample to minimize cross-contamination.

Samples sent to the Accurassay facilities in Thunder Bay underwent Lead Fire Assay. Prior to 2002 a 40 gram sample mass was used for analysis. As a result of an early review of the QAQC program initiated by the Company in 2002 it was determined that for higher grade materials (> 3 g/T Pt+Pd+Au) more accurate and reproducible results were achieved with a smaller sample size and at present, and for the majority of the 2002 sampling program, a 20.2 gram sample was used. Thus a 20.2 gram sample of

-150 mesh material was weighed out and mixed with premixed basic flux (supplied by Anachemia Science Mines Assay Supply). Samples were then fused for 1.25 hours at 1800-2000 degrees F in batches of 24 samples plus lab duplicates, blanks and standards. Samples were then cupelled for 50 minutes at 1000 degrees C. The resultant precious metal beads are then digested using nitric/hydrochloric acid digestion and bulked up to 3 ml with a lanthanum water solution (1% lanthanum). For base metals aqua regia digestion was used and the samples bulked up to 10 ml with distilled, deionized water. Analysis was then done by Flame Atomic Absorption with detection limits of 5 ppb, 15 ppb and 10 ppb for Au, Pt and Pd respectively and 1 ppm for Ni and Cu.

XRAL utilized similar preparation techniques, lead fire assay, 30 gram splits, with an instrumental neutron activation finish to achieve detection limits of 1 ppb, 10 ppb and 1 ppb for Au, Pt and Pd. Ni and Cu results from XRAL were the result of ICP analysis, rather than fire assay and are thus anticipated to be somewhat less accurate.

Sample preparation procedures at ALS Chemex facilities consist of grinding and dry sieving to

-80 mesh, riffing of a 200-300 gram sub-sample and pulverizing using a chrome-steel ring set to > 95% -150 mesh. Although times were not specified in the materials provided to Platinum Group by Chemex the basic preparation through the bead collection is believed to be similar to the process described above. Once the bead has been recovered it is digested for 30 minutes in dilute nitric acid. Hydrochloric acid is then added and the bead allowed to digest for an additional hour. The digested solution is then cooled, diluted to 5ml with demineralized water, homogenized and then analyzed for Au, Pt and Pd by inductively coupled plasma - atomic emission spectrometry (ICP-AES). Resulting detection limits are 2 ppb for Au and Pd and 5 ppb for Pt with upper limits of 10,000 ppb (or 10 g/T) for all three elements.

The bulk of the samples collected by Platinum Group prior to the merger, and all samples from the 2003 exploration program on the Lac des Iles Project, were also submitted to ALS-Chemex for 32 element ICP analysis. Preparation varies in that 1.00 gram of prepared sample is first digested with concentrated nitric acid for at least one hour. Then

after cooling, hydrochloric acid is added to produce aqua regia and the mixture digested for 1.5 hours. The resulting solution is diluted to 25 ml with demineralized water and analyzed by ICP-AES with correction for inter-element spectral interferences. Detection limits for Cu and Ni, the main elements of interest are quoted as 1 ppm.

Sample collection and delivery has been discussed above. At the current time pulps and rejects from all samples collected from the Lac Des Iles Project are stored with the analytical facilities in question. To the best of the author

's knowledge the samples collected and the sample collection methods employed by both New Millennium Metals and Platinum Group Metals have been of high quality and are representative of the geological materials being sampled.

Data Verification and Analytical Quality Control Procedures

The author has personnel directed the collection of and reviewed all exploration data for the Lac Des Iles Project obtained by New Millennium Metals Corporation prior to the February 2002 merger and by the Company since February 2002. He has also conducted a thorough review of all of the available data collected by Platinum Group Metals prior to the merger and believes that data, but necessarily the previous interpretation of said data, to be of moderate to high quality. Grab samples collected by the author from the Vande Zone area have verified the presence of anomalous PGM mineralization on the South Legris property. The author has also examined much of the available drill core from the diamond drilling program completed in 2001 on the South Legris Property and the related geophysical data. There are some minor concerns with the quality and presentation of the IP and magnetic data collect by Patrie Consulting but otherwise no serious concerns arose from the author

's review.

Prior to February 2002 New Millennium Metals did not have in place a quality control and assurance program. On a random basis blank and duplicate samples were collected and inserted into the sample stream for analysis but there was no systematic process for insertion of samples.

The only significant discrepancies in sample analysis or reporting noted during this period of time were clerical in nature relating to transposition of sample numbers and omission of sample results. Of the two facilities more errors of this type were noted in the data received from Accurassay. A more detailed chain of custody and more consistent method of reporting was established by the lab due to the complaints received from New Millennium and other companies using the facilities and these errors decreased markedly between late 2000 and 2002.

Beginning in February of 2002 the Company instituted a detailed QAQC program which involves insertion of a blind blank and duplicate samples one in every 20 samples and insertion of certified reference materials once in every 24 samples. Certified reference materials for Pt, Pd, Au and Cu were supplied by Canadian Resource Laboratories of Burnaby, British Columbia. These measures were taken in addition to the internal quality control procedures followed by the analytical facilities. As well the analytical facilities being used have been requested to not fire other companies

' materials with samples from the PTM's projects. This to insure that each assay batch includes at least one blank, one duplicate sample and one reference standard.

Very early on in the 2002 QAQC program it became apparent that the platinum and palladium results for the higher grade of the two reference standards being utilized were being significantly under-reported when a 40-gram sample was assayed. Discussions with Canadian Resource Labs determined that the certification of the high-grade analytical standard had been completed on 10-gram charges due to incomplete fusion of the high-grade sample material at larger sample sizes. As a result of this information it was decided to reduce the standard analytical sample size from 40 to 20.2 grams for all materials from the Lac Des Iles Project. This is in keeping with procedures developed by Accurassay for the Lac Des Iles Pd-Pt mine. Once this change was implemented the labs performance improved markedly.

Overall the 2002 QAQC program found the assay results from Accurassay to be of only moderate quality. 11% of the blank samples (8 of 72 samples) returned values significantly above the detection limits. Of these two were found to be attributable to clerical errors, which are difficult to detect in non-QC samples and thus a very serious concern. 17% of the duplicate samples showed variations beyond that which was expected for what are, admittedly, highly variable materials. Of greater concern is the fact that 28% (13 of 48 samples) of the certified reference standards analyzed returned at least one value outside the accepted two standard deviations from the mean, this after adjustment to the sample size as discussed above. Only one sample, however, fell outside the three standard deviation range used by the lab to determine unacceptable results. There was a significant improvement in analysis of the reference materials beginning in mid-2002 after internal changes to Accurassay's fire assay system. However, results from the December drilling program were again characterized by a failure rate of > 25%. The Pt results appear to demonstrate the greatest failure rate.

Beginning in February of 2002 all drill core samples collected and assayed by Accurassay were also submitted for 27 element ICP analysis. Initial ICP results indicated that the Cu and Ni values being reported for the ICP analysis (performed in Accurassay

's Kirkland Lake laboratory after sample preparation in Thunder Bay) were significantly below results from surface sampling at the Stinger Zone. The lab was requested to assay the first batch of samples from the 2002 Stinger drill program for Cu and Ni. The results indicated that the assay values were in keeping with the results from the surface sampling and much more accurate with respect to the certified reference materials being used. A complete program of re-assaying all of the drill core from the summer 2002 drill program for Cu and Ni was completed, at lab expense, and should the ICP to be under-reporting the Cu and Ni values by between 16-35% for Cu and 22-56% for Ni. Subsequent to the companies notifying Accurassay of this problem the lab undertook an internal review of their procedures, which has resulted in a re-calibration of the Kirkland Lake-based ICP unit. All Cu and Ni values reported above are from assayed values.

The 2002 QAQC program clearly demonstrated the need for close examination of all PGM-related analytical data. While there are obviously some concerns with the absolute accuracy of the analytical data it is the authors opinion that the results can be used with some confidence given the relatively early stage of exploration on the properties. In no instance was anomalous mineralization not detected due to analytical error nor were any anomalous results returned which could not be replicated.

As a result of the concern with the accuracy and reproducibility of the data being provided by Accurassay and decision was made to submit all materials from the 2003 exploration program at Lac des Iles to the Thunder Bay facilities of ALS-Chemex. A review of the 2003 quality control data indicates that only one standard fell outside the 2 standard deviation level considered acceptable by the company (slightly below the lower 2 SD limit) and that sample batch was being re-assayed at the time of writing. No significant variations were noted in the blanks or duplicate samples submitted by the company and the author believes that the 2003 data from the Lac des Iles program is of good quality.

Recommendations

Results to date have demonstrated the presence of extensive PGM mineralized systems within the Towle Lake and Shelby Lake Intrusions on the Lac Des Iles River, Shelby Lake and South Legris Properties. In the opinion of the author the properties are of sufficient merit to justify a minimum \$300,000, drill program for the 2005 pending an improvement in palladium prices. The recommended program is outlined below with a goal of extending and better defining the known zones of mineralization on the properties and expanding the search for additional zones of mineralization.

Phase 12

- Spring/Summer 2005 Exploration Proposal

Drilling Program - \$300,000

Based on current rates 2000-2500 metres of drilling can likely be completed within the recommended budget. Given the immediately available drill targets it is recommended that the drilling be divided as follows:

Vande Zone

- 800 metres - drilling to include 4 in-filling holes (100 metre centers, 150 metre holes) in the immediate vicinity of the Discovery Showing and mineralized intercept in hole SL02-10 and two holes to test the chargeability anomalies at the west end of the current geophysical survey which were adequately tested by holes 08 and 09. Consideration should also be given to testing an chargeability feature to the northwest of hole SL08 which appears to occur along the southern flank of a moderate strength magnetic high in an area of extensive overburden. Additional testing of the low sulphide PGM mineralized zone intersected in hole SL02-11 should also be considered.

Powder Hill Zone

- 600 metres - six 100-metre drill holes are recommended as in-fill drilling between the widely spaced drilling completed in 2003. The goal of these holes is to test the Powder Hill zone for increases in grade and thickness. It is recommended that the hole spacing east of the 2001 drilling be closed up to 200 metres out to hole TL03-01. This area is readily accessible and best accessed in the summer once water levels have receded. Winter drilling is not as recommended at the majority of water supply locales are shallow and likely to freeze completely during the winter months. Although not part of the proposed budget consideration should also be given to testing the Powder Hill stratigraphy to the southwest of the 2001 drilling and down-dip of the higher grade intercept in hole PH-08.

Stinger Zone and Extensions

- 600 metres - Four drill holes are recommended to test the newly discovered southwestern extension of the Stinger Zone centered on Hole TL03-06. It is recommended that four 150 metre long drill holes be spotted 200 and 400 metres northeast and southwest of hole TL03-06 to test for continuations of the higher grade mineralization encountered in the discovery area.

A contingency budget of \$50,000 is also recommended to test additional drill targets generated by either ongoing geological studies or drilling of the targets recommended. Based on the results of the 2003 program it is recommended that the company continue to use ALS-Chemex as it's analytical facility in 2005.

Lakemount Property, Ontario*Property Description and Acquisition*Lakemount Agreement

Under the terms of a Letter Agreement dated October 28, 2003, Western Prospector Group Ltd. (WPG

) granted to the Company an option to earn up to a 51% interest in the Lakemount Property. The Lakemount Property consists of four staked claim blocks consisting of a total of 38 unpatented crown mineral claim units (608 hectares), a 2,240 hectare, privately held licensed area (Wagner License), and one patented mining lease (Parcel 2017-Household Lease #218693) block covering 777 hectares for a total holding of approximately 3,625 hectares. The leases and claims are contiguous.

Under the terms of the Letter Agreement, the Company may earn an initial 25% interest by making cash payments of \$110,000 to WPG, issuing 75,000 Common Shares in WPG

's favour and completing \$1,500,000 in exploration expenditures on the property prior to December 31, 2006 as per the schedule outlined below:

Cash Payments

(total \$110,000)

Shares to Be Issued (total 75,000)

On signing

\$25,000 *(paid)*

0

October 30, 2004

\$25,000

(paid)

25,000 *(issued)*

October 30, 2005

\$25,000

25,000

October 30, 2006

\$35,000

25,000

Cumulative Exploration Expenditures

(total \$1,500,000)

December 31, 2003

\$100,000 *(completed)*

December 31, 2004

\$400,000 *(completed)*

December 31, 2005

\$800,000 *(completed)*

December 31, 2006

\$1,500,000

Having made the above mentioned payments and completed the required exploration expenditures the Company may opt to either vest at a 25% interest in the property and form a joint venture with WPG or to earn an additional 26% interest (for a total earned interest of 51%) by making additional cash payments to WPG totaling \$40,000, issuing an additional 75,000 Common Shares to WPG and incurring an additional \$1,000,000 in exploration expenditures prior to December 31, 2008.

Once the Company has either decided to vest at a 25% interest or proceeded to and vested at 51% interest, a joint venture would be formed between the Company and WPG under which the two parties would contribute pro-rata to the ongoing exploration of the Property. The Letter of Agreement stipulates that should either joint venture partner fail

to contribute during this phase their interest will be diluted on a pro-rata basis. Should the retained interest of either party fall below 15% said interest will be converted automatically into a 1% NSR royalty on metals and a 2% NSAR royalty on precious stone production. Also, under the Letter Agreement, the Company is named as operator throughout the duration of the option period.

Figure

13: Location Map - Lakemount Property, Sault Ste. Marie Mining District, Ontario

Figure 1

4: Lakemount Property - Tenure Holdings and Access

Western Prospector Option Agreement

Under the terms of a Letter Agreement (the

"Badger Agreement") dated June 7, 2001, the details of which are outlined below, between Badger and Co. Management Corp. and Tidal Explorers Ltd., Badger and Co. acquired an option to earn up to a 100% interest in and to the Lakemount Property. By an Assignment and Assumption Agreement dated August 15, 2001 among Badger & Co., Tidal Explorers Ltd. and Western Prospector Group Ltd., Badger & Co. assigned to WPG in its entirety the option rights with respect to the Lakemount Property it had acquired as per the terms of the Badger Agreement. In accordance with the terms of the Letter Agreement and the Assignment and Assumption Agreement, WPG reimbursed Badger and Co. its costs totaling \$15,000 incurred in investigating the Lakemount Property and \$5,000 cash payment made by Badger to Tidal on signing of the Badger Agreement.

Under the terms of the Badger Agreement and subsequent Assignment Agreement WPG has the option to earn an initial 80% interest in the Lakemount Property in consideration of cash payments to Tidal totaling \$85,000 (\$5,000 paid by Badger on signing, \$20,000 on August 31, 2001 (paid) and \$20,000 on each of June 30, 2002 (paid), 2003 (paid) and 2004 (see amendment below), issue to Tidal a total of 250,000 common shares in the capital stock of the Company (100,000 on Exchange acceptance (issued) and 50,000 on each of June 30, 2002(issued), 2003 (issued) and 2004 (see amendment below), as well as undertaking and completed cumulative exploration expenditures on the Lakemount Property of \$1,500,000, of which total \$200,000 were to have been incurred by June 30, 2002 (met), \$700,000 by June 30, 2003 (met), and \$1,500,000 by June 30, 2004 (see amendment below).

The terms of the Assignment and Assumption Agreement were amended on April 17, 2002 so as to provide additional time for Tidal and WPG to enter into a formal agreement the production of said agreement having been delayed.

The Badger Agreement was amended as at May 9, 2002 by making the June 30, 2002 cash payment due upon

"the earlier of completion of a private placement of WPG's securities and June 30, 2002". This payment was made on June 30, 2002. This amendment also extended the June 30, 2002 date for completion of the 2002 work program at Lakemount to September 30, 2002 with the provision that a minimum \$65,000 be committed to the Wagner Lease portion of the Lakemount Property to meet assessment work requirements.

At the time of writing of this report WPG and Tidal were in the final phases of discussion regarding a Final and Complete Option Agreement between the two parties which, in addition to providing the Final Agreement provided for in the Assignment and Assumption Agreement would extend the date for the 2004 exploration expenditures commitment in favour of addition cash and share payments to Tidal from WPG through 2006. WPG has warranted to the author that these discussions will be concluded in due course and that they will not affect the Company

's option agreement on the Property.

Upon completion of the amended terms of the Badger Agreement, WPG will have earned an 80% interest in the Lakemount Property. WPG will then have the right to purchase the remaining 20% interest in incremental amounts of \$300,000 for each 1% interest for a total maximum price of \$6,000,000 to reach a 100% interest in the property. Both the rights to purchase the remaining interest in the property and the first right to purchase or buyout any underlying interest including NSR interests in the Property will also follow-through to the Company on a pro-rata basis once the Company has earned a vested interest.

Underlying Vendors

The Lakemount Property as it currently exists represents an amalgamation of 4 separate properties put together by Tidal Explorers. The four separate land parcels are

1.

Parcel 2017 (also referred to as Lease N470) which is a patented lease covering 777 hectares (Figure

14) acquired by Tidal Explorers Ltd. via a sales agreement dated May 5, 1998 and subject to a Letter Agreement dated June 13, 2001 between Tidal Explorers and Algoma Central Corporation. As per the terms of the Letter Agreement ("Tidal-Algoma Agreement") Algoma agreed to extinguish a perpetual rent-charge on the land known as Parcel 2017 Algoma West Section, Esquega Twp in favour of a one-time cash payment of \$5,000 (paid) and the granting in favour of Algoma a 1.5% NSR royalty on mineral production and a 1.5% NSAR (net sales returns) royalty on the production of precious and semi-precious stones from this land parcel. There is no buy-out provision for this royalty in the Tidal-Algoma Agreement. This parcel is also subject to restriction of title pertaining to right-of-way allowances for the location of Highway 101. Algoma Central Corporation also retains timber rights to the Parcel. Annual tax payments of \$4,000 are required to be made by Tidal.

2.

The Wagner Licensed Area, as described above, covers approximately 2240 hectares. Under the terms of a Mining Rights Option Agreement dated November 4, 1997 between 3011650 Nova Scotia Limited as the Optionor and Algoma Central Corporation as the Optionee, 3011650 Nova Scotia Limited was granted an option to purchase a 50% interest in and to certain Subject Mineral Rights held by Algoma Central Corporation in the greater Lake Superior area at a purchase price of \$25/acre which included the Wagner Licensed Area.

Tidal Explorers entered into a Mineral Exploration License Agreement (

"Tidal-Nova Scotia Agreement"), dated January 1, 2001 for a term of five years, renewable for a second five year term at Tidal's option, with 3011651 Nova Scotia Limited (then trading as "Cedar Falls Forest Resources") to acquire Nova Scotia's interest in and to the Wagner License. Under the terms of the Tidal-Nova Scotia Agreement, Tidal will make annual rental payments to Nova Scotia of \$19,800 to December 31, 2005 after which the License area may be brought to Lease or if not taken to Lease through to December 31, 2010. Tidal will also incur minimum annual exploration expenditures of \$36,000 to December 31, 2005 after which the License area may be brought to Lease or it not taken to Lease through to December 31, 2010. There is also a 3% NSR royalty reserved on the aforementioned 50% property interest in favour of Nova Scotia.

It is further noted that a portion of Parcel 413, located south of Highway 101, is subject to a debenture by 3011650 Nova Scotia Limited in favour of Traveler

's Insurance Company, John Hancock Mutual Life Insurance Company, Mellon Bank N.A., as trustee, registered as instrument number 215247 on November 5, 1997 in the principal amount of \$31,750,000. As this debenture represents a lien against future timber production and surface right from this portion of the parcel it is unclear what effect it may have on the mineral rights to the property. The Company has sought a legal opinion as to the effect of the debenture on its ability to earn its option interest in the property. A preliminary draft of the legal opinion made available to the author indicates that the mineral rights to the Wagner License should not be affected save as they interact with the surface rights. Therefore there should be no lien against future mineral production but surface access would require the agreement of the debenture holders.

3.

Crown Claims SSM 1196556 and 1235485 in McMurray-Chabanel Townships held under the name of Mr. Fredrick Thomas Archibald, a principal of Tidal Explorers Ltd.

4.

Crown Claims 1235512 and 1235514 in Lastheels Township held under the name of Mr. Fredrick Thomas Archibald, a principal of Tidal Explorers Ltd.

Note that the Crown Claims listed above in sections 3 and 4 and held under the name of Mr. Archibald were encumbered on November 21, 2001 by pending legal proceedings initiated by a third party litigant. At the time of writing these legal proceedings had not been resolved and the legal status of these claims, and therefore of the various property agreements as they related to these claims, remains uncertain.

All known mineral prospects on the Lakemount Property occur within the N470 Lease area. Potential extensions of the Lakemount Zone within the Sunrise Intrusion occur within the Wagner License.

Previous shallow surface trenches which have not been back-filled to date and naturally occurring acidic drainage waters from surface sulphide showings on the property constitute the only existing environmental liabilities on the Property and neither of these is considered to be of a serious nature. On-going exploration activities are expected to have minimal environmental impact until such time as a resource is calculated for the Lakemount Zone and the economic potential of this resource determined. As all of the proposed exploration is on private lease land, there are no permits required to conduct this work.

Location and Description

Information italicized below has been excerpted from a Report dated July 8, 2004 entitled

"Technical Report on the Lakemount Property" by Darin W. Wagner, M.Sc., P.Geo. and a Report dated January 21, 2005 by G. Mosher and D. Rennie of Roscoe Postle Associates.

The Lakemount Property is located approximately ten kilometres east of the town of Wawa and approximately four kilometres southwest of Hawk Junction in northwestern Ontario (Figure

13). Wawa is located on the Trans Canada Highway 17. Highway 101 (which joins Wawa to Hawk Junction) cuts through the south-central portion of the property. Wawa is located along the Trans Canada Highway 17 some 220 kilometres north of Sault Ste. Marie and 520 kilometres east of Thunder Bay. A timber road from Hawk Junction accesses the northern and northeast sections of the property. The northwest section is accessed by the Loonskin Lake Forest Access Road. The southwest section of the property is accessed by the Twin Lakes and Firesand Forest Access Road. Highway 101 is a paved, all-season road (Figure 14).

Access can also be made by floatplane to Wawa Lake, Hawk Lake, or Sunrise Lake. The eastern edge of Wawa Lake cuts the west boundary of the claim group. A gravel tote-road connects Highway 101 to Hawk Junction by way of Hawk Lake. Floatplane services are available from Wawa and from Hawk Lake. The CPR and ACR railways connect through Hawk Junction. PTM has also upgraded an existing Forest Service Access route to provide year-round access to the Sunrise/Elbow Lake area of the property, the location of this trail is indicated on Figure 1

4.

The Lakemount Property has an abundant water supply from lakes within the property boundaries. Power is available from a power-transmission line which traverses along Highway 101 or from lines which traverse the west side of the property. A skilled and experienced workforce is available in Hawk Junction and Wawa. Housing and supplies are available in Wawa.

The following is a summary of the claims, leases and licences comprising the Lakemount Property as at the date of this Form 20-F Annual Report

The Lakemount Property consists of four staked claim blocks consisting of a total of 38 unpatented crown mineral claim units, a 2240 hectare, privately held licensed area (Wagner License, and one patented mining lease (Parcel 2017-Household Lease #218693) block covering 777 hectares for a total holding of approximately 3625 hectares. The leases and claims are contiguous and can be described as follows:

A)

N 470 Lease (Parcel 2017 Algoma Central Railway) Under an agreement dated May 5, 1998 between Talisman Enterprises Inc. and Tidal Explorers Ltd. Tidal purchased the title to said Lease registered as Parcel 2017 in the

register for Algoma West Section being part of Esquega Township in the District of Algoma. Registration Number 218693 (West Household Lease), Land Registry of Sault Ste. Marie, Ontario. Taxes are approximately \$4,000 per year.

The patented lease N470 is a lifetime patented lease fully owned by Tidal Explorers Ltd. Approximately \$4,000 in school and district taxes have been paid to the year 2004 but can be accumulated each year.

Area of patented lease - 777 hectares

B)

Wagner Forest Management License Area, Agreement dated January 1, 2001 between 3011651 Nova Scotia Limited and Tidal Explorers Ltd. located in the District of Algoma, Province of Ontario as defined by the following coordinates and illustrated on the attached map (Figure 1

4) (land area represents 86.5 single claim units equivalent). The Licensed Area (UTM zone 16, NAD 27) consists of certain grid claims, or portions thereof, listed as follows by the midpoint coordinates, commencing in the most northwesterly part of the Licensed Area. The Licensed Area is located entirely within Esquega Township in the District of Algoma, Province of Ontario.

Northerly Easterly

Gross Net

Township

5 321 500

674 00 to 677 500

4

4

Esquega

5 322 500

674 00 to 677 500

4

4

Esquega

5 323 500

674 00 to 677 500

4

3

Esquega

5 324 500

674 00 to 675 500

2

2

Esquega

5 325 500

674 00 to 675 500

2

2

Esquega

5 323 500

675 00 to 675 500

3

3

Esquega

Total 19(est.) 18 units(act.)

Area of Wagner Lease - 2240 hectares

In order to maintain the Wagner Leases in good standing approximately tax payments of \$1100.00 and exploration expenditures of \$1500.00 are required by December 31st of each year but can be accumulated for five years. A base rental fee of \$19,800.00 and an exploration expenditure of \$36,000.00 is due for each of the first four years (or \$3100.00 combined for each of the eighteen units if some of the units are dropped). The property can then be brought to lease during the fifth year.

C)

Crown claims (McMurray-Lastheels-Chabanel Township)

(4 groups of claims totaling 38 claim units)

Claim No.

Township

Block Size (Hectares)

Type

1196556

Chabanel

112

unpatented

1235485

Chabanel-McMurray

144

unpatented

1235512

Lastheels

256

unpatented

1235514

Lastheels

96

unpatented

Area of Staked Claims - 608 hectares

The four unpatented crown claims have minimum annual work expenditures of \$15,200.00. To date \$10,898.00 has been applied to claims 1196556 and 1235485.

Mining Lands Mining Claims Client Report

Sault Ste Marie Division 50

Client: 102807 ARCHIBALD, FREDERICK THOMAS

Township

Claim Recording

Claim Due

Units

Percent

Work

Area

Number

Date

Date

Option

Required

Chabanal

SSM

2000/Jul/28

2003/Jul/28*

7

100.0%

2800

1196556

Chabanal-

SSM

2000/Jul/20

2004/Jul/20*

9

100.0%

3600

McMurray

1235485

Lastheels

SSM

2000/Sep/12

2002/Sep/12*

16

100.0%

6400

1235512

Lastheels

SSM

2000/Oct/18

2002/Oct/18*

6

100.0%

2400

1235514

Total Area of Lakemount Property - 3625 hectares

** Note: As legal proceedings have been initiated concerning the legal ownership and title to these claims (see section on ownership below) the Ontario Ministry of Northern Mines and Development will not accept the filing of work against these claims until such time as the legal dispute is settled. At that time work totaling \$400/unit/year (or \$15,200/year) must be filed against these claims to maintain them in good standing. At the time of writing an assessment filing of \$35,600 would be required to keep the claims in good standing through their 2005 anniversary dates.*

Exploration History

- Lakemount Property

The Lakemount Property has a lengthy history of mineral exploration with written records dating back to 1928. The initial focus of exploration was on gold prospects following the discovery of other significant gold prospects/producers in the nearby greenstone sequences. Continued prospecting of the property led to the discovery, in 1929, of the Lakemount Zone and the focus shifted to evaluation of the Ni-Cu mineralization in the Sunrise/Elbow Lakes area. Most recently work has focused on the potential of the property to host diamondiferous kimberlite occurrences. Brief summaries of the previous exploration efforts on the property follow.

In 1928, Engineers Holding Company Ltd. sampled several quartz vein systems on the Property which led to the discovery of the Zone 1 and 2 vein systems. Initial sampling returned results highlighted by: No. 1 Vein (Pit 2) assaying to 18.50 g/t Au and 13.2% Cu over a 2.4 metre chip sample. Pit 3 assay values to 5.50 g/t Au 3.72% Cu over 3.2 metres (Allen, 1928).

In 1929 a 45.5 kilogram sample of sheared and sulphide-mineralized peridotite was collected from the newly named F Zone (Lakemount Zone) in the Elbow Lake area. The sample was processed by the Ontario Department of Mines and reported weighted average results of 1.23% Cu, 0.51% Ni, 0.14% Zn, 0.30 g/t Au, 8.60 g/t Ag, and 2.10 g/t Pd were returned. Copper recoveries were reported as 97.98%, nickel recoveries as 76.49% and gold recoveries at 59.8% of reported head grades. The material was deemed acceptable for concentration and smelting.

In 1942, Lakemount Mines Ltd. as a follow-up to the discovery of copper-nickel mineralization in peridotite near Elbow Lake, drilled the first reported test holes on the property. In total Lakemount completed drilling of 172.6 metres in holes XR1-10. In 1943 Lakemount Mines optioned the property to Corinth Holdings who continued to test the Lakemount Zone. In total Corinth reported drilling 2863.6 metres in 23 holes. Corinth reported that holes 5-14 of this program returned copper-nickel mineralized peridotite intercepts ranging from 9.6 to 26.1 metres, averaging 16.7 metres, in width. Based on the 42-43 drilling Corinth defined the presence of two sub-parallel zones of disseminated sulphide mineralization within the Sunrise Intrusion separated by approximately 120 metres of sparse mineralization. Both zones subcrop and strike roughly east-west paralleling the basal contact of the Sunrise Intrusion.

Highlights of the Corinth drilling program included hole No. 7 which returned reported assay values averaging 0.92% copper, 1.29% nickel, and 2.10 g/t platinum over 1.52 m. at a depth of 12.1 metres and Hole No. 11, drilled below No. 7, which reported assay values averaging 1.11% Cu, 0.50% Ni, 1.71 g/t Pt and 4.62 g/t Pd over 17.4 metres at a down hole depth to the top of mineralized zone of 103 metres. The Lakemount Zone was drilled to a vertical depth of 91 metres and along strike for 274 metres. Reference in the available information from the Corinth drilling program was made to difficulties in assaying for platinum and the above mentioned palladium values must therefore be considered circumspect.

In 1943, four samples of Lakemount Zone mineralization were assayed by Ledoux & Co. Inc. Chemists and Assayers and returned a reported average grade of 0.43% Cu, 0.52% Ni, and 0.79 g/t Pt. The observation was made that, in general, platinum values increase in association with nickel values which fits with correlation between the presence of pendlandite and PGE mineralization observed and reported by Corinth.

Also in 1943, an independent survey by Douglas S. Baird estimated an average grade of 1.03 g/t platinum from copper-nickel mineralization above the 91-metre level on the Lakemount Zone.

In 1944, copper mineralization was discovered by Lakemount Mines Ltd. within the western extension of the peridotite at the northwest corner of Sunrise Lake approximately 1800 metres to the west of the Lakemount Zone. The same year N.A. Timmins Explorations completed drilling of 4,905 metres in 28 holes to further test the Lakemount Zone.

In 1944, assays completed by Consolidated Mining and Smelting at Trail, B.C. from DDH No. 11 from the 1943 Corinth drilling program reported an average grade of 1.71 g/t Pt and 5.49 g/t Pd over the 17.4 metre interval indicated above. Hole 7 was also assayed and the platinum-palladium assays are summarized below:

H o l e

*No.**Intersection (m)**Width (m)**Pt(g/t)**Pd(g/t)**Assay Details*

7

12.2 - 13.7

1.5

2.10

not assayed *1943**11*

103.0 - 120.4

17.4

1.71 4.63 Trail, B.C.1944

There is no further reported exploration activity on the Property until 1951 and 1952 when Kelore Mines Limited completed a further 5943 metres of diamond drilling in 34 holes again testing the Lakemount Zone. Lakefield Research Laboratories tested a sample of drill core for flotation the same year with positive results. Recoveries were on the order of 75% for Ni and 88% for Cu. J.W.N. Bell Labs in Haileybury, Ontario reported an average assay grade of 0.34 g/t Pd and 0.34 g/t Pt from thirteen holes collected by Kelore.

In 1953 Ventures Ltd. completed an additional 5,263 metres of drilling in 31 drill holes and reported an estimated resource within the Lakemount Zone of 4,550,000 tonnes averaging 0.32% Cu and 0.51% Ni to a depth of 243 metres. This resource was conducted utilizing a sectional block method and does not conform to the current guidelines of

National Policy 43-101 and is mentioned here only for completeness.

In 1956 New Kelore Mines Ltd. carried out an electromagnetic survey over Zones 1 and 2 on the east section of the property and completed an additional 3,798 metres of diamond drilling on the Lakemount Zone and other targets in 14 holes.

In 1957 Lakemount Mines reported drilling 5 additional holes in the Lakemount Zone and reported that a total of 23,165 metres of diamond drilling had been conducted on the Zone. According to the Lakemount report copper-nickel mineralization of the Lakemount Zone had been delineated over a strike length of 792 metres and to a depth of 335 metres. Lakemount Mines reported a resource (not categorized in accordance with NP 43-101 and again included solely for completeness) of 2,500,000 tonnes grading 0.36% Cu and 0.55% Ni.

In 1962, the Algoma Central Railway completed an airborne magnetometer and electromagnetic survey over the area. A horizontal-loop electromagnetic survey was carried out over the Elbow Lake area.

In 1967, Selco Exploration Co. Ltd. performed airborne electromagnetic and magnetic surveys over the property at approximately 400 metre intervals. A magnetic and coincident electromagnetic anomaly was indicated over the basal portion of the Sunrise Intrusion.

In 1968, R.A.McGregor (a consultant to AMAX) conducted a resource calculation (not categorized in accordance with NP 43-101 and included for completeness only) of the Lakemount Zone and reported 2,500,000 tonnes averaging 0.55% Ni and 0.36% Cu, in keeping with the previously resource reported by Lakemount Mines in 1957, of which 1,700,000 could have open pit potential. The mineralized zone outlined by drilling had a strike length of 792 metres, a depth of 243 metres and an average width of 21.0 metres.

In 1968, an electromagnetic multiphase survey was completed over the No.1 and No.2 Veins area near Bremner Lake.

Between 1978 and 1982, Firespur Explorations Limited performed geological reconnaissance, ground-based VLF electromagnetic surveying and proton magnetometer surveys over the Lakemount Property. Approximately 1032 metres of diamond drilling in nine holes was completed on the property. The area on the east side of Elbow Lake was stripped, washed, channel sampled and assayed for copper-nickel values.

In 1981 and 1982, R. P. Sage of the Ontario Department of Mines mapped the areas of McMurray, Chantal, Esquega and Lastheels Townships at a scale of 1:15,840.

In 1989, Firesand Resources Ltd. stripped and mapped mineral zones 'B', 'C', 'E', 'F', 'H', 'J', 'X', and No.1-2. A total of 1192 metres in nine diamond drill holes were completed on the 'E' and Lakemount Zones.

In August of 2000, a kimberlite dyke was intersected by diamond drilling by Sonic Soils Ltd. in the southwest portion of the Lakemount Property. This ultramafic-fragmantal kimberlite (heterolithic breccia) was intersected between 14.85 metres and 33.50 metres in depth (drill width of 18.7 metres), and is believed to be associated with the Mildred Lake Fault system.

Table

22 - Lakemount Exploration History - Drilling and Other Work

Year(s)

Company

Notes

of

Drill Hole

Footage

Meters

Work

Holes

Nos.

Drilled

Drilled

1928

Engineers Holding Company Ltd.

Trenching

1939

Corinth Mines Ltd.

Details Unknown

1940

Sylvanite Gold Mines Ltd.

Details Unknown

1943

Lakemount Mines Ltd.

1

10

XR1-10

566.3

172.6

Drilling

1944

Lakemount Mines Ltd.

2

23

11-35

9,395.0

2,863.6

Drilling/Mag

1944

N.A. Timmins Ltd.

28

36-64

16,093.5

4,905.4

Drilling

?

Unknown

3

11

2XR-A thru K

1,415.0

431.3

Drilling

?

Unknown

4

4

S1-4

2,306.0

702.9

Drilling

1951

Kelore Mines Ltd.

5

34

101-136

19,499.0

5,943.4

Drilling

1953

Ventures Ltd.

31

V201-231

17266.3

5,262.8

Drilling

1956-57

New Kelore Mines

14

301-316

12,460.5

3,798.0

Drilling, EM, SP

1957

Lakemount Mines Ltd.

5

?

1,018.0

310.3

Drilling

1962

Algoma Ore Properties Ltd.

6

Mapping, EM

1967

Selco Exploration Company Ltd.

Map, Aeromag and EM

1978-82

Firespur Exploration Ltd.

7

10

NA

3,386.0

1,032.1

Map, EM, Mag

1989-91

Firesand Resources Ltd.

9

NA

3911

1192

Prospecting, Stripping,

Mapping, Sampling

2000

Tidal Explorers

1

KIM00-01

194.0

59.0

Drilling

2003

Rock Resources

Surface Mag

2003

Platinum Group Metals Ltd

8

LK03-01 to -08

4882.0

1488.0

Drilling

2004

Platinum Group Metals Ltd

Airborne Geotem

2004

Platinum Group Metals Ltd

8

8

LK04-09 to 16

5561.7

1681.4

Drilling

2004

Platinum Group Metals Ltd

Downhole UTEM

2004

Platinum Group Metals Ltd

7

LK04-17 to 23

5370.5

1623.6

Drilling

Totals

203

103219

31446.3

Notes:

1

Hole locations unknown, no records for holes 3, 4, and 6

2

Hole 15 not drilled

3

No record of when these holes drilled or by whom

4

Drilled by unknown persons from south side of Sunrise Lake

5

Holes 105 and 106 not drilled

6

Drilling reported in Cdn Mines Handbook 1961, p. 132; no records

7

Holes 2,3 and 4 drilled in Sunrise area

8

Hole 15 lost above target, steepened and redrilled as 16

Table 22

summarizes the work completed on the Lakemount Property to date, including the work completed by PTM as described below. The work summarized above is considered to be historic in nature and, based on the available information, none of the previous exploration programs on the Property appears to have been accompanied by an adequate (or any) quality control and assurance program. Analytical methods used to derive the above mentioned values are varied. However, work to date by PTM has indicated that, at least for the Lakemount Zone, the historically reported Cu and Ni values appear to be representative.

Local and Property Geology

The Lakemount Property lies within the 2700-2900 Ma Michipicoten Greenstone Belt of the Wawa subprovince of the Canadian Shield. The Michipicoten Greenstone Belt which is comprised of at least three cycles of intercalated Archean metavolcanic (mafic and felsic) and metasedimentary rocks. These units have been intruded by younger syenites, granodiorites, gabbro, peridotite, quartz porphyry, and diabase.

The oldest mapped unit on the Property is a large area of massive, weakly to moderately gneissic granite-granodiorite which underlies the southeastern corner of the property. This older sequence appears to be restricted to south of the Wawa-Kapuskasing fault corridor (Figure 1

6) suggesting either significant movement along this structure or reactivation of any earlier bounding feature.

The rocks of the Michipicoten greenstone belt appear to be developed atop the gneissic granites. Mapping by the Ontario Geological Survey indicates that the metavolcanic units are upright and young to the north/northwest. Regional mapping suggests that the felsic pyroclastic and metavolcanic rocks found in the northwest portion of the property (Figure 12) form a portion of a sympathetic fold on the limb of a regional scale syncline. A sequence of metasedimentary rocks, including volumetrically significant iron formation layers lays outboard of the felsic rocks to the south. These are intercalated with intermediate to mafic metavolcanics which are found underlying the western and central portions of the property.

The metavolcanic and metasedimentary rocks have been intruded by at least two and likely three separate suites of mafic to ultramafic intrusive rocks (the focus of current exploration activities and described in more detail below) and later granitic to syenitic stocks. The above assemblage has been metamorphosed to upper greenschist facies, folded and variably deformed. Late stage lamprophyre dykes and quartz shear-breccia systems appear to have been emplaced either during or shortly after peak metamorphic conditions. Late, likely Proterozoic-aged, diabase dykes

cross-cut the property in a northwest-southeast direction and are clearly post-metamorphic.

Early Mafic / Ultramafic Intrusive Rocks

At least two, and potentially three, phases of mafic/ultramafic intrusive activity occur within the Lakemount Property holdings and throughout this portion of the Michipicoten Greenstone Belt. The earliest phase of intrusions appears to be dominantly ultramafic (pyroxenite-peridotite) intrusions and includes the Sunrise Intrusion on the Lakemount Property and the Lena Lake Intrusion to the west. These intrusions occur as east-west elongate, 1.5-2.5 km long, partially differentiated stocks. The Early Mafic Intrusions display complex folding and upper greenschist facies metamorphism indicating they were intruded prior to peak metamorphic conditions and they do not appear to be related to either of the later structural events which provided conduits for the intrusion of later mafic/ultramafic bodies.

The Early Mafic/Ultramafic Intrusions range from fine to coarse grained and range from pyroxene to olivine dominant. The intrusion commonly have a basal peridotite zone, which generally serpentine rich, and which grades to a coarse grained pyroxenite in the central portion and potentially through to pyroxene gabbro at upper levels. The serpentized, ultramafic portions of these intrusions produce prominent airborne magnetic anomalies as can be observed in Figure 1

5. The Sunrise Intrusion, interpreted by the author to be a member of the Early mafic/ultramafic suite is host to the Lakemount Zone copper-nickel platinum group mineralization making other members of the suite prospective for similar styles of mineralization.

Figure 1

5: Airborne Magnetic and EM Map, Lakemount Property

Data from Ontario MNDM Survey, 1988.

Phase 2 Mafic Intrusions

A second phase of mafic/ultramafic intrusive activity occurs on the property within the Wawa-Kapuskasing structural corridor and along the Algoma River and related structures. This phase of intrusive activity includes emplacement of northeast-elongate hornblende dominant gabbro and lesser pyroxenite bodies within the Wawa-Kapuskasing corridor and numerous related narrow mafic dykes. This suite of intrusions appears to be dominantly structural controlled by the two deep seated structures noted above and would also include a number of lamprophyre dykes, carbonatite intrusions and kimberlitic dykes/breccia zones.

Phase 3 Mafic Intrusions

Diabase dykes, both olivine and pyroxene rich and ranging from a few metres to sixty metres in width, are found cutting all of the other units in a northwesterly direction. These dykes are interpreted to be of Proterozoic age and post-date regional metamorphism. The dykes are part of a regional dyke swarm and appear to have been emplaced by preexisting zones of structural weakness during Proterozoic extension possibly related to the mid-Continent rift even. The northeast structures exploited by these dykes appear to have been active and been the focus on mafic intrusive activity on at least three separate occasions.

Deposit Types

The Wawa-Gourdeau-Lochlash area has long been recognized for its gold and base metal potential. A variety of styles of mineralization have been observed and recorded on the Lakemount Property including magmatic disseminated Ni-Cu-PGE sulphide mineralization within the Sunrise Intrusion, potential syngenetic volcanic hosted massive sulphide mineralization, mesothermal gold mineralization associated with sheared hosted quartz veining and the presence of breccias of kimberlitic affinity suggesting the potential for the discovery of diamonds. Deposit and exploration models for the styles of mineralization mentioned above are numerous, subject to various interpretations and beyond the scope of this report. The reader is referred to the geological literature for more details.

The Lakemount Property itself hosts eight known mineral occurrences. The location of these zones is outlined on Figure 1

6 with the most significant deposit types described as follows:

Copper-nickel-cobalt-platinum-palladium mineralization is associated with the border phases of the Early mafic/ultramafic intrusive suite. The most significant of these zones is the Lakemount associated with the Sunrise Intrusion on the Lakemount Property. The Sunrise Intrusion is a "wine-glass" shaped body (lying on its side) which hosts two parallel zones of disseminated sulphide mineralization developed along the southern (basal) margin. Mineralization within the Lakemount Zone consists of heavily disseminated fine to medium-grained chalcopyrite-pyrrhotite-pentlandite. Sulphides locally reach 5% by volume and work by PTM has identified massive sulphide

"balls" some 1-4 cm in size comprised of very coarse-grained pyrrhotite-pentlandite-chalcopyrite which may be related to more massive sulphide mineralization within the intrusive system. This mineralization is considered to be magmatic in nature having settled toward the basal portion of the Sunrise magma body during emplacement.

Gold-bearing quartz-carbonate vein systems occur within several deformation zones cutting the Property. The vein sets range from a few cm to over a metre in width and are commonly mantled by zones of silicification and chrome-rich mica alteration. Vein sets appear most commonly along the contacts between mafic flows and quartz and/or feldspar porphyritic intrusions and trend in both northeast and northwest directions. Zones 1 and 2, J and the B-C-H-X Zone are representative of this style of mineralization. As in greenstone sequences throughout the Archean these gold-bearing vein systems are interpreted to have developed in dilatant zones during metamorphism.

Figure 1

6 Local Geology and Mineral Occurrences - Lakemount Property

Zinc occurrences are locally associated with cross-cutting quartz-breccia structures along northwesterly trending vein systems (parallel or along splays related to the Algoma River fault system which cut locally can be observed cutting the silicified northeasterly systems. The most significant of these occur in the B-C-H Zone and 'E' Zone areas. Early Pb isotope dates from the B-C-H Zone area suggest there may be a syngenetic component to this mineralization (remobilized?) which may be related to the local development of VHMS mineralization.

Recent work on claim groups north and west of the Lakemount Property has resulted in the discovery of diamondiferous lamproite dykes and breccias of kimberlitic affinity. The diamond discoveries to date appear to lay within a northwest-trending corridor possibly related to the forementioned splays of the Algoma River fault. The discovery of a kimberlite dyke on the southwestern portion of the Lakemount Property indicates potential for additional discoveries of similar lithologies, especially on the heavily overburden covered portions of the southern part of the property.

PTM

's current exploration activities are focused on definition of the resource contained within the Lakemount Zone which is described in more detail below.

Lakemount Zone ('F' - Zone)

The Lakemount (formerly 'F' Zone) is comprised of disseminated pyrite-chalcopyrite-pyrrhotite-pentlandite mineralization of magmatic origin hosted within the basal phase of the Sunrise Intrusion. The copper-nickel mineralization has associated platinum-palladium values that have not been routinely assayed for. The Sunrise Intrusion is an elliptical-shaped ultramafic body measuring 2100 metres in length and approximately 600 metres in width. Previous work and geophysical surveys of the Property indicate that the Sunrise Intrusion has a wineglass shape with the apex pointed to the south. It is unclear if the apex represents a feeder structure.

The copper-nickel mineralization is hosted by the basal pyroxenite phase of the intrusion along its southern margin. Drilling completed prior to PTM

's involvement with the project had traced the disseminated mineralization for 792 metres along strike and to a vertical depth of approximately 243 metres in 142 holes totaling 24,170 metres. Figure 17 is a plan map of the Lakemount Zone showing previous drill collar locations - note that the location of several drill holes reported from the Property

remain unknown due to incomplete reporting in historical records - along with the location of the 23 holes completed by PTM to date.

Sulphide mineralization occurs at two discrete sub-parallel levels (Figure 1

8) within the intrusion which dip steeply to the north following the basal contact. The two zones range from 5-25 metres in thickness and are separated by approximately 120 metres of sparsely disseminated sulphide which has historically not been analyzed. According to a review of previous drilling by Archibald (2001) the mineralized zones appears to show an abrupt change in dip within the central portion of the intrusion. On the eastern side of this hinge, the two mineralized zones appear to be more intensely mineralized near surface. West of the hinge the mineralized zones apparently become more intensely mineralized at depth. Work to date by PTM suggests some of the zonation in the mineralization may be associated with folding within the intrusion not recognized by previous workers.

A section of the Lakemount Zone was stripped and washed in 1989 by Firesand Resources, uncovering the lower mineralized interval. The heavily disseminated sulphide zone exceeds 20 metres in width and 170 metres in length across the stripped area. The central core of this zone, some 12 metres in width, contained over 2.0% total sulphide content. Mapping of this zone, in 1990 by T. Heenan (Firesand Resources Ltd.) and P.C. Delisle (Ontario Geological Survey), provided significant input on interpreted structure of the Lakemount Zone. An excerpt from Mr. Delisle

's comments follows:

"In reference to the Lakemount (Sunrise-Elbow Lake) copper-nickel deposit, this is one of the few significant base metal properties in the district. Current investigations indicate that the mineralized zones are rod-shaped and faulted. Further drilling is recommended to explore the strike and depth continuation of the mineralized zones at the 300-metre level below Sunrise Lake".

Although significant platinum-palladium values were reported from previous drilling on the property they have not been systematically analyzed for prior to PTM

's involvement (see below). Reported PGE grades of 2.06 g/t platinum over a 1.5 metres interval in drill hole 7 and 1.71 g/t platinum and 4.63 g/t palladium over 17.4 meters in drill hole 11 have not been

supported by more recent work but there are elevated PGE values associated with the known Cu-Ni values and the reader is referred to the work completed by PTM below for more discussion.

Figure 1

7 - Prior and PTM Drilling of the Lakemount Zone - collar locations and hole numbers

Figure 1

8 - Cross Section through Lakemount Zone - Section Line Shown on Figure above.

In addition to the known extent of the Lakemount Zone as indicated in Figure 13 exploration records indicate the presence of additional Ni-Cu mineralization within the Sunrise Intrusion 1600 to 2000 metres west of Elbow Lake near the western end of Sunrise Lake. D.S. Baird (1944) reported elevated nickel, copper and palladium values from this area with Pd grades to 2.10 g/t. However, as indicated above, these Pd grades must be viewed with some trepidation given the inability to confirm other high grade PGE assays from the property reported from the 40

's and 50's.

Several attempts have been made to calculate a resource estimate for the Ni-Cu mineralization within the Lakemount Zone. None of these estimates are NI 43-101 compliant and are reported here only for completeness. The most recent

and detailed calculation was completed by McGregor (1968) utilizing a sectional polygonal model method. McGregor calculated a drill indicated resource of 2.5 million tons grading 0.55% nickel and 0.36% copper for the Lakemount Zone. According to McGregor

's estimate approximately 1.7 million tons of the stated resource would have potential to be mined by open pit methods. At the time of writing PTM had contracted Roscoe Postle Associates of Vancouver to calculate a resource figure for the Lakemount Zone on the basis of the 23 holes completed by PTM during 2003-2004.

Exploration by Platinum Group Metals Ltd.

Platinum Group Metals Ltd. optioned the Lakemount Property from Western Prospector Ltd. in October of 2003. PTM

's prime objective in optioning the property was to test the known zone of Ni-Cu sulphide mineralization for its PGE content, focusing on the above mentioned high-grade PGE values reported from historic holes 7 and 11.

Beginning in mid-November 2003 PTM initiated a 1488 metre diamond drill hole program to test the PGE content of the Lakemount Zone. Preparation work consisted of construction of an all season drill trail from an access road immediately north of Highway 101 to the Elbow Lake area. An existing forest service trail was significantly upgraded and extended to the Elbow and Sunrise Lake area.

Phase 1 Drilling

Once the access trail had been completed Phase 1 drilling commenced. In total 1488 metres of diamond drilling was completed in 8 NQ holes under the supervision of Dennis Gorc of PTM and with the assistance of Dr. W. Peredery an independent consultant. Drilling was contracted to Chibougamau Diamond Drilling of Quebec.

Drill hole LK03-01 was collared in an attempt to twin hole 11 from the 1943 Corinth/Lakemount Mines drill program in order to assess the validity of the reported PGE values. Unfortunately the physical location of hole 11 could not be confirmed in the field and topographic considerations prevented setting up hole LK03-01 on the suspected location of hole 11. Hole LK03-01 therefore is believed to have paralleled hole 11 but to have been collared 25 metres to the east. As can be seen from Table

23, while hole 01 did intersect a similar thickness of Cu-Ni mineralization the Cu, Ni and PGE grades are lower than those reported by Corinth. In particular the PGE grades are significantly lower (1/3 g/t vs > 11 g/T reported by Corinth) and as noted above this is likely a function of the fact that reliable PGE assay methods were not in place until the 1970's in most commercial facilities.

The following excerpts are from a report prepared by Dr. W. Peredery (Peredery, 2004) of the geology of the Sunrise Intrusion and the associated sulphide mineralization based on the results of drill holes LK03-01 to 08.

"Geology of the Sunrise Intrusion

The Sunrise intrusion consists mainly of altered peridotite with a marginal zone of altered pyroxenitic rocks found on the southwestern side of the intrusion. The peridotite is extensively altered to a serpentinite and the pyroxenitic margin is altered to an ultramafic amphibolite which in places is extensively altered to biotite. As a general rule the peridotite is moderately magnetic, but the pyroxenite is either very weakly magnetic or is non-magnetic, which serves as an additional field factor in distinguishing between the two units.

Other than these two units, there is no apparent layering in the intrusion. In spite of this the peridotite can be subdivided into a number of units based on texture, colour and type of alteration". These units are the Main Mass Peridotite (MMP), Patchy Textured Peridotite (PTP), Talcose Bimineralic Peridotite (TBP), Porphyritic Peridotite (PP) and Pyroxenite (PYX) and are described detail in Peredery (2004).

"Generally the contact between the pyroxenite and footwall volcanic rocks is sharply defined. The core angle of the contact is large (60-80 degrees) which suggests that the footwall volcanics are subparallel to the ultramafic intrusive (at least in close proximity to the contact zone).

A hybrid reaction product rock between the pyroxenite and footwall rhyolite has been noted in borehole LK-03-03. The hybrid rock is fine to medium grained, massive, intermediate in composition, is light greenish to pinkish gray in colour, inhomogeneous, and appears to have wispy pinkish streaks near the contact with the pyroxenite. This contact is sharply defined. The contact between the hybrid rock and the footwall rhyolite is also fairly sharply defined over an interval of about one centimeter. The presence of such a hybrid reaction product rock between the ultramafic intrusion and footwall rocks suggests that the intrusion was of high temperature, and the emplacement of the intrusion was a relatively passive process. This is supported also by the massive-looking, relatively undeformed nature of the footwall rocks.

Sulphides are common in the pyroxenitic marginal unit, including immiscible primary interstitial variety, earlier formed blebby sulphides that were introduced together with the pyroxenitic magmatic pulse, and later remobilized stringers, veins and segregations of sulphides. Sulphides are also found in the peridotite, pyroxenite, inclusions in the pyroxenite and to some extent in the footwall rocks. Very weakly disseminated sulphides (<1%) occur throughout the Lakemount intrusion.

Within the MMP disseminated sulphides form distinct sulphide-enriched horizons. Such sulphides are disseminated to interstitial in character. Recognizable sulphides include pyrrhotite, chalcopyrite, and possibly some pyrite. On the eastern side of the intrusion, there are two to three such sulphide-enriched horizons. They measure from a few meters to over ten meters in width. The sulphide content ranges from 1 to 15%. Some intersections average about 5-10% sulphides. On the basis of the boreholes logged I received an impression that the sulphide content increases in such horizons in the peridotitic rocks from east to west.

There is also a sulphide-enriched layer at the base of the peridotite where it is in contact with the pyroxenite. Here the sulphide content also ranges from 1 to 10-15%.

Within the marginal pyroxenitic unit, the sulphide content is variable and unevenly distributed, but on the average is generally higher than in the peridotite. Several varieties of sulphides are present, including disseminated, interstitial, blebby, stringer and massive sulphide veins and segregations. Disseminated and interstitial sulphides form zones from a few tens of cms to meters in width. Such sulphides appear to be primary. The blebby sulphides measure up to a cm in diameter, are unevenly distributed, and appear to have been emplaced together with the pyroxenitic unit. The stringer, vein and segregation sulphides appear to have been introduced into the pyroxenite and are therefore considered to be secondary mobilizates. The massive sulphide veins measure up to several cms in width, and consist of pyrrhotite and chalcopyrite. The pyrrhotite is commonly non-magnetic. This suggests that it is the hexagonal, high temperature variety.

Sulphide mineralization occurs also in fractures in volcanic inclusions in the pyroxenite. Here, the dominant sulphide is generally chalcopyrite. Minor pyrrhotite appears to be non-magnetic hexagonal variety. Not all inclusions in the pyroxenite are mineralized. Except for fracturing most of the footwall inclusions do not show any high strain deformation such as shearing. Minor sulphides have been intersected in siliceous veins in the footwall rocks. Sulphides include chalcopyrite and non-magnetic pyrrhotite."

The collar locations for holes LK03-01 to 23 are shown on Figure 1

9. As can be seen from Table 23 significant Ni-Cu mineralization was intersected in the majority of holes drilled toward the east end of Sunrise Lake and beneath Elbow Lake. This mineralization is associated with elevated Pt, Pd and Au concentrations. The sulphide mineralization consists of disseminations of fine grained pyrrhotite, pendlandite

and chalcopyrite and as noted by Peredery above is mainly concentrated in the basal pyroxenite unit. Of note there is a strong correlation between elevated Ni values and elevated PGE concentrations.

The most economically significant results from the Phase 1 2003 program were returned from holes LK03-06 and 08 drilled respectively at the west end of Elbow Lake and east end of Sunrise Lake. These two holes returned significantly higher Cu-Ni-PGE grades than the average reported from previous drilling and suggested potential for a higher-grade core to the Lakemount Zone. On the basis of these results a decision was made to proceed with a 2004 program at Lakemount.

Table

23: Mineralized Intercepts 2003-2004 PTM Drilling - Lakemount Property

<i>Hole No</i>	<i>Grid Grid</i>		<i>Azimuth</i>	<i>Dip</i>	<i>From</i>	<i>To</i>	<i>Inter-cept</i>	<i>Pt</i>	<i>Pd</i>	<i>Au</i>	<i>3PGE</i> <i>Pt+Pd+Au</i>	<i>Cu</i>	<i>Ni</i>
	<i>West</i>	<i>North</i>											
	<i>(m)</i>	<i>(m)</i>	<i>(degrees)</i>		<i>(m)</i>	<i>(m)</i>	<i>(m)</i>	<i>(g/t)</i>	<i>(g/t)</i>	<i>(g/t)</i>	<i>(g/t)</i>	<i>%</i>	<i>%</i>
<i>LK-03-01</i>	<i>375</i>	<i>200</i>	<i>190</i>	<i>-45</i>	<i>94</i>	<i>98</i>	<i>4</i>	<i>0.092</i>	<i>0.07</i>	<i>0.076</i>	<i>0.238</i>	<i>0.15</i>	<i>0.33</i>
<i>LK-03-01</i>	<i>375</i>	<i>200</i>			<i>111.9</i>	<i>132</i>	<i>20.15</i>	<i>0.163</i>	<i>0.093</i>	<i>0.055</i>	<i>0.312</i>	<i>0.34</i>	<i>0.33</i>

<i>LK-03-02</i>	375	200	190	-65	91	95	4	0.06	0.052	0.031	0.142	0.09	0.28
<i>LK-03-02</i>	375	200			124	136	12	0.098	0.058	0.035	0.192	0.15	0.24
<i>LK-03-03</i>	373	202	160	-45	86	89.15	3.15	0.128	0.071	0.068	0.266	0.31	0.31
<i>LK-03-04</i>	373	246	160	-45	39	41.2	2.2	0.088	0.066	0.038	0.192	0.14	0.28
<i>LK-03-05</i>	501	199	165	-45	7.5	9	1.5	0.132	0.104	0.027	0.263	0.11	0.41
<i>LK-03-05</i>					87	92	5	0.177	0.131	0.049	0.357	0.29	0.67
<i>LK-03-05</i>					140	143	3	0.157	0.119	0.062	0.339	0.25	0.5
<i>LK-03-05</i>					156	163	7	0.181	0.144	0.095	0.42	0.27	0.55
<i>LK-03-05</i>					175	179	4	0.315	0.204	0.036	0.555	0.32	0.38
<i>LK-03-06</i>	600	176	165	-45	172.5	186	13.5	0.272	0.164	0.076	0.512	0.34	0.46
<i>Including</i>					179.5	185	5.5	0.511	0.288	0.133	0.932	0.67	0.74
<i>LK-03-07</i>	501	199	165	-65	51	56	5	0.17	0.123	0.085	0.378	0.3	0.57
<i>LK-03-07</i>					62.5	74	11.5	0.181	0.129	0.084	0.393	0.4	0.67
<i>LK-03-07</i>					185	190	5	0.093	0.073	0.095		0.12	0.3

0.261

<i>LK-03-08</i>	791	213	205	-50	138	151	13	0.29	0.19	0.108	0.588	0.48	0.87
<i>Including</i>					143	148	5	0.405	0.234	0.13	0.769	0.69	1.4
<i>LK-04-09</i>	882	203	203	-60	143	147	4	0.09	0.065	0.038	0.193	0.13	0.28
					152	168	17	0.086	0.055	0.037	0.178	0.14	0.23
<i>Including</i>					158	161	3	0.152	0.1	0.073	0.325	0.23	0.33
<i>LK-04-10</i>	882	203	203	-75	266	278	12	0.283	0.18	0.061	0.524	0.37	0.45
<i>LK-04-11</i>	882	203	23	-45	74	75	1	0.144	0.124	0.079	0.347	0.23	0.41

<i>LK-04-16</i>	133	628	215	-50	143	154	11	0.394	0.251	0.122	0.767	0.56	0.74
<i>Including</i>					146.4	149	2.6	0.588	0.441	0.143	1.171	0.89	1.54
<i>LK-04-17</i>	791	213	205	-45	124	136	12	0.146	0.095	0.054	0.295	0.25	0.35
<i>Including</i>					128	136	8	0.176	0.106	0.06	0.343	0.3	0.4
<i>Including</i>					129	131	2	0.29	0.171	0.099	0.559	0.42	0.66
<i>LK-04-18</i>	628	133	215	-55	137	154	17	0.279	0.172	0.098	0.549	0.31	0.51
<i>Including</i>					140	153	13	0.325	0.198	0.112	0.634	0.36	0.57
<i>Including</i>					146	153	7	0.47	0.267	0.142	0.879	0.5	0.76
<i>LK-04-19</i>	580	188	165	-45	152	163.3	11.3	0.396	0.215	0.482	1.093	0.49	0.54
<i>Including</i>					155	163	8	0.516	0.273	0.671	1.459	0.65	0.68
<i>LK-04-20</i>	550	188	165	-45	159	172	13	0.144	0.173	0.038	0.355	0.23	0.58
<i>Including</i>					167	172	5	0.218	0.325	0.048	0.59	0.38	1
<i>Including</i>					169	172	3	0.258	0.388	0.044	0.69	0.28	1.12

<i>Including</i>					170	171	1	0.303	0.698	0.02	1.02	0.28	2.5
<i>LK-04-21</i>	746	206	205	-65	191	205	14	0.161	0.106	0.071	0.338	0.22	0.39
<i>Including</i>					195	201.2	6.15	0.197	0.132	0.079	0.408	0.23	0.61
<i>LK-04-22</i>	580	146	253	-61	32	34.7	2.7	0.134	0.11	0.068	0.312	0.29	0.47
<i>LK-04-23</i>	923	227	205	-75	42	43	1	0.261	0.2	0.124	0.586	0.38	0.71
<i>LK-04-23</i>					201	203	2	0.093	0.062	0.04	0.195	0.16	0.34

Phase 2

- 2004 Program

Geotem Airborne Mag/EM Survey

The initial phase of the 2004 exploration program at Lakemount, contracted to Geotech of Ontario, was a helicopter based Geotem magnetic/time-domain electromagnetic survey of the core portion of the Lakemount Property. This program was initiated and completed on February 28th, 2004. In total 180 line km of surveying were completed over the Lakemount Property from a base of operations at the Wawa airport.

The Geotem survey was conducted with a flight line spacing of 50 to 100 metres with tie lines at between 450 and 1900 metres. The main flight lines were oriented in a north-south direction with tie lines in an east-west direction. Flying was conducted with a nominal terrance clear of 30 metres, readily facilitated by the relatively flat topography of the project area. Electromagnetic and magnetic readings were collected at 0.1 second intervals equating to approximately 2 metres on the ground (Geotech report to PTM). Geotech recommended ground follow-up of the EM anomalies identified.

Figure

20 displays the total field magnetic data, flight lines and EM responses from the Geotem survey. The Sunrise Intrusion is clearly defined as a magnetic high, the magnetic being mainly sourced by the serpentized portions of the peridotite sequence. Seven prominent airborne EM responses are evident either within or in close proximity to the Intrusion with the prominent anomalies occurring at the eastern end of the intrusion associated with the Lakemount Zone.

Phase 2 Drilling

- March/April 2004

On the basis of the results from the 2003 drilling program and the 2004 airborne mag/EM survey a Phase 2 diamond drilling program was completed under the direction of Mr. Dennis Gorc of Platinum Group Metals between March 31

and April 20, 2004. In total 8 holes (LK04-09 to -16 as shown of Figure 1

9) were completed totaling 1681.4 metres during the Phase 2 drill program. Drill holes LK04-09 to 11 were collared to follow-up the higher grade results from drill hole LK03-08. Sulphide mineralized intervals were reported from all three holes and included 12 metre intercept of the Lakemount Zone in hole LK-04-10 which returned 0.44% Ni, 0.39% Cu and 0.524 g/t Pt+Pd+Au . Holes 12 to 14 targeted Geotem EM anomalies at the western end of the Sunrise Intrusion where elevated PGE grades had been previously reported. Based on visual examination of the drill holes in question Mr. Gorc indicated that it does not appear that the source of the conductor was intersected and additional modeling of this feature and drilling appears warranted. Hole 15 was collared into the area between the higher grade intercepts in holes 8 and 6 to test a Geotem EM anomaly extending west into footwall lithologies. Hole 15 was lost above the target depth and Hole 16 was drilled from the same setup at a steeper angle.

Drill hole LK04-16 intersected a lithological sequence similar to that intersected in holes 8 and 6 and also intersected significantly elevated Ni-Cu-PGE values in the basal pyroxenite unit. Of particular significance to on-going exploration on the Lakemount Property was the recognition of 1-4 cm, frequently rounded

"balls" of massive, coarse-grained sulphide mineralization. These sulphide "balls" have cores of very coarse-grained pentlandite and pyrrhotite and rims of massive chalcopyrite several mm thick. These balls are the first evidence of massive sulphide accumulations in the Sunrise Intrusion and suggests potential for larger massive sulphide accumulations in the basal portion of the intrusion. Based on the results of the Phase 2 drill program it was recommended that down-hole geophysical surveying of the existing PTM drill holes be conducted to test the potential for massive sulphide accumulations and that additional diamond drilling be conducted to further delineate the Lakemount Zone.

Figure 1

9: Lakemount Zone with Locations of PTM Holes 1-23

Figure

20: 2004 Geotem Total Field Magnetics, Flight Lines and EM Conductors

2004 Borehole UTEM Survey

A borehole UTEM survey of the drill holes completed by PTM in the Lakemount Zone area during 2003 and 2004 was commissioned and contracted to Lamontagne Geophysics of Ontario. The aim of this survey was to test the Lakemount Zone for zones of massive sulphide as suggested by the sulphide

"balls" as well as for zones of higher-grade net-textured sulphides located within and adjacent to the disseminated sulphide zones intersected to date.

The down hole survey utilized Lamontagne

's latest Borehole UTEM 4 system which provides simultaneous, 3-axis, oriented EM data for drill holes up to 3000+ metres deep. The UTEM probe is winched down the drill hole to be surveyed and then readings taken from large electrified loops placed around and adjacent the drill hole on a metre by metre basis. The survey was completed between May 27 and June 19 and tested the down the hole response in all holes drilled by PTM save for holes LK03-04 and LK04-15, 14 holes in total. Four separate loop alignments were surveyed for the majority of the holes tested to provide better aid three dimensional modeling of the conductors detected.

The interpretation of the UTEM results presented to PTM by Lamontagne Senior Geophysicist Geoff Heminsky the most anomaly detected by this survey was a

"complex" anomaly located at a depth of 130 to 155 metres in the vicinity of hole LK04-16. This depth correlates well with the main mineralized intersection in hole LK04-16. Several weaker anomalies were detected and were targets of the Phase 3 drilling program along with the main anomaly.

Phase 3 Diamond Drilling

- June-July 2004

Following the completion of the downhole survey a Phase 3 diamond drilling program was commissioned to test both the EM anomalies identified by the downhole survey and the higher grade intercepts recorded to date within the Lakemount Zone. In total 7 diamond drill holes totaling 1623.6 metres were completed. Numerous mineralized

intervals were intersected during the course of this program although the source of the downhole anomalies described above remain somewhat enigmatic. The results from the Phase 3 program are tabulated above (Table

23). The Phase 3 program provided additional information concerning the continuity and locally higher grade nature of portions of the Lakemount Zone and provided sufficient information to allow calculation of an inferred resource for the Lakemount Zone (see below).

Resource Definition

Based on the results of the three diamond drill programs completed by PTM Roscoe Postle Associates --- were contracted to prepare an independent resource evaluation of the Lakemount Zone. Due to the lack of detailed analytical and quality control data for the older drill hole data Roscoe Postle

's evaluation was limited to the 23 holes completed by PTM in 2003 and 2004. The following information, italicized below, is excerpted from a report titled "Technical Report on the Lakemount Ni-Cu-Zone, Wawa area, Ontario" prepared by Mr. Dave Rennie and Mr. Greg Mosher of Roscoe Postle Associates Inc..

"RPA carried out a Mineral Resource estimate for the Lakemount Project Sunrise Lake deposit. The estimate was performed using a block model, constrained by wireframe solid models, and Inverse Distance Squared (ID2) sampling weighting. The Mineral Resources estimate for Lakemount totals 3.048 million tonnes grading 0.35% Ni, 0.20% Cu, 0.13 g/t Pt, 0.09 g/t Pd, and 0.05 g/t Au at an assumed net smelter return (NSR) cut-off of US\$20.00/tonne. All resources have been classified as Inferred, in accordance with the classification system defined in the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines.

Data were supplied to RPA in the form of electronic databases containing records for 23 holes with tables for collar coordinates, surveys, assays and lithologies. Wireframe 3D models of the surface topography, principal rock types and major faults within the area of interest were also supplied with the data. As described elsewhere in this report, RPA carried out a check of the assay database, and accepted the survey and lithological, data, and wireframe geological model as being valid.

RPA carried out statistical analyses of the sample database, which included generation of histograms and probability plots. Sample statistics are shown below in Table 24.

TABLE 2

4 SAMPLE STATISTICS

Platinum Group Metals Ltd. Lakemount Property

	<i>Ni (%)</i>	<i>Cu (%)</i>	<i>Pt (g/t)</i>	<i>Pd (g/t)</i>	<i>Au (g/t)</i>
	<i>Comp</i>	<i>Comp</i>	<i>Comp</i>	<i>Comp</i>	<i>Comp</i>
<i>Number of Samples</i>	1,797	1,797	1,797	1,797	1,797
<i>Mean</i>	0.222	0.105	0.061	0.043	0.088
<i>Standard Deviation</i>	0.246	0.161	0.104	0.070	0.127
<i>Coef. Of Variation</i>	1.088	1.532	1.711	1.613	1.433
<i>Maximum</i>	3.640	3.210	1.465	1.185	4.890
<i>Median</i>	0.177	0.066	0.032	0.025	0.082
<i>Minimum</i>	0.000	0.000	0.000	0.000	0.000

Compositing

Composites 3.5 m in length were generated within Gemcom for all samples in each of the 23 drill holes. Compositing commenced at the drill collar and was carried through the length of the hole. Composited values for copper, nickel, gold, platinum and palladium were simultaneously calculated for each of the composite intervals.

Wireframe Models

Wireframe models of the host ultramafic intrusion, as well as four cross-cutting faults, were supplied to RPA by PTM. Wireframe models of two mineral zones were constructed by RPA on the basis of a cut-off threshold discussed below. The 3.5-meter composites were coded according to their estimated dollar value and these value-based categories were then projected onto the drill holes in sectional views at 25-meter intervals throughout the portion of the ultramafic containing the 23 holes that comprise the database.

On the basis of the cut-off threshold discussed below, two zones of mineralization, Footwall and Middle, were then defined on each of the sections through the construction of 3D rings. These rings were then extruded 12.5 meters on

either side of each section, and outlines of the Footwall and Middle Zones were then re-constructed on plans at 10-meter intervals by joining the intercepts of the extruded vertical rings with a second set of 3D rings. These rings were then joined between levels with tie lines and two solids were generated from the joined rings. The solids were identified with unique codes and the drill hole pierce points of each of the solids were added to the composite table. This step permitted a comparison of the boundaries of the constructed solids relative to the dollar value of mineralization that had been previously calculated in the composite table. Boundaries of the solids were adjusted to accurately reflect the boundaries of composite intervals that met or exceeded the threshold of the cut-off grade.

Capping of High Grades

Copper and nickel grades have not been capped or cut because there are very few outliers and their impact on the composited grades is essentially negligible. Gold, platinum and palladium grades have been capped: gold at 0.3 g/t, platinum at 0.6 g/t, and palladium at 0.4 g/t. These capping levels are based upon analysis of curves of change in mean sample grade versus cutting level. The cap is placed at the grade level at which inclusion of samples of higher grade has a disproportional influence on the average grade relative to the number of samples that lie above that threshold grade. For gold, the grade is reduced by 0.019 g/t (-18.1%) and affects 4 samples(0.9%); for Pt the grade is reduced by 0.006 g/t (-4.2%) and affects 13 samples (2.9%); for Pd the grade is reduced by 0.005 g/t (-5.0%) and affects 13 samples (2.9%).

The samples were capped prior to compositing. A table of composite statistics is shown below in Table 2

5.

TABLE 2**5 SAMPLE STATISTICS*****Platinum Group Metals Ltd. Lakemount Property***

	<i>Ni (%)</i>	<i>Cu (%)</i>	<i>Pt (g/t)</i>	<i>Pd (g/t)</i>	<i>Au (g/t)</i>
	<i>Comp</i>	<i>Comp</i>	<i>Comp</i>	<i>Comp</i>	<i>Comp</i>
<i>Number of Samples</i>	<i>149</i>	<i>149</i>	<i>149</i>	<i>149</i>	<i>149</i>
<i>Mean</i>	<i>0.299</i>	<i>0.154</i>	<i>0.103</i>	<i>0.07</i>	<i>0.038</i>
<i>Standard Deviation</i>	<i>0.221</i>	<i>0.157</i>	<i>0.104</i>	<i>0.065</i>	<i>0.034</i>
<i>Coef. Of Variation</i>	<i>0.704</i>	<i>1.021</i>	<i>1.012</i>	<i>0.921</i>	<i>0.907</i>
<i>Maximum</i>	<i>1.105</i>	<i>0.754</i>	<i>0.467</i>	<i>0.303</i>	<i>0.149</i>
<i>Median</i>	<i>0.242</i>	<i>0.096</i>	<i>0.061</i>	<i>0.044</i>	<i>0.026</i>
<i>Minimum</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

Geostatistics

Kriging was not used in the grade estimation, so a rigorous geostatistical analysis was not carried out. Search distance limits for the inverse distance squared (ID2) interpolation were derived from variogram analyses conducted by RPA. Semi-variograms were generated from the uncapped composited Ni values contained within the wireframe solids. RPA notes that the Cu variography results were very similar to those for Ni. RPA further notes that the spacing of the holes made it difficult to interpret short-range structures from the variography.

Some of the variography appears to be supported by the geological interpretation. Directions of maximum variogram range in the horizontal plane are observed to be 060⁰ and 110⁰. The 110⁰ direction is roughly parallel to the strike of the Middle Zone and the western portion of the Footwall Zone. The 060⁰ direction is roughly parallel to the strike of the Footwall Zone in the eastern portion of the deposit. The maximum range for both on-strike directions was 60 m.

A maximum down-dip range of 30 m was obtained in the 020⁰/-60 direction, which corresponds well with the Middle Zone and western FW Zone orientation. For the eastern FW area, the maximum down-dip ranges varied from 20 to 40 m depending on the interpretation of the variogram. The variogram generally reached a value equal to the

population variance at around 20 m (regardless of orientation). However, for some directions, there was a sill value for the semi-variogram located at a range of 40 m. This sill value was typically 20% to 30% higher than the population variance.

Variogram ranges in the order of 20 m to 25 m were obtained in the cross-strike direction (minor axis).

Search Parameters

In RPA

's opinion, the semi-variograms indicate that a reasonable maximum search distance along strike would be 60 m. A down-dip search distance in the order of 30 m to 40 m is also suggested by the variography. However, RPA notes that the approximate drill spacing is in the order of 50 m, and that constraining the down-dip search to 40 m would leave gaps in the grade estimate. The geological interpretation and the older drill results indicate that there is continuity down-dip as well as along strike.

RPA recommends using a search ellipsoid measuring 60 m x 60 m in the plane of the mineralization. The minor axis of the search should measure in the order of 25 m, based on the variography. RPA recommends extending the search in the minor axis direction to accommodate local variations in orientation of the zones. RPA carried out estimates using 60 m x 60 m x 25 m and 60 m x 60 m x 50 m search ellipsoids, and the difference in results was negligible. Consequently, in RPA

's opinion, a 60 m x 60 m x 50 m search is reasonable for the Lakemount deposits.

Two search orientations were used in order to more accurately reflect local variations in strike and dip of the deposit. Both search ellipsoids measured 60 m x 60 m x 50 m. The strike directions for the search were 110° for the Middle and western FW Zones, and 060° for the eastern FW. The dips were 80°N for the Middle and western FW, and 60°NW for the eastern FW.

Bulk Density

Bulk density measurements were made by PTM on about 130 drill core samples using the water immersion method. These produced an average density of 2.97 t/m³. A sub-population of measurements from within the mineral zone solids was then extracted from the total of bulk density measurements. This sub-population comprised twenty eight (28) measurements with an average density of 3.01 t/m³. This figure was used in the block model tonnage estimate.

Block Model Validation

RPA conducted a number of validation exercises on the block model. These included:

- Inspection of the block model in plan and section and visual comparison of block grades to drill data.
- Statistical comparison of composite grades versus block grades.
- Re-estimation of the grade using different search parameters.

Global block and composite statistics are provided below:

TABLE 2**6 COMPOSITE VS BLOCK STATISTICS****Platinum Group Metals Ltd. Lakemount Property**

	Ni (%)		Cu (%)		Pt (g/t)		Pd (g/t)		Au (g/t)	
	Comp	Block	Comp	Block	Comp	Block	Comp	Block	Comp	Block
Number	149	2,315	149	2,315	149	2,315	149	2,315	149	2,315

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<i>Mean (g/t Au)</i>	0.299	0.307	0.154	0.175	0.103	0.115	0.070	0.077	0.038	0.430
<i>Standard</i>										
<i>Deviation</i>	0.221	0.148	0.157	0.125	0.104	0.084	0.065	0.051	0.034	0.026
<i>Coef. Of Variation</i>	0.704	0.484	1.021	0.715	1.012	0.728	0.921	0.657	0.907	0.593
<i>Maximum</i>	1.105	0.990	0.754	0.580	0.467	0.430	0.303	0.270	0.149	0.140
<i>Median</i>	0.242	0.280	0.096	0.130	0.061	0.080	0.044	0.060	0.026	0.040
<i>Minimum</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

The block model grade estimate was re-run several times using widely ranging search parameters (distances, orientations, and number of composites). Changing these parameters did not appear to affect the overall estimate much, usually resulting in differences in tonnage and grade in the order of plus or minus 10% or less. In RPA

's opinion, this indicates that the estimate is well constrained by the geological interpretation, and is quite robust.

Classification

Mineral Resources have been classified in accordance with the definitions in the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines, as incorporated in National Instrument 43-101. Resource blocks are classified as Measured, Indicated, or Inferred, depending on the level of confidence of the estimate.

All of the Mineral Resources at Lakemount have been classified as Inferred, owing to the limited amount of data available upon which the database is constructed. Analytical data exist for about 150 holes drilled during previous exploration of the Property, but as critical information relative to the sampling and analytical procedures, and reproducibility of values obtained, is not available, these data were not used. Removal of the old data leaves a total of 20 recent holes (3 are outside the deposit area) upon which to base the estimate, which in RPA

's opinion, is appropriate for an Inferred classification only.

Cut-Off Grade

Application of a cut-off grade is required by NI 43-101 in order to classify mineralized material as a Mineral Resource. In order to define a reasonable cut-off grade at this early stage of the project, assumptions regarding scale of operation, mining methodologies, mining and metallurgical recoveries, operating costs and metal prices are necessary. RPA is not aware of any economic assessments that have been conducted on the Lakemount Property, so estimates of cost have been drawn from similar operations in the area, and estimates of metal prices from historic three-year trends of the commodities of likely economic significance, copper, nickel, gold, platinum, and palladium.

Because there are five metals that contribute to the potential value of the Lakemount deposit, RPA has used a net smelter return approach to cut-off grade instead of using the grade of a single metal. The assumption used to derive the NSR cut-off in US dollars is outlined below.

Given the grade and morphology of the Lakemount deposit, mining by open-pit methods is the most reasonable method of extraction. It can also be reasonably assumed that concentrates will be produced on-site and shipped by rail to Sudbury for refining. Lakemount is very close to road, rail, and powerline facilities, which will have a beneficial impact on operating and capital costs.

Open pit mining and milling costs are estimated to be US\$8.50/tonne. Mill recovery for Cu and Ni is estimated to be 90%. A concentration ratio of 25:1 is assumed, together with transportation and smelting costs of US\$240/t of concentrate. It is further assumed that the smelter will pay 90% of the value of recoverable base metals. Calculated on a per-tonne-mined basis, the transportation and smelting costs equate to US\$10.66/t, for a total of approximately US\$20/t. It was further assumed that overall payable precious metal (i.e. Au, Pt and Pd) value would be 50 % of the in situ grade.

Metal prices were estimated on the basis of three-year historic trends. The following metal prices were used in the model: Cu US\$1.00/pound; Ni US\$4.50/pound; Au US\$375/ounce; Pt US\$800/ounce; Pd US\$250/ounce. Conversion factors of 22.05 pounds per percent and 31.103 grams per ounce were used.

On the basis of these assumptions and estimates, RPA estimates that a cut-off cost of US\$20.00/tonne is reasonable for the Lakemount model, and the size and grade of the Inferred Resource is predicated upon this threshold value.

Mineral Resources Report

The Mineral Resource estimate at a range of cut-off grades is given below in Table

27.

TABLE 2

7 MINERAL RESOURCE ESTIMATE

Platinum Group Metals Ltd. Lakemount Property

<i>Cutoff</i>	<i>Volume</i>	<i>Density</i>	<i>Tonnage</i>	<i>AU</i>	<i>PT</i>	<i>PD</i>	<i>NI</i>	<i>CU</i>	<i>NSR</i>
<i>\$/t</i>	<i>K cu. m.</i>	<i>t/cu. m.</i>	<i>Kt</i>	<i>g/t</i>	<i>g/t</i>	<i>g/t</i>	<i>g/t</i>	<i>g/t</i>	<i>\$/t</i>
<i>>100</i>	<i>1.96</i>	<i>3.01</i>	<i>5.91</i>	<i>0.11</i>	<i>0.30</i>	<i>0.17</i>	<i>0.97</i>	<i>0.50</i>	<i>101.76</i>
<i>75</i>	<i>50.55</i>	<i>3.01</i>	<i>152.16</i>	<i>0.10</i>	<i>0.32</i>	<i>0.21</i>	<i>0.74</i>	<i>0.48</i>	<i>81.31</i>
<i>50</i>	<i>184.18</i>	<i>3.01</i>	<i>554.39</i>	<i>0.08</i>	<i>0.26</i>	<i>0.17</i>	<i>0.60</i>	<i>0.40</i>	<i>66.08</i>
<i>45</i>	<i>237.96</i>	<i>3.01</i>	<i>716.27</i>	<i>0.08</i>	<i>0.24</i>	<i>0.16</i>	<i>0.56</i>	<i>0.37</i>	<i>61.79</i>
<i>40</i>	<i>326.77</i>	<i>3.01</i>	<i>983.57</i>	<i>0.07</i>	<i>0.22</i>	<i>0.14</i>	<i>0.51</i>	<i>0.35</i>	<i>56.52</i>
<i>35</i>	<i>425.83</i>	<i>3.01</i>	<i>1,281.75</i>	<i>0.07</i>	<i>0.20</i>	<i>0.13</i>	<i>0.47</i>	<i>0.32</i>	<i>52.02</i>
<i>30</i>	<i>575.21</i>	<i>3.01</i>	<i>1,731.38</i>	<i>0.06</i>	<i>0.18</i>	<i>0.12</i>	<i>0.43</i>	<i>0.28</i>	<i>46.84</i>
<i>25</i>	<i>785.08</i>	<i>3.01</i>	<i>2,363.09</i>	<i>0.06</i>	<i>0.15</i>	<i>0.10</i>	<i>0.38</i>	<i>0.23</i>	<i>41.61</i>
<i>20</i>	<i>1,026.30</i>	<i>3.01</i>	<i>3,089.17</i>	<i>0.05</i>	<i>0.13</i>	<i>0.09</i>	<i>0.35</i>	<i>0.20</i>	<i>37.07</i>

At the \$20/t NSR cut-off value, the total Inferred Mineral Resources are 3.09 million t grading 0.35% Ni, 0.20% Cu, 0.13 g/t Pt, 0.09 g/t Pd, and 0.05 g/t Au.

Interpretation and conclusions

RPA has carried out a Mineral Resource estimate for the Lakemount Project and draws the following conclusions:

- The Lakemount is a nickel-copper-gold-PGE deposit hosted by the Sunrise Ultramafic Intrusive.*
- Recent exploration work by Platinum Group Metals Ltd. comprised the drilling of 23 NQ holes with an aggregate length of 4,793.4 meters.*
- Sampling of core has been carried out in a fashion consistent with common industry practice.*
- Assaying has been carried out in an accredited commercial laboratory using industry-standard protocols.*
- Assay QA/QC protocols are appropriate and conform to common industry practice.*
- The geological database compiled by PTM is relatively free of errors and has been configured by RPA for use in Mineral Resource estimation.*
- The Mineral Resource estimate was carried out using a block model constrained by wireframe models. Grade interpolation was performed using inverse distance weighing to the second power. RPA considers the estimation methodology to be appropriate for the mineralization at Lakemount.*
- There is some skewness in the distribution of precious-metal grades. Gold grades have been capped at 0.3 g/t, platinum at 0.6 g/t and palladium at 0.4 g/t. Copper and nickel grades have not been capped.*
- RPA used a search ellipsoid measuring 60 m x 60 m x 50 m, oriented parallel to the interpreted trend of the sulphide mineralization.*
- The block model was constrained with wireframe models constructed from*

"extruded" plan view interpretations of the outline of the mineralized zones.

- The estimated bulk density (3.01 t/m³) is based on tests conducted on drill core and, is considered to have been derived in a reasonable fashion.*
- RPA carried out validation exercises on the block model and considers it to be a reasonable estimate of mineral resources at Lakemount.*
- The Mineral Resources have all been classified as Inferred.*
- RPA is of the opinion that the above-stated Mineral Resource estimate meets the definition of Inferred Mineral Resources as stated by NI 43-101 and defined by the CIM Mineral Resources and Reserves Definitions and Guidelines as adopted by the CIM council on August 20, 2000.*

Recommendations

RPA makes the following recommendations:

- *Additional bulk density measurements should be made from the core in order to provide a better basis for tonnage estimates.*
- *Metallurgical test work should be carried out to determine potential metal recoveries.*
- *A preliminary assessment should be undertaken to assess the project economics.*
- *If the results of the preliminary assessment are encouraging, additional drilling should be done to move the mineral resource into the indicated category preparatory for feasibility work.*

The following information is excerpted from the technical report on the Lakemount Property prepared by Wagner as noted above.

Sampling Method, Preparation, Analysis and Security

Prior to the recent (post October 2003) programs by PTM all work reported herein is historic and the bulk of said records provide little to no information on analytical methods employed or insufficient information to determine the quality of the reported analytical results. As indicated above the historically recorded PGE values from the property must be treated with a great deal of skepticism as they pre-date the advent of modern analytical methods for PGE

's and PTM has not been able to reproduce similar values in twinned or near twinned drill holes. None of the previous operators on the Lakemount Project appear to have conducted any internal quality control or security programs, or if they did the results are not reported in the information available to the author.

PTM maintains certain sampling criteria and adheres to a strict quality control and assurance program in all of its exploration activities. With respect to the drilling programs completed on the Lakemount Project collar locations were surveyed using modern GPS equipment providing sub 10 metre accuracy. The supervising geologist, Mr. Dennis Gorc, personally supervised on-site drill core logging and sampling as well as sample shipping.

Once drill core from the Lakemount drill program had been logged in detail it was prepared for sampling. Sample intervals, ranging in width from 0.5 to 2.0 metres, were selected on the basis of lithological changes, changes in style/% of mineralization, alteration and structure. In general uniform sequences of poorly sulphide mineralized material were sampled at 2.0 metre intervals while sampling was decreased to either 0.5 or 1.0 metres in areas of heavier mineralization or more variable geology.

Once the sampling intervals had been selected the core was sawn in half with half of the core be retained for future reference. The retained core is stored in boxes labeled with hole number and down hole depth at PTM

's storage facility in Wawa, Ontario. The second half of the sample was placed in previously sequentially numbered clear plastic sample bags, along with a similarly numbered sample tag, and sealed. Individual sample bags were placed in plastic pails for shipping and when full each pail was sealed and then secured with a numbered plastic tie-down to insure security during shipping.

Sample pails were transported from Wawa to the preparation facilities of ALS-Chemex in Thunder Bay, Ontario via Manitoulin Transport. ALS-Chemex was instructed to inspect each shipment received for evidence of potential tampering during transport and did not report any concerns. Once the samples were received in Thunder Bay they were unpacked, inspected and recorded into ALS

's sample tracking software by sample number.

Preliminary preparation of the samples was completed in Thunder Bay in a facility which has undergone previous inspection by the author and other personnel associated with the company. Sample rejects and the balance of the prepared pulp were retained by ALS-Chemex for future reference and a 100g packet of the pulp was then shipped to ALS-Chemex main laboratory facility in Vancouver, B.C. for analysis (analytical methods discussed in more detail below).

In order to maintain the chain of custody sample results are first reported to the supervising geologist who must check the quality control data on each batch and confirm the quality of the data prior to accepting the analytical results. Sample results are initially delivered by email rather than fax to limit inadvertent view of the analytical information. Final signed assay certificates are only delivered once the data has been accepted by PTM.

No significant concerns with regard to sampling procedures, shipment or sampling handling occurred during the Phase 1-3 drilling programs at Lakemount.

Quality Control

PTM adheres to a strict, internal quality control program which is centered around the insertion of blanks, duplicates and analytical standards into the sequentially numbered sample stream. The procedures supplement the internal quality control procedures undertaken by the analytical facilities being used.

Blank samples are, in the case of drill core, normally collected from previously drilled intervals of non-mineralized material. Blanks provide both baseline data for the analytical process as well as a check on the cleanliness of the preparation and analytical facilities. Duplicate samples for the Lakemount program consisted randomly selected rejects selected at pre-determined intervals by the analytical facility. Duplicates provide a check on the reproducibility of the sample results. Analytical standards are pre-prepared and package pulps which have been subjected to round-robin analysis at a number of labs and for which an accepted value has been arrived at and for which an acceptable analytical range has been statistically determined. In the case of the Lakemount program analytical standards were supplied by Canadian Resources Labs and Analytical Services Inc.

During the 2003 drilling program one blank, one duplicate sample and two standards (one to check for PGE values and a second for Ni-Cu values) were randomly inserted into the sequentially numbered sample stream once in every 40 samples. This number was reduced to one in every 30 samples during the 2004 drill program to better insure that one standard, one blank and one duplicate sample was present in each oven batch fired by ALS-Chemex.

Only minor discrepancies were noted during the 2003 and 2004 drilling programs between accepted values for the analytical standards and reported values. These were resolved to the satisfaction of PTM.

Analytical Methodology

Similar analytical methods were employed for all samples from the 2003 and 2004 drill programs. Upon receipt ALS-Chemex personnel in Thunder Bay, Ontario recorded and entered into sample tracking software the sample numbers in each sample shipment received from PTM. Samples were then, in sequential order, weighted and crushed. A 250 g split of the crushed sample was then pulverized to allow >85% of the sample to pass a 75 micron screen. A 100 gram split of the prepared pulp was then sent by air freight to Chemex

's analytical facilities in North Vancouver, B.C..

Pt, Pd and Au analysis were completed via 30 gram conventional fire assay with an ICP finish. The samples were also analyzed for a package of 27 elements by ICP-AES following four acid digestion and HCL leaching. Overlimit samples for Cu, Ni, Co and Zn reported from the ICP results were reanalyzed by atomic absorption spectrometry after similar preparation.

As indicated above data were then reported to the project geologist by email for quality control confirmation.

Data Verification

Considerable portions of this report are drawn either from historical records preserved by the Ontario Ministry of Northern Development of Mines, either as assessment reports or technical reports, or from company reports and news releases. While the author has reviewed this data and believes it to be factual no warrants as to the accuracy of said data are or can be made.

As indicated above PTM has completed a number of drill holes into the Lakemount Zone to both explore for extensions of the known zones of mineralization and to verify the results of previous drilling on the property. Also as indicated above PTM

's drilling has indicated, that while there are significant PGE values associated with the nickel-copper mineralization of the Lakemount Zone, they are not in the multi-gram range as suggested by previous records. Correlation between historically reported Ni-Cu grades and results from recent drilling indicate that previously reported sample results for

these two metals are reliable within the nature variability of the material being sampled.

Neither the author nor PTM has made any effort to validate the reported grades associated with the other mineralized zones on the property as these have not been the focus of on-going exploration by the company. As such the author has relied solely on historical reported information contained mainly within the assessment records of the Ontario Ministry of Northern Development and Mines. Should the focus of said activities change or expand outside the Lakemount Zone then additional sampling will be required to verify the results of the previous work.

Nipigon Project, Ontario

The Company

's Nipigon Project includes the Seagull, Disraeli, Posh, Moss Lake, Pebble, Thread and Farmer Lake Properties. An initial diamond drilling and geophysical program had been completed on the Seagull Property at the time of writing and assay results were pending. While the Nipigon Project is not considered material to the affairs of the Company at this time, this may change as assay results are returned and additional work by other companies in the area is taken under consideration.

Item 5

- Operating and Financial Review and Prospects

The following discussion of the financial condition, changes in financial conditions and results of operations of the Company for each of the three years ended August 31, 2004 should be read in conjunction with the consolidated financial statements of the Company and related notes included therein. The Company

's consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with Canadian GAAP. Differences between Canadian GAAP and U.S. GAAP, as applicable to the Company, are set forth in Note 14 to the accompanying Consolidated Financial Statements.

Critical Accounting Policies

The Company

's accounting policies are set out in Note 2 and 14 of the accompanying Consolidated Financial Statements. There are two policies that, due to the nature of the mining business, are more significant to the financial results of the Company. These policies relate to the capitalizing of mineral exploration expenditures and the use of estimates.

Under Canadian GAAP, the Company deferred all costs relating to the acquisition and exploration of its mineral properties. Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company

's properties, any previously capitalized costs would be charged to operations using a unit-of-production method. The Company regularly reviews deferred exploration costs to assess their recoverability and when the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value.

Management reviews the carrying value, for accounting purposes, of mineral rights and deferred exploration costs on at least a quarterly basis for evidence of impairment. This review is generally made with reference to the project economics, including the timing of the exploration work, work programs proposed, exploration results achieved by the Company and others in the related area of interest and any changes in the status of the property. When the results of this review indicate that a condition of impairment exists, the Company estimates the net recoverable amount of the deferred exploration costs and related mining rights by reference to the potential for success of further exploration activity and the likely proceeds to be received from a sale or assignment of rights. When the carrying values of mineral rights or deferred exploration costs are estimated to exceed their net recoverable amounts, a provision is made for the decline in the value.

When assessing for evidence of impairment, the Company also refers to the other factors relevant for companies in the extractive industries. These factors include unfavourable changes in the property (including disputes as to title), inability to access the site, environmental restrictions on exploration or development and political instability in the region in which the property is located. Furthermore, the Company concludes an event of impairment has occurred when any of the following conditions exist:

a.

the Company

's work program on a property has significantly changed such that previously identified resource targets or work programs are no longer being pursued;

b.

exploration results are not promising and no more work is being planned in the foreseeable future; or

c.

remaining lease terms are insufficient to conduct necessary exploration work.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property does create measurement uncertainty concerning the calculation of the amount of impairment. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights.

The latter will often be indicated by offers that the Company or others have received for exploration rights in the same or similar geological area. In many cases, the identified condition of impairment will result in a determination that no further exploration activity be performed and the amount of the writedown is the entire carrying value of the interest.

Under U.S. GAAP, the Company expensed all costs relating to the exploration of its mineral properties prior to the establishment of proven and probable reserves. After that point, these costs are capitalized as development costs. When commercial production commences on any of the Company

's properties, any previously capitalized costs would be charged to operations using a unit-of-production method

The Company

's financial statements are based on the selection and application of significant accounting policies, some of which require management to make estimates and assumptions. Estimates are based on historical experience and on our future expectations that are believed to be reasonable; the combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from our current estimates and those differences may be material.

During the fiscal year ended August 31, 2004, net loss under US GAAP was \$4,675,466 (2003 - \$2,580,499; 2002 - \$2,466,754), which was \$2,432,839 (2003 - \$831,506; 2002 - \$965,134) higher than the net loss under Canadian GAAP. Of this difference, \$2,117,087 (2003 - \$921,778; 2002

- \$350,237) relates to the fact that under US GAAP, exploration costs are expensed as incurred rather than capitalized until management has determined that an impairment exists in the carrying value of the property, under Canadian GAAP. Also, \$190,242 (2003 - \$15,185; 2002 - \$204,600) of the difference relates to the fact that the accounting for income taxes on the issuance of flow-through shares is different between Canadian GAAP and US GAAP.

Furthermore, \$125,510 (2003 - \$105,457 (recovery); (2002 - \$142,747) of the difference relates to the fact that under US GAAP, stock options which have been repriced are subject to variable accounting. In 2002, net loss was \$286,000 higher due to the expensing of stock options granted to consultants, under US GAAP.

Overview

The Company

's main objective was to acquire mineral properties, finance their exploration and, if warranted, develop, and bring them into commercial production either directly or by way of joint venture or option agreements or through a combination of the foregoing. The Company was aiming to develop its properties to a stage where they could be exploited at a profit. At that stage, its operations would to some extent be dependent upon the world market price of any minerals mined.

The Company has mineral properties and deferred exploration expenditures of \$5,995,550 at August 31, 2004 compared to \$3,891,653 at August 31, 2003 and \$2,951,089 at August 31, 2002. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability to obtain the necessary financing to meet its obligations under various agreements and the completion of the development of its properties, any future profitable production, or alternatively, upon its ability to dispose of its interests on an advantageous basis. The Company has incurred losses since inception of \$7,077,883 and has a working capital surplus at August 31, 2004 of \$2,364,360; in light of these facts, there is some doubt as to the ability of the Company to continue as a going concern.

Future write-downs of properties are dependent on many factors, including general and specific assessments of mineral resources, the likelihood of increasing or decreasing the resources, land costs, estimates of future mineral prices, potential extraction methods and costs, the likelihood of positive or negative changes to the environment, taxation, labor and capital costs. It is not possible to assess the monetary impact of these factors at the current stage of the Company

's properties. The dollar amounts shown as mineral properties and deferred exploration expenditures are direct costs of acquiring, maintaining and exploring properties, including costs of structures and equipment employed on the properties and allocations of administrative management salaries based on time spent and directly related to specific properties. These amounts do not necessarily reflect present or future values.

Additional financing will be required for further exploration and development of the Company

's properties. Although the Company has been successful in the past in raising funds, there is no assurance that it will be able to raise the necessary capital to meet its funding obligations.

The Company has not been required to make any material expenditure for environmental compliance to date. The operations of the Company may in the future be affected from time to time in varying degrees by changes in the environmental regulations. Both the likelihood of new regulations and their overall effect upon the Company are not predictable. See

"Item 3 - Key Information, Risk Factors."

Operating Results

Year Ended August 31, 2004 Compared to the Year Ended August 31, 2003

During the year the Company incurred a loss of \$2,242,627 (2003

- \$1,748,993). Included were mineral property write down expenses of \$1,044,542 (2003 - \$815,714) and a provision for future income tax recoveries of \$278,000 (2003 - \$212,400).

The Company increased its general level of activity in the past year both in Canada and South Africa. The Company actively reviewed many potential property acquisitions during the year. The Company also increased efforts to raise its profile and liquidity in the capital markets. Due to these factors the Company has incurred generally higher costs in 2004 over prior years.

Net general and administration expenses in 2004 were \$1,381,432 (2003 - \$905,248) after accounting for interest and other income of \$430,106 (2003 - \$177,068). During the years 2002, 2003 and 2004 the Company grew substantially through its amalgamation with New Millennium Metals Corporation and its expansion into the Republic of South Africa. General and administrative expenses are generally higher as a result of this growth. During 2004 the Company opened and staffed a permanent office in Johannesburg and commenced active exploration on the ground. The costs described above include corporate finance fees of \$100,000 (2003 - \$nil); management and consulting fees of \$322,996 (2003

- \$232,201); office and miscellaneous expenses of \$106,306 (2003 - \$ 64,263); professional fees of \$130,383 (2003 - \$143,357); salaries and benefits of \$404,936 (2003 - \$167,115); shareholder relations expense of \$38,090 (2003 - \$159,532); travel expenses of \$231,507 (2003 - \$50,364); and promotion expenses of \$126,464 (2003 - \$42,560). Stock compensation expense, a non-cash item, amounted to \$92,881 in 2004 (2003 - \$42,051). An amount of \$6,500 (2002 - \$29,875) in expense relates to Part XII.6 tax applied by the Canadian Federal government on unspent flow-through funds from the previous year. An amount of \$4,591 (2003 - \$41,508) was expensed for new property investigations during the period. Interest and other income for the year totaled \$430,106 (2003 - \$177,068).

Acquisition costs deferred during the current year totaled \$515,777 (2003

- \$459,809). Exploration and development costs deferred in 2004 totaled \$2,711,412 (2003 - \$1,296,469). Of that amount \$1,330,643 (2003 - \$483,889) was incurred on the Company's Canadian properties. An amount of \$1,380,769 (2003 - \$812,580) was incurred on the Company's South African properties.

Cost recoveries before adjustments on mineral properties during the year amounted to \$78,750 (2003

- \$(40,335)). In 2003, recoveries amounted to \$141,539, but after recognizing an adjustment for \$181,874 in work converted to shares by Wheaton River, the net amount for the year was a charge of \$40,335. During the year \$1,044,542 (2003 - \$815,714) in deferred costs relating to mineral properties were written off. An amount of \$1,018,252 (2003 - \$510,830) was written off for Ontario projects while the balance of \$26,290 (2003 - \$304,884) related to South African write offs. See Note 6 of the Company's annual Audited Financial Statements. On the Company's Agnew Lake Property located west of Sudbury, Ontario, Joint Venture partners Pacific Northwest Capital and Kaymin Resources Limited, (a subsidiary of Anglo American Platinum Corporation Limited), continue to explore and, to date, have spent approximately \$2.5 million on the property.

During 2004 the Company spent \$302,573 (2003 - \$288,320) on exploration work on its Shelby Lake and Lac des Iles, Ontario properties. Work consisted mostly of drilling, mapping and geochemistry.

The Company is not adversely affected by inflation at the present time, and is not likely to be in the near future. However, there is no guarantee that this will remain to be the case. High or extreme rates of inflation would adversely affect the Company.

The Company may be adversely or favorably affected by foreign currency fluctuations. In the normal course of the business, the Company enters into transactions for the purchase of supplies and services denominated in South African Rand. The Company also has cash and certain liabilities denominated in South African Rand. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. In the past year, the South African Rand has gained in value against the Canadian dollar by approximately 10%.

Year Ended August 31, 2003 Compared to the Year Ended August 31, 2002

During 2003, the Company incurred a loss of \$1,748,993 (2002 - \$1,501,620). Included were mineral property write down expenses of \$815,714 (2002 - \$1,090,871) and a provision for future income tax recoveries of \$212,400 (2002 - \$453,600). General and administrative expenses totaled \$1,082,316 (2002 - \$835,540) before interest and other income of \$177,068 (2002 - \$23,028). General and administrative costs that increased in 2003 include management and consulting fees of \$274,252 (2002 - \$154,562), rent of \$41,896 (2002

- \$18,870), salaries and benefits of \$167,115 (2002 - \$75,584), and travel and promotion of \$92,924 (2002 - \$40,966). Several general and administrative items actually decreased in 2003. The Company became more active acquiring property and conducting exploration in the Republic of South Africa in Fiscal 2003, thereby increasing costs in general. The Company also remained active in Canada. The increased activity level necessitated the addition of several staff members in Canada, the appointment of consultants in Africa, and the acquisition of additional office space in Canada. The Company hired one qualified employee to manage investor relations as of April 2003. As a result, shareholder relations expenses were reduced to \$159,532 in 2003 (2002 - \$203,138). The Company incurred an investment loss of \$187,000 on Active Gold Group Ltd. during 2003 (2002 - nil).

During 2003 the Company focused most of its acquisition efforts on properties within the Bushveld Complex of South Africa. Exploration activities were conducted in both Canada and South Africa during 2003. Combined acquisition and exploration costs for the year, net of recoveries, totaled \$1,756,278 (2002 - \$2,974,603). Of that amount, approximately \$653,317 (2002 - \$721,000) was incurred on the Company

's Thunder Bay properties, approximately \$(23,697) (2002 - \$92,197) was recovered on the properties near Sudbury and approximately \$1,126,658 (2002 - \$114,000) was incurred on the Company's South African properties. During 2003, \$815,714 (2002 - \$1,090,871) in net deferred costs relating to mineral properties were written off. A detailed breakdown of these costs can be seen in Note 6 of the Consolidated Financial Statements.

Year Ended August 31, 2002 Compared to the Year Ended August 31, 2001

During 2002, the Company incurred a loss of \$1,501,620 (2001 - \$482,687). Included were mineral property write down expenses of \$1,090,871 (2001 - \$7,325) and a provision for future income tax recoveries of \$453,600 (2001

- nil). General and administrative expenses totaled \$835,540 (2001 - \$486,269) before interest and other income of \$23,028 (2001 - \$60,582).

General and administrative expenses for 2002 totaled \$812,512 (2001 - \$425,687), net of interest and other income of \$23,028 (2001 - \$60,582). Shareholder relations expense, consisting of web site hosting and maintenance, investor calls, mail outs, printing and news releases totaled \$203,138 (2001 - \$74,452). Transfer agent and listing and sustaining fees totaled \$28,277 (2001 - \$27,353). Professional fees of \$184,209 (2001 - \$130,311) were incurred for legal, audit and accounting services. Other taxes of \$47,391 (2001 - nil) were incurred relating to Part XII.6 Tax. This tax is calculated as interest on the unspent balance of flow through funds held until December 31, 2001. Management fees expense totaled \$154,562 (2001 - \$86,453). The Amalgamation in February 2002 and increased activity in Canada and South Africa have resulted in higher costs in 2002 as opposed to 2001.

On February 18, 2002, the Company acquired many of its Thunder Bay and Sudbury properties through the Amalgamation with NMM. At February 18, 2002 these properties had a net acquisition cost to the Company of \$1,930,444. Including the properties from NMM, property acquisition costs incurred and deferred during the year totaled \$2,195,517 (2001 - \$171,722). Exploration and development costs deferred for the year totaled \$977,795 (2001 - \$783,590). Of that amount, approximately \$721,000 was incurred on the Company

's Thunder Bay properties, approximately \$112,000 was incurred on the properties near Sudbury and approximately \$114,000 was incurred on the Company's new South African properties. Approximately \$31,000 was spent in the Northwest Territories. Cost recoveries on mineral properties during the year amounted to \$198,709 (2001 - \$300,000). During the year, \$1,090,871 (2001 - \$7,325) in net deferred costs relating to mineral properties were

written off. A breakdown of these costs can be seen in Note 6 of the Consolidated Financial Statements.

Liquidity and Capital Resources

The working capital of the Company is a direct result of the excess of funds raised from the sale of equity shares and the receipt of property payments over expenditures into acquisition and exploration costs as well as administrative expenses. The working capital balance at the end of the following periods were: August 31, 2004 - \$2,364,360; August 31, 2003 - \$984,333; and August 31, 2002 - \$1,284,919. Fluctuations in working capital stem from timing differences between when money is raised from equity issues and when expenditures are committed on exploration.

Cash and cash equivalents at August 31, 2004 totaled \$2,423,176 compared to \$994,650 at August 31, 2003 and \$898,907 at August 31, 2002. The cash and cash equivalents are attributable primarily to the issue of share capital. Aside from cash and cash equivalents, the Company had no material unused sources of liquid assets at August 31, 2004, 2003 or 2002.

During Fiscal 2004, the Company issued a total of 6,756,148 Common Shares. Of this 6,745,239 Common Shares were issued for cash proceeds of \$5,981,397. A further 10,909 shares were issued for mineral properties for a value of \$3,600. Cash proceeds are to be spent on mineral property acquisitions, exploration and development as well as for general working capital purposes. The Company

's primary source of capital has been from the sale of equity. The primary use of cash during the year was for acquisition and exploration expenditures, being approximately \$3.2 million (2003 - \$1.8 million), management fees and expenses of \$322,996 (2003 - \$232,201) and other general and administrative expenses of \$1,488,542 (2003 - \$850,115).

During Fiscal 2003, the Company issued 5,605,635 Common Shares. Of this, 5,557,939 shares were issued for cash proceeds of \$2,358,395. A further 47,696 shares were issued for mineral properties for a value of \$16,140. The Company issued 571,603 shares on exercise of an option in exchange for previous reimbursement of exploration expenditures in the amount of \$200,061.

During 2002, the Company issued 12,435,150 Common Shares. Of this, 6,864,001 shares were issued for cash proceeds of \$1,951,135. A further 102,728 were issued for mineral properties for a value of \$36,509. In February 2002 a total of 5,486,421 shares were issued to acquire NMM. These shares were valued at \$1,310,385. See

"The Amalgamation".

Research and Development, Patents and Licences, etc.

The Company does not engage in research and development activities.

Trend Information

Factors which may have a material effect on the Company

's future financial condition are set forth in "Item 3 - Key Information, Risk Factors".

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company

's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Tabular Disclosure of Contractual Obligations

Contractual Obligations	Total	Payments due by period	
		< 1 Year	1
- 3 Years			3
- 5 Years			
			> 5 Years
Acquisition payments			\$8,582,148
			\$209,800
			\$3,570,194
			\$4,799,154
			\$3,000
Exploration costs			\$17,075,000
			\$1,715,000
			\$4,860,000
			\$8,500,000
			\$2,000,000
Lease obligations			\$294,200
			\$103,817
			\$171,167
			359

\$19,216

0

Totals**\$25,951,348****\$2,028,617****\$8,601,361****\$13,318,370****\$2,003,000****Item 6**

- Directors, Senior Management and Employees

Directors and Senior Management

The following table sets out certain information concerning the directors and executive officers of the Company. Each director holds office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the British Columbia *Business Corporations Act* (

"BCA"). The officers are appointed at the pleasure of the board of directors.

Name, Position, Age and Country of Residence	Principal Occupation or Employment	Date Appointed
R. MICHAEL JONES Chairman, President, CEO and Director Age: 41 Resident of Canada	Professional Geological Engineer Chairman, President, CEO and Director of the Company	February, 2000
BARRY SMEE (1) (2) Secretary and Director Age: 58 Resident of Canada	Geologist and geochemist President of Smee & Associates, a consulting, geological and geochemistry company; Director and Secretary of the Company	February, 2000
IAIN McLEAN (1) (2) Director and Consultant of Corporate Development Age: 49 Resident of Canada	Vice-President and General manager of Total Care Technologies, a division of Ad Opt Technologies Inc.; Director of the Company	October, 2000
ERIC CARLSON (1) Director Age: 46 Resident of Canada	President of Anthem Properties, real estate development, investment and management business established in 1991.	February, 2005
FRANK R. HALLAM CFO and Director Age: 4 5 Resident of Canada		
Chartered Accountant CFO and Director of the Company		

February, 2002

DENNIS GORC

Manager, Research and Project Acquisitions

Age: 52

Resident of Canada

Geologist

Manager, Research and Project Acquisitions of the Company

January, 2000

JOHN GOULD

Managing Director of PTM-RSA

Age: 47

Resident of South Africa

Geologist

Managing Director of PTM-RSA

June, 2003

Notes:

(1)

Member of the Audit Committee

(2)

Member of Compensation Committee

No Director and/or Executive Officer has been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court or competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is a Director and/or Executive Officer, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business or of theft or of any felony.

While the Directors and Executive Officers of the Company are involved in other business ventures and, with the exception of Dennis Gorc, do not spend full time on the affairs of the Company, the Company believes that each devotes as much time to the affairs of the Company as are required to satisfactorily carry out their duty

There are no family relationships between any two or more Directors or Executive Officers. There are no arrangements or understandings between any of the Directors or Executive Officers, major shareholders, customers, suppliers or others pursuant to which any person referred to above was selected as a Director or Officer.

R. Michael Jones, P.Eng, Chairman, President, CEO and Director

Mr. Jones holds a Bachelor of Applied Science (Geological Engineering) from the University of Toronto (1985). Mr. Jones

' experience includes mineral exploration in Canada, the U.S.A. Guyana, and Honduras for base and precious metals since 1985 and includes the formation and management, as a senior executive, of mineral exploration, development and mining companies. Mr. Jones has been a senior officer of public mineral exploration and development companies since 1987. He was a founder of Glimmer Resources Inc. that was involved in the discovery and exploration of the Glimmer Gold mine near Timmins, Ontario, he was the President of Cathedral Gold Corporation, a producing gold mining company from 1992 to 1997, and he was a Vice President of Aber Resources, a mining company that is developing a diamond mine, from 1997 to 1999. Mr. Jones has not explored for PGE deposits prior to his work with the Company. Currently Mr. Jones spends approximately 90% of his time devoted to the Company. His responsibilities include management of all the Company's business and the final review of exploration programs and budgets.

Mr. Jones 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 R. Hallam, BBA, CA, Chief Financial Officer and Director

Mr. Hallam received his Bachelor of Business Administration from Simon Fraser University in 1990. From 1989 to 1994 Mr. Hallam was a Senior Associate with Coopers & Lybrand (now PriceWaterhouseCoopers) where he specialized as an auditor in the mining practice. Mr. Hallam qualified as a Chartered Accountant in 1993. Mr. Hallam left public practice in 1994 and since then has served at the senior management level with several publicly listed resource companies. His experience includes mineral exploration and operations in Canada, the U.S.A. and several countries in East and South Africa. Mr. Hallam is the former founder, President, CEO and Director of NMM. Mr. Hallam currently devotes 90% of this time on the affairs of the Company.

Mr. Hallam is also a Director of Sydney Resource Corporation, a public company with gold properties in Canada and Mexico, and the Chief Financial Officer of MAG Silver Corp., a public company with silver properties in Mexico.

Barry Smee, PhD., PGeo, Secretary and Director

Dr. Smee received his PhD from the University of New Brunswick in 1982 and received his B.Sc. from the University of Alberta in 1969. He holds the professional designation of P.Geo from APEGBC. Since 1990, Dr. Smee has been the President of Smee & Associates, offering consulting, geological and geochemical services to the mining industry.

Dr. Smee has been a director of Colony Pacific Explorations Ltd., a public company listed on The Toronto Stock Exchange, since 1997 and has acted as a director of several other public companies including Getchell Resources, Leeward Capital, X-Cal Resources and Cross Lake Minerals. Currently Dr. Smee spends approximately 10% of his time devoted to the Company. His responsibilities include a role as an independent director and a consulting role as a geochemist as required.

Dr. Smee is also a director of Colony Pacific Explorations Ltd.

Iain McLean, BSc Eng (ARSM), MBA, MIMM, CEng, Director and Consultant of Corporate Development

Mr. McLean received his M.B.A. from Harvard Business School in 1986 and received his B.Sc (Eng.) in Mining from the Imperial College of Science and Technology (London, England) in 1978. Mr. McLean holds the professional designations of C.Eng. and MIMM from the Institute of Mining and Metallurgy. Mr. McLean has acted as the Chief Operating Officer of several private high technology companies since 1995 and was the Vice President of Operations at Ballard Power Systems from 1993 to 1995. Currently Mr. McLean spends approximately 10% of his time devoted to the Company. His responsibilities include assisting the President in all aspects of his work and focusing on strategic partnerships and new businesses.

Eric Carlson, Director

Mr. Carlson has over 17 years of real estate investment, development, and management experience. Mr. Carlson has been President and Chief Executive Officer of Anthem Properties Corp. ("Anthem") since July 1994. Anthem is an investment group that specializes in the acquisition and management of Class B retail, multi-family residential and office properties in high growth markets in Canada and the United States. Mr. Carlson has also been President and a director of Kruger Capital Corp. since December 1992. Mr. Carlson is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of British Columbia. Currently Mr. Carlson spends approximately 5% of his time devoted to the Company.

Mr. Carlson is also a director of MAG Silver Corp., a public company with silver properties in Mexico.

Dennis Gorc, B.Sc, PGeo, Manager, Research and Project Acquisitions

Mr. Gorc holds a Bachelor of Science in Engineering (B.Sc Eng.) from Queens University (1976). Mr. Gorc has been self employed since 1995 and has been Vice President, Exploration of the Company since May 25, 2000. Mr. Gorc

's experience includes exploration in most parts of Canada and foreign experience in Indonesia, Central America, Guyana and Siberia. His experience is in a variety of geological settings and environments but not specifically for PGE deposits prior to work with the Company. Currently Mr. Gorc spends approximately 100% of his time devoted to the Company. His responsibilities include oversight of the Company's exploration programs and execution of Lakemount and Sudbury programs.

John Gould, Managing Director of PTM-RSA

Mr. Gould is a senior mining executive with over 21 years of experience working for companies in South Africa such as Goldfields of South Africa, Johannesburg Consolidated Investments and Harmony Gold Mining Company Ltd. Mr. Gould served as a production geologist for Rustenburg Platinum Mines

' Amandelbult Section on the Western Bushveld Complex where he gained extensive shaft-sinking experience. Mr. Gould served as Mine Manager of a Witwatersrand Gold Mine for Harmony and then moved to the New Business Division where he was involved in target generation, optimization of contiguous properties, and mergers and acquisitions.

Compensation

The following table sets forth all compensation paid or accrued by the Company to its directors and members of its administrative, supervisory or management bodies for Fiscal 2004.

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards	Payouts		
					Securities Under Options/SARs Granted (#)	Restricted Shares / Units Awarded (\$)	LTIP Payouts (\$)	
R. Michael Jones								
<i>Chairman, President, CEO and Director</i>	2004	\$Nil	\$Nil	\$132,319	Nil	\$Nil	\$Nil	\$Nil
Barry Smee								
<i>Secretary and Director</i>	2004	\$Nil	\$Nil	\$7,934	Nil	\$Nil	\$Nil	\$Nil
Eric Carlson								
<i>Director</i>	2004	\$Nil	\$Nil	\$Nil	50,000 ⁽²⁾	\$Nil	\$Nil	\$Nil
Iain McLean								
<i>Director</i>	2004	\$Nil	\$Nil	\$Nil	Nil	\$Nil	\$Nil	\$Nil
Frank Hallam								
<i>Chief Financial Officer and Director</i>	2004	\$108,000	\$Nil	\$Nil	75,000 ⁽¹⁾	\$Nil	\$Nil	\$Nil
Dennis Gorc								
<i>Manager, Research and Corporate Acquisitions</i>	2004	\$Nil	\$Nil	\$100,100	Nil	\$Nil	\$Nil	\$Nil
John Gould								
	2004	\$Nil	\$Nil	\$145,000	75,000 ⁽¹⁾	\$Nil	\$Nil	\$Nil

*Managing
Director,
PTM-RSA*

(1)

Stock options granted on September 17, 2003 are exercisable at \$0.70 per share and expire on September 17, 2008.

(2)

Stock options granted on April 13, 2004 are exercisable at \$1.40 per share and expire on April 13, 2009.

During Fiscal 2004, there were two consulting agreements outstanding with its directors and officers.

Effective February 27, 2001, the Company entered into a management services agreement (the

"Jones Agreement") with R. Michael Jones, the President, Chief Executive Officer and a director of the Company pursuant to which Mr. Jones is paid a monthly fee of \$10,000 for management and administrative services. The initial term of the Jones Agreement is one year commencing from February 27, 2001 and thereafter the Company may renew the Jones Agreement for further one-year terms by providing Mr. Jones with written notice at least 30 days prior to the expiration of the current term.

Effective February 27, 2001, the Company entered into a management services agreement (the

"Gorc Agreement") with Dennis Gorc, the Manager of Research and Corporate Acquisitions of the Company pursuant to which Mr. Gorc is paid a fee of \$325 per day for geological and exploration management services. The initial term of the Gorc Agreement is one year commencing from February 27, 2001 and thereafter the Company may renew the Gorc Agreement for further one-year terms by providing Mr. Gorc with written notice at least 30 days prior to the expiration of the current term.

The Company has no pension plan and no other arrangement for non-cash compensation to the directors of the Company except stock options.

Board Practices

The Board of Directors presently consists of five Directors. Each Director was elected at the annual general meeting of the shareholders of the Company held on February 22, 2005. Each Director holds office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the Business Corporations Act (British Columbia). See

"Directors and Senior Management" for the dates on which the current Directors of the Company were first elected or appointed.

The Company has not entered into contracts providing for benefits to the directors upon termination of employment.

Board Committees

The Audit Committee and the Compensation Committee, being the only committees of the board, are composed of a majority of the members who are both outside and unrelated directors.

The Audit Committee

The Audit Committee consists of three independent and unrelated directors. The role of the Audit Committee is to assist the board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to: (i) the integrity of the Company

's financial statements; (ii) the financial reporting process; (iii) the systems of internal accounting and financial controls; (iv) the performance of the Company's internal audit function and independent auditors; (v) the independent auditor's qualifications and independence; and (vi) the Company's compliance with ethics policies and legal and regulatory requirements.

The principal responsibilities of the Audit Committee include reviewing annual and quarterly financial statements, ensuring that internal controls over accounting and financial systems are maintained and that accurate financial information is disseminated to shareholders, reviewing the results of internal and external audits and any change in accounting procedures or policies, evaluating the performance of the Company

's auditors, pre-approving all audit and non-audit services provided by the auditors and establishing the remuneration of the auditors.

The following is the text of the current Charter for the Audit Committee as adopted by the Board on January 11, 2005. Such Charter may be amended by the Board in the future in light of evolving corporate governance standards.

Overall Purpose / Objectives

The Audit Committee will assist the board of directors (the

"Board") in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

Authority

The Board authorizes the audit committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings as appropriate.

Organization

Membership

The Audit Committee will be comprised of at least three members, a majority of which are not officers or employees of the Company, at least one of whom will have accounting or related financial management expertise

The chairman of the Audit Committee will be nominated by the committee from time to time.

A quorum for any meeting will be two members.

The secretary of the Audit Committee will be the Secretary of the Company, or other such person as may be nominated by the Chairman of, and approved by, the Audit Committee.

Attendance at Meetings

The Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate.

Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting of the Audit Committee if they consider that it is necessary.

The proceedings of all meetings will be minuted.

Roles and Responsibilities

The Audit Committee will:

Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Review any legal matters which could significantly impact the financial statements as reported on by the Company

's counsel and meet with outside independent counsel whenever deemed appropriate.

Review the annual and quarterly financial statements, including Management

's Discussion and Analysis with respect thereto, and all annual and interim earnings press releases, prior to public dissemination, including any certification, report, opinion or review rendered by the external auditors and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.

Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.

Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.

Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.

Meet with management and the external auditors to review the annual financial statements and the results of the audit.

Evaluate the fairness of the interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:

(a)
actual financial results for the interim period varied significantly from budgeted or projected results;

(b)
generally accepted accounting principles have been consistently applied;

(c)
there are any actual or proposed changes in accounting or financial reporting practices; or

(d)
there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.

Review the performance of the external auditors and approve in advance provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Board authorizes the Chairman of the Audit Committee to approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.

Make recommendations to the Board regarding the reappointment of the external auditors and the compensation to be paid to the external auditor.

Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

Review and approve the Company

's hiring policies regarding partners, employers and former partners and employees of the present and former external auditors of the Company.

Establish a procedure for:

(a)

the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

(b)

the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately in the absence of management.

Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.

Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the

business.

Perform other functions as requested by the full Board.

If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.

Review and recommend updates to the charter; receive approval of changes from the Board.

With regard to the Company

's internal control procedures, the Audit Committee is responsible to:

(a)

review the appropriateness and effectiveness of the Company

's policies and business practices which impact on the financial integrity of the Company, including those related to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management; and

(b)

review compliance under the Company

's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Audit Committee may deem appropriate; and

(c)

review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and

(d)

periodically review the Company

's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

The Compensation Committee

The Compensation Committee will consist of one unrelated director, Mr. McLean, and one outside director, Mr. Smee, who, although he is a non-executive and not compensated for his service as an officer, is considered an inside director due to the fact that he is the Secretary of the Company. The role of the Compensation Committee is primarily to administer the Company

's Stock Option Plan and to determine the remuneration of executive officers.

Employees

At August 31, 2004, the Company had 13 full time employees and 2 part time employees. In comparison, the Company had 9 full time employees and 2 part time employees at August 31, 2003 and two full-time employees and no part-time employees at August 31, 2002.

Share Ownership

With respect to the persons listed in Compensation, above who are current directors, officers or employees of the Company, the following table discloses the number of Common Shares and percent of the Common Shares outstanding held by those persons, as of March 11, 2005. The Common Shares possess identical voting rights.

Name and Title	No. of Shares ^{(1) (2)}	Percent of Shares Outstanding of the Class ⁽³⁾
R. Michael Jones		
	1,497,365 ⁽⁴⁾	4.0%
<i>Chairman, President, CEO and Director</i>		
Barry Smee		
	41,000	<1.0 %
<i>Secretary and Director</i>		
Iain McLean		
	133,839	<1.0 %
<i>Director</i>		
Eric Carlson		
<i>Director</i>		
		60,800
		<1.0 %
Frank R. Hallam		
<i>CFO and Director</i>		
		857,414
		2.3 %
Dennis Gorc		
		404

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Manager, Research and Project Acquisitions

255,500

<1.0 %

John Gould

Managing Director, PTM-RSA

100,700

<1.0 %

Notes:

(1)

Includes beneficial, direct and indirect shareholdings.

(2)

Does not include stock options and other rights to purchase or acquire shares.

(3)

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

(4)

Of these shares, 979,000 are held by 599143 B.C. Ltd., a company 50% owned by Mr. Jones and 50% owned by Mr. Jones' wife.

The following table discloses the incentive stock options outstanding to the aforementioned persons as of March 11, 2005:

Name of Person(s)	Date of Grant or Issuance	# Common Shares Subject to Issuance	Exercise Price Per Share	Expiry Date
R. Michael Jones	March 6, 2002	120,000	\$0.35	March 6, 2007
<i>Chairman, President, CEO and Director</i>	Feb 22, 2005	250,000	\$1.00	Feb 22, 2009
Barry Smee	March 6, 2002	60,000	\$0.35	March 6, 2007
<i>Secretary and Director</i>	Feb 22, 2005	125,000	\$1.00	Feb 22, 2009
Iain McLean	March 6, 2002	60,000	\$0.35	March 6, 2007
<i>Director</i>	Feb 22, 2005	125,000	\$1.00	Feb 22, 2009
Eric Carlson				

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<i>Director</i>	Feb 22, 2005	175,000	\$1.00	Feb 22, 2009
Frank R. Hallam	March 6, 2002	42,000	\$0.35	March 6, 2007
	Sept. 17, 2003	57,000	\$0.70	Sept. 17, 2008
<i>CFO and Director</i>				
	Feb 22, 2005	226,000	\$1.00	Feb 22, 2009
Dennis Gorc	March 6, 2002	40,000	\$0.35	March 6, 2007
<i>Manager, Research and Project Acquisitions</i>	Feb 22, 2005	25,000	\$1.00	Feb 22, 2009
John Gould	June 27, 2003	150,000	\$0.50	June 27, 2008
	Sept. 17, 2003	75,000	\$0.70	Sept. 17, 2008
<i>Managing Director, PTM-RSA</i>				
	Feb 22, 2005	100,000	\$1.00	Feb 22, 2009

The Company does not have a share purchase plan or dividend reinvestment plan, however it does have a stock option plan pursuant to which the Company will, from time to time, grant individual stock options to its directors, officers or employees.

The Company implemented a stock option plan (the Current Plan) on January 14, 2003. On February 22, 2005, the shareholders of the Company approved an amendment to the Current Plan increasing the maximum number of shares issuable pursuant to such Current Plan from to 3,790,000 common shares. The Current Plan is administered by the Board of Directors or such committee of the Board as may be designated by the Board (the committee). Options may be granted pursuant to the Current Plan to the Company's directors, officers, employees and consultants to purchase common shares on such terms that the Board or committee may determine, subject to the limitations of the plan and the rules of applicable regulatory authorities. The exercise price for options granted under the Current Plan may not be less than the closing price of the Common Shares on the Exchange on the trading day immediately preceding the day on which the option is granted (provided that if there are no trades on such day then the last closing price within the preceding ten trading days will be used, and if there are no trades within such ten-day period, then the simple average of the bid and ask prices on the trading day immediately preceding the day of grant will be used), in each case less up

to the maximum discount permitted by the Exchange. Options under the Current Plan are non-assignable and are exercisable for a period of up to ten years from the date the option is granted, subject to earlier termination after certain events such as the optionee's cessation of service to the Company or death.

The following table discloses the share purchase warrants outstanding to the aforementioned persons as of

March 11, 2005:

Name of Person(s)	Date of Grant or Issuance	# Common Shares Subject to Issuance	Exercise Price (Per Share)	Expiry Date
Frank R. Hallam	July 14, 2004	15,000	\$1.35	July 14, 2005

CFO and Director

Item 7

- Major Shareholders and Related Party Transactions

Major Shareholders

To the best of the Company

's knowledge, it is not directly or indirectly owned or controlled by another corporation(s) or by any foreign government.

There are presently no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

The following table discloses the significant changes in the percentage ownership held by any major shareholders during the past three years.

Identity of Person or Group	Date	Amount Owned	Percent of Class ⁽¹⁾
Prudent Bear Funds, Inc. ⁽²⁾ ⁽³⁾	February 2005	106,750	Less than 1%
Suite 300, 8140 Walnut Hill Lane Dallas, Texas USA 75231	February 2004	1,853,750	5.7%
	February 2003	2,585,000	9.5%
GM Mining Services Ltd. ⁽⁴⁾	February 2005	3,600,000	9.5%
P.O. Box 901 Road Town, Tortola, BVI	February 2004	2,400,000	7.5%
	February 2003	N/A	N/A

Notes:

(1)

Shares outstanding at

February 2005 - 37,910,964 Common Shares

February 2004 - 32,116,208 Common Shares

February 2003 - 27,140,767 Common Shares

(2)

Prudent Bear Funds, Inc. is a mutual fund. David W. Tice & Associates, LLC is the investment adviser to Prudent Bear Funds, Inc.

(3)

Not including 100,000 common shares held by David W. Tice & Associates, LLC.

(4)

GM Mining Services Ltd. is beneficially owned by African Minerals Ltd. of Whitehorse, Yukon Territory, Canada.

As at February 22, 2005, the only person or group known to the Company to own more than 5% of the Company

's issued and outstanding Common Shares is as follows:

Identity of Person or Group	Amount Owned	Percent of Class ⁽¹⁾
GM Mining Services Ltd. ⁽²⁾	3,600,000	9.5%
P.O. Box 901		
Road Town, Tortola, BVI		

Notes:

(1)

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

(2)

GM Mining Services Ltd. is beneficially owned by African Minerals Ltd. of Whitehorse, Yukon Territory, Canada.

Holder of Record in the United States

Based on the Company

's knowledge, after reasonable inquiry as of February , 2005, the most recent practicable date for conducting such search in the light of the time required for responses, the total number of Common Shares held of record by residents in the United States is Common Shares representing approximately % of the 37,910,964 Common Shares then issued and outstanding. The foregoing is comprised of the following:

1.

According to the records of the Company

's registrar and transfer agent, Pacific Corporate Trust Company, there are Common Shares held of record by residents of the United States, one of which is Cede & Co. with a total of Common Shares.

2.

Through a search conducted by the Company, the Company has ascertained that there are

Common Shares held by residents of the United States through CDS & Co. in Canada.

3.

A search conducted through Cede & Co. in the United States by the Company revealed there are

holders of record resident in the United States owning Common Shares (CDS held a deficit of Common Shares).

The Company is required to file annual reports on Form 20-F and periodic reports on Form 6-K. As a foreign private issuer, the Company is not subject to the reporting obligations of Exchange Act Section 14's proxy rules or Section 16's insider short-swing profit rules.

Related Party Transactions

Certain of the Company's directors and officers serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Under the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Management believes that the transactions referenced below were on terms at least as favorable to the Company as it could have obtained from unaffiliated parties.

Other than disclosed elsewhere in this Annual Report, none of the directors, senior officers, principal shareholders named in

"Item 7 - Major Shareholders and Related Party Transactions", or any relative or spouse of the foregoing, have had an interest, direct or indirect, in any transaction, during the current financial year ending August 31, 2004, or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries except for the following:

1.

R. Michael Jones, Chairman, President, Chief Executive Officer and Director of the Company provided management and administrative services. During Fiscal 2004, Mr. Jones was paid and/or accrued \$132,319 for management and administrative services rendered pursuant to the terms of a management services agreement. See

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

2.

Frank Hallam is employed by the Company as Chief Financial Officer and during Fiscal 2004, Mr. Hallam received salary payments totaling \$108,000. Mr. Hallam did not have an employment agreement with the Company. See

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

3.

Barry Smee, Secretary and Director of the Company provided geological consulting services. During Fiscal 2004, Mr. Smee was paid and/or accrued \$7,934 for consulting services rendered. Mr. Smee did not have an agreement but was paid by the Company upon the rendering of services and receipt of expense reports and/or invoices. See

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

4.

Douglas Hurst, former Director of the Company, provided corporate, evaluation and financing consulting services. During Fiscal 2004, Mr. Hurst was paid and/or accrued \$1,000 for corporate, evaluation and financing consulting services. Mr. Hurst did not have an agreement but was paid by the Company upon the rendering of services and receipt of expense reports and/or invoices.

5.

Dennis Gorc, Manager, Research and Project Acquisitions of the Company provided geological and exploration management services. During Fiscal 2004, Mr. Gorc was paid and/or accrued \$100,100 for geological and exploration management services rendered pursuant to the terms of a management services agreement. See

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

6.

John Gould, Managing Director of PTM-RSA provided management and consulting services to the Company. During Fiscal 2004, Mr. Gould was paid and/or accrued \$145,000 for management and consulting services rendered. Mr. Gould did not have a formal agreement, but was paid by the Company upon the rendering of services and receipt of expense reports and/or invoices. See

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

7.

Pursuant to a term sheet dated April 21, 2003, as amended August 12, 2003, the Company entered into a service agreement with MAG Silver Corp. (

"MAG") to provide office space and administrative support services to MAG at a cost of \$12,000 per month plus expenses. MAG is related to the Company by way of common directors and officers: R. Michael Jones, Chairman, President, Chief Executive Officer and Director of the Company; Frank Hallam, Chief Financial Officer and Director of the Company; and Eric Carlson, Director of the Company. During Fiscal 2004, the Company received \$152,353 from MAG pursuant to this arrangement.

8.

The Company entered into a Sublease Agreement with Anthem Works Ltd. dated August 5, 2004 for the rental of the Company

's office premises at Suite 328, 550 Burrard Street, Vancouver, British Columbia, V6C 1T2. The Company began occupying this facility on October 1, 2004 on a three-year lease and the current annual obligation is approximately \$62,328. Anthem Works Ltd. is related by a director in common, Eric Carlson.

No director, senior officer, relative or associate of such persons was indebted to the Company during Fiscal 2004 other than for travel expense advances in the normal course of business.

Interests of Experts and Counsel

Not applicable.

Item 8

- Financial Information

Consolidated Financial Statements and Other Financial Information

See the audited consolidated financial statements listed in Item 17 hereof and filed as part of this Annual Report. These financial statements include the consolidated balance sheets of the Company as at August 31, 2004 and 2003 and statements of operations and cash flows for the three years ended August 31, 2004.

These financial statements were prepared 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.

Legal Proceedings

There are no pending or material proceedings to which the Company is or is likely to be a party or of which any of its properties is or is likely to be the subject. However, the Elandsfontein property in South Africa is the subject of a binding arbitration process with the Vendor. 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 are strong and the matter will be determined in the Company

's favour.

Dividend Policy

The Company has not declared any dividends 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.

Significant Changes

Since August 31, 2004, the following significant changes have occurred:

1.

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 kilometres on the Western Bushveld Complex of South Africa. 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 the Company, 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.

Item 9

- The Offer and Listing

Offer and Listings Details

There is no offer associated with this Annual Report.

Trading History

The following table sets forth the high and low market prices for the Common Shares on the Exchange and on the NASD OTC Bulletin Board Service for each full quarterly period within the two most recent fiscal years ended August 31, 2004 and the current year to date period:

	TSX HIGH	TSX LOW	OTC-BB HIGH	OTC-BB LOW
PERIOD	CDN \$	CDN \$	USD \$	USD \$
2005				
Second Quarter	\$1.15			
		\$0.90		
		\$0.99	\$0.746	
First Quarter				
		\$1.24		
		\$0.90		
		\$1.00		
		\$0.70		
2004				
Fourth Quarter				
		\$1.18		
		\$0.80		

\$0.895

\$0.60

Third Quarter

\$1.50

\$0.85

\$1.145

\$0.69

Second Quarter

\$1.95

\$1.22

\$1.48

\$0.976

First Quarter

\$1.74

\$0.58

\$1.28

\$0.43

2003

Fourth Quarter

\$0.62

\$0.25

\$0.44

\$0.21

Third Quarter

\$0.67

\$0.28

\$0.43

\$0.2582

Second Quarter

\$0.80

\$0.46

\$0.52

\$0.28

First Quarter

\$1.04

\$0.42

\$0.59

\$0.295

The following table sets forth the high and low market prices of the Common Shares for the four most recent fiscal years ended August 31, 2004:

	TSX HIGH	TSX LOW	OTC-BB HIGH	OTC-BB LOW
YEARS ENDING AUG. 31	CDN \$	CDN \$	USD \$	USD \$
2004	\$1.95	\$0.80	\$1.48	\$0.43
2003	\$1.04	\$0.25	\$0.59	\$0.21
2002	\$0.98	\$0.21	\$0.62	\$0.13
2001 ⁽¹⁾	\$0.73	\$0.33	n/a ⁽²⁾	n/a ⁽²⁾

Notes:

(1)

The Common Shares commenced trading on the Exchange on March 6, 2001.

(2)

The Common Shares commenced trading on the NASD OTC Bulletin Board Service on February 19, 2002.

The following table sets forth the high and low market prices for the most recent six months:

	TSX HIGH	TSX LOW	OTC-BB HIGH	OTC-BB LOW
MONTH	CDN \$	CDN \$	USD \$	USD \$
February 2005		\$1.08		
	\$0.93	\$0.825	\$0.77	
January 2005		\$1.09		
		\$0.90		
		\$0.99		

\$0.746

December 2004

\$1.15

\$0.98

\$0.94

\$0.79

November 2004

\$1.17

\$0.95

\$0.99

\$0.80

October 31, 2004

\$1.24

\$1.04

\$1.00

\$0.70

September 30, 2004

\$1.24

\$0.90

\$0.95

\$0.70

The closing price of the Company's shares on March 10, 2005 was \$1.16 on the Exchange and US \$0.99 on the NASD OTC Bulletin Board Service.

There have been no trading suspensions in the prior three years.

Plan of Distribution

Not applicable.

Markets

The Common Shares trade on the Exchange under the symbol

"PTM" and on the NASD OTC Bulletin Board Service under the symbol "PTMQF".

Selling Shareholders

Not applicable.

Dilution

Not applicable.

Expenses of the Issue

Not applicable.

Item 10

- Additional Information

Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares without par value, of which 37,910,964 Common Shares were issued and outstanding as at

March 11, 2005. All of the issued Common Shares are fully paid. The Company does not own any Common Shares.

The holders of Shares are entitled to one vote for each Share on all matters to be voted on by the shareholders. Each Share is equal to every other Share and all Shares participate equally on liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities. The holders of Shares are entitled to vote for each share held and are entitled to receive *pro rata* such dividends as may be declared by the Board of Directors out of funds legally available therefore and to receive *pro rata* the remaining property of the Company upon dissolution. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights, and no provisions for redemption, purchase or cancellation, surrender, sinking fund or purchase fund. Provisions as to the creation, modification, amendment or variation of such rights or such provisions are contained in the British Columbia *Business Corporations Act* (

"BCA").

On March 30, 2004, the *Company Act* (British Columbia) was replaced by the BCA. There is a two-year transition period during which corporations must make amendments to their articles of incorporation to bring them into

compliance with the new statutes. The Corporation has completed the transition process as of the date of this Form 20-F Annual Report.

Memorandum and Articles of Association

Objects and Purposes of the Company

The Company's Notice of Articles does not prescribe any extraordinary limits on the businesses or purposes of the Company.

Directors

Part 17 of the Company's Articles deals with the directors

' involvement in transactions in which they have an interest. Article 17.2 provides that a director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

Pursuant to the BCA, a director does not have a disclosable interest in a contract or transaction merely because the contract or transaction relates to the remuneration of the director in that person's capacity as a director of the Company.

Part 8 of the Company's Articles deals with borrowing powers. The Company, if authorized by the directors, may: (i) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate; (ii) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate; (iii) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and (iv) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Qualifications of Directors

The Articles do not specify a retirement age for directors.

Directors are not required to own any shares of the Company.

Section 124 of the BCA provides that no person is qualified to act as a director if that person is:

(a)

under the age of 18 years,

(b)

found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs,

(c)

an undischarged bankrupt, or

(d)

convicted in or out of British Columbia of an offence in connection with the promotion, formation or management of a corporation or unincorporated business, or of an offence involving fraud, unless

(i)

the court orders otherwise,

- (ii)
5 years have elapsed since the last to occur of
 - (A)
the expiration of the period set for suspension of the passing of sentence without a sentence having been passed,
 - (B)
the imposition of a fine,
 - (C)
the conclusion of the term of any imprisonment, and
 - (D)
the conclusion of the term of any probation imposed, or
- (iii)
a pardon was granted or issued under the Criminal Records Act (Canada).

A director who ceases to be qualified to act as a director of a company must promptly resign.

Section 120 of the BCA provides that every company must have at least one director, and a reporting company must have at least three directors.

Rights, Preference and Restrictions

All of the authorized shares of common stock of the Company are of the same class and, once issued, rank equally as to dividends, voting powers, and participation in assets and in all other respects, on liquidation, dissolution or winding

up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities. The issued Common Shares are not subject to call or assessment rights or any pre-emptive or conversion rights. The holders of Common Shares are entitled to one vote for each Share on all matters to be voted on by the shareholders. There are no provisions for redemption, purchase for cancellation, surrender or purchase funds.

The rights of holders of issued shares of the Company may be altered only with the approval of the holders of 2/3 or more of the shares of the Company voted at a meeting of the shareholders of the Company called and held in accordance with applicable law.

Annual General Meetings and Extraordinary General Meetings

Annual General Meetings are called and scheduled upon decision by the Board of Directors. Pursuant to the BCA, the Company is required to hold an annual meeting in each year, not more than 15 months after the date of the most recent annual meeting.

The directors may convene an extraordinary general meeting of the shareholders. All meetings of the shareholders may be attended by registered shareholders or persons who hold powers of attorney or proxies given to them by registered shareholders.

Limitations on Ownership of Securities

There are no limitations on the right to own securities, imposed by foreign law or by the charter or other constituent document of the Company.

Change in Control of Company

There are no provisions in the Company's Articles or charter documents that would have the effect of delaying, deferring or preventing a change in the control of the Company, or that would operate with respect to any proposed merger, acquisition or corporate restructuring involving the Company or any of its subsidiaries.

Ownership Threshold

There are no provisions in the Company's Articles requiring share ownership to be disclosed. Securities legislation in Canada requires that shareholder ownership must be disclosed once a person owns beneficially or has control or direction over greater than 10% of the issued shares of the Company. This threshold is higher than the 5% threshold under U.S. securities legislation at which shareholders must report their share ownership.

Changes to Capital

There are no conditions imposed by the Company

's Articles governing changes in the capital where such conditions are more stringent than is required by the law of British Columbia.

Material Contracts

The following material contracts have been entered into by the Company within the past two years, copies of which may be inspected between the hours of 10:00 am and 5:00 p.m. at the head office of the Company located at Suite 328

- 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

(a)

Term sheet dated April 21, 2003, as amended August 12, 2003 between the Company and MAG Silver Corp. (

"MAG") pursuant to which the Company provides office space and administrative support services to MAG at a cost of \$12,000 per month plus expenses. MAG is related to the Company by way of common directors and officers: R. Michael Jones, Chairman, President, Chief Executive Officer and Director of the Company; Frank Hallam, Chief Financial Officer and Director of the Company; and Eric Carlson, Director of the Company. During Fiscal 2004 and Fiscal 2004, the Company received \$152,353 and \$38,525, respectively, from MAG pursuant to this arrangement.

Furthermore, the Company received \$100,000 in finder's fees in the form of 200,000 MAG shares during Fiscal 2003 for assistance in locating mineral properties in which MAG now has interests. See "Item 7 - Major Shareholders and Related Party Transactions".

(b)

Amendments dated October 10, 2003 and November 25, 2003 to the Agnew Lake Farm-in Agreement among Kaymin Resources Ltd., Platinum Group Metals Ltd. and Pacific North West Capital Corp. See

"Item 4 - Information on the Company, The Agnew Lake Property, Ontario".

(c)

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. See

"Item 4 - Information on the Company, The Lakemount Property, Ontario".

(d)

The Company entered into a Sublease Agreement with Anthem Works Ltd. dated August 5, 2004 for the rental of the Company

's office premises at Suite 328, 550 Burrard Street, Vancouver, British Columbia V6C 1T2. The Company began occupying this facility on October 1, 2004 on a three-year lease and the current annual obligation is approximately \$62,328. Anthem Works Ltd. is related by a director in common, Eric Carlson. See "Item 7 - Major Shareholders and Related Party Transactions".

Exchange Controls

There are no governmental laws, decrees or regulations in Canada relating to restrictions on the export or import of capital, or affecting the remittance of interest, dividends or other payments to non-resident holders of Common Shares. Any remittances of dividends to United States residents are, however, subject to a 15% withholding tax (5% if the shareholder is a corporation owning at least 10% of the outstanding Common Shares) pursuant to Article X of the reciprocal tax treaty between Canada and the United States. See

"Taxation".

Except as provided in the *Investment Canada Act* (the

"Act"), which has provisions which govern the acquisition of a control block of voting shares by non-Canadians of a corporation carrying on a Canadian business, there are no limitations specific to the rights of non-Canadians to hold or vote the Common Shares under the laws of Canada or the Province of British Columbia or in the charter documents of the Company.

The following describes those provisions of the Act pertinent to an investment in the Company by a person who is not a Canadian resident (a

"non-Canadian").

The Act requires a non-Canadian making an investment which would result in the acquisition of control of the Canadian business to notify the Investment Review Division of Industry Canada, the federal agency created by the Act; or in the case of an acquisition of a Canadian business, the gross value of the assets of which exceeds certain threshold levels of the business activity of which is related to Canada

's cultural heritage or national identity, to file an application for review with the Investment Review Division.

The notification procedure involves a brief statement of information about the investment on a prescribed form, which is required to be filed with Investment Canada by the investor at any time up to 30 days following implementation of the investment. It is intended that investments requiring only notification will proceed without government intervention unless the investment is in a specific type of business activity related to Canada

's cultural heritage and national identity.

If an investment is reviewable under the Act, an application for review in the form prescribed is required to be filed with Investment Canada prior to the investment taking place and the investment may not be implemented until the review has been completed and the Minister responsible for the Investment Canada Act is satisfied that the investment is likely to be of net benefit to Canada. If the Minister is not satisfied that the investment is likely to be of net benefit to Canada, the non-Canadian must not implement the investment or, if the investment has been implemented, may be required to divest himself of control of the business that is the subject of the investment.

The following investments by non-Canadians are subject to notification under the Act:

1.
an investment to establish a new Canadian business; and

2.
an investment to acquire control of a Canadian business that is not reviewable pursuant to the Act.

The following investments by a non-Canadian are subject to review under the Act:

1.

direct acquisitions of control of Canadian businesses with assets of \$5 million or more, unless the acquisition is being made by a World Trade Organization (

"WTO") member country investor (the United States being a member of the WTO);

2.

direct acquisitions of control of Canadian businesses with assets of \$172,000,000 or more by a WTO investor;

3.

indirect acquisitions of control of Canadian businesses with assets of \$5 million or more is such assets represent more than 50% of the total value of the assets of the entities, the control of which is being acquired, unless the acquisition is being made by a WTO investor, in which case there is no review;

4.

indirect acquisitions of control of Canadian businesses with assets of \$50 million or more even if such assets represent less than 50% or the total value of the assets of the entities, the control of which being acquired, unless the acquisition is being made by a WTO investor, in which case there is no review; and

5.

an investment subject to notification that would not otherwise be reviewable if the Canadian business engages in the activity of publication, distribution or sale for books, magazines, periodicals, newspapers, film or video recordings, audio or video music recordings, or music in print or machine-readable form.

An acquisition is direct if it involves the acquisition of control of the Canadian business or of its Canadian parent or grandparent and an acquisition is indirect if it involves the acquisition of control of a non-Canadian parent or grandparent of an entity carrying on the Canadian business. Control may be acquired through the acquisition of actual voting control by the acquisition of voting shares of a Canadian corporation or through the acquisition of substantially all of the assets of the Canadian business. No change of voting control will be deemed to have occurred if less than one-third of the voting control of a Canadian corporation is acquired by an investor.

A WTO investor, as defined in the Act, includes an individual who is a national of a member country of the World Trade Organization or who has the right of permanent residence in relation to that WTO member, a government or government agency of a WTO investor-controlled corporation, limited partnership, trust or joint venture and a corporation, limited partnership, trust or joint venture that is neither WTO-investor controlled or Canadian controlled of which two-thirds of its board of directors, general partners or trustees, as the case may be, are any combination of Canadians and WTO investors.

The higher thresholds for WTO investors do not apply if the Canadian business engages in activities in certain sectors such as uranium, financial services, transportation services or communications.

The Act specifically exempts certain transactions from either notification or review. Included among this category of transactions is the acquisition of voting shares or other voting interests by any person in the ordinary course of that person

's business as a trader or dealer in securities.

The Regulations under the Act specifies the remedies, offences and punishment applicable. Section 39 states that "When the Minister believes that a non-Canadian, contrary to this act (a) has failed to give notice; or (b) has implemented an investment which is prohibited", then the Minister may send a demand requiring the default to be remedied and if this demand is not complied with, the Minister may apply for a Court Order require divestiture or other remedies, as the circumstances require. Civil penalties apply for non-compliance with any provision, and criminal penalties may also apply.

Taxation

Canadian Federal Income Tax Consequences

The following is a discussion of the material Canadian federal income tax consequences applicable to a holder of Common Shares who is a resident of the United States and who is not a resident of Canada and who does not use or hold, and is not deemed to use or hold, his Common Shares in connection with carrying on a business in Canada (a

"non-resident holder"). Accordingly, shareholders and prospective investors should consult their own tax advisors for advice regarding their individual tax consequences.

This summary is based upon the current provisions of the Income Tax Act (Canada) (the

"ITA"), the regulations thereunder (the "Regulations"), the current publicly announced administrative and assessing policies of Revenue Canada, Taxation, and all specific proposals (the "Tax Proposals") to amend the ITA and Regulations announced by the Minister of Finance (Canada) prior to the date hereof. This summary assumes that the Tax Proposals will be enacted in their form as of the date of this Annual Report.

Dividends

Under the ITA, dividends paid or deemed to have been paid by a corporation resident in Canada to a non-resident holder will generally be subject to withholding tax at a rate of 25%. The Canada-U.S. Income Tax Convention (1980) (the

"Treaty") provides that the normal 25% withholding tax rate under the ITA is reduced to 15% on dividends paid on shares of a corporation resident in Canada (such as the Company) to beneficial owners of the dividends who are residents of the United States, and also provides for a further reduction of this rate to 5% where the beneficial owner of the dividends is also a corporation that is a resident of the United States which owns at least 10% of the voting shares of the corporation paying the dividend or 15% otherwise. However, if the U.S. resident shareholder is an LLC, the withholding rate is 25%.

Capital Gains

Under the ITA, a taxpayer

's capital gain or capital loss from a disposition of a Common Share is the amount, if any, by which his proceeds of disposition exceed (or are exceeded by) the aggregate of his adjusted cost base of the share and reasonable expenses of disposition. Currently, regulations specify that one-half of a capital gain (the "taxable capital gain") is included in income, and one-half of a capital loss in a year (the "allowable capital loss") is deductible from taxable capital gains realized in the same year. The amount by which a shareholder's allowable capital loss exceeds his taxable capital gains in a year may be deducted from a taxable capital gain realized by the shareholder in the three previous or any subsequent year, subject to certain restrictions in the case of a corporate shareholder and subject to adjustment when the capital gains inclusion rate in the year of disposition differs from the inclusion rate in the year the deduction is claimed.

A non-resident of Canada is not subject to tax under the ITA in respect of a capital gain realized upon the disposition of a share of a public corporation unless the share represents

"taxable Canadian property" to the holder thereof, however if the U.S. resident shareholder is an LLC, this exception does not apply. The Company is a public corporation for purposes of the ITA and a Common Share will be taxable Canadian property to a non-resident holder if, at any time during the period of five years immediately preceding the disposition, the non-resident holder, persons with whom the non-resident holder did not deal at arm's length, or the non-resident holder and persons with whom he did not deal at arm's length together owned not less than 25% of the issued shares of any class of shares of the Company.

Where a non-resident holder who is an individual ceased to be resident in Canada, and at the time he ceased to be a Canadian resident elected to have his Common Shares treated as taxable Canadian property, he will be subject to Canadian tax on any capital gain realized on disposition of the Common Shares, subject to the relieving provisions of the Treaty described below. The Common Shares may also be taxable Canadian property to a holder if the holder acquired them pursuant to certain

"rollover" transactions. This would include transactions under Sections 85 and 87 of the ITA, which apply to share for share and amalgamation transactions.

Where a U.S. resident holder realizes a capital gain on a disposition of Common Shares that constitute taxable Canadian property, the Treaty relieves the non-resident shareholder from liability for Canadian tax on such capital gains unless:

(a)

the value of the shares is derived principally from

"real property" in Canada, including the right to explore for or exploit natural resources and rights to amounts computed by reference to production from natural resources. It is a question of fact as to whether the value of the Common Shares results principally from real property in Canada. Although a tax opinion on this matter has not been obtained, given the nature of the Company's business and its stage of development, we have concluded that the value of our shares would likely fall into this category;

(b)

the non-resident holder is an individual who was resident in Canada for not less than 120 months during any period of 20 consecutive years preceding, and at any time during the 10 years immediately preceding, the disposition and the shares were owned by him when he ceased to be resident in Canada or are property substituted for property that was owned at that time; or

(c)

the shares formed part of the business property of a

"permanent establishment" or pertained to a fixed base used for the purpose of performing independent personal services that the shareholder has or had in Canada within the 12 months preceding the disposition.

Notwithstanding the potential exemption from Canadian tax provided under the Treaty, where a non-resident of Canada disposes of Common Share that are taxable Canadian property, the non-resident is required to file a Canadian income tax return in respect of such dispositions.

United States Federal Income Tax Consequences

The following is a discussion of all material United States Federal income tax consequences, under current law, that may be applicable to a U.S. Holder (as defined below) of Common Shares of the Registrant. This discussion does not address all potentially relevant Federal income tax matters and it does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. (See "Canadian Federal Income Tax Consequences" above.)

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of any future legislation, which, if enacted, could be applied, possibly on a retroactive basis, at any time. Shareholders and prospective investors should consult their own tax advisors for advice regarding their individual tax consequences.

Under current U.S. Treasury Regulations, reporting requirements may apply with respect to the payment of dividends to U.S. Holders of the Company's shares. Under Treasury regulations currently in effect, non-corporate holders or holders not exempt from reporting requirements may be subject to backup withholding at a 28% rate with respect to dividends when such holder (1) fails to furnish or certify a correct taxpayer identification number to the payor by furnishing a duly completed and signed Form W-9 in the required manner; and (2) is notified by the IRS that it has failed to report payments of interest or dividends properly; or (3) fails, under certain circumstances, to certify that it has been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments.

U.S. Holders

As used herein, a "U.S. Holder" is a holder of Common Shares of the Registrant who or which is a citizen or individual resident (or is treated as a citizen or individual resident) of the United States for federal income tax purposes, a corporation or partnership created or organized (or treated as created or organized for federal income tax purposes) in or under the laws of the United States or any political subdivision thereof, or a trust or estate the income of which is includable in its gross income for federal income tax purposes without regard to its source, if, (i) a court within the United States is able to exercise primary supervision over the administration of the trust and (ii) one or more United States trustees have the authority to control all substantial decisions of the trust. For purposes of this discussion, a U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers and Holders who acquired their stock through the exercise of employee stock options or otherwise as compensation.

Distributions on Common Shares of the Registrant

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to Common Shares of the Registrant are required to include in gross income for United States Federal income tax purposes the gross amount of such distributions to the extent that the Registrant has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder's United States Federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder's United States Federal taxable income by those who itemize deductions. (See more detailed discussion at "Foreign Tax Credit" below). To the extent that distributions exceed current or accumulated earnings and profits of the Registrant, they will be treated first as a return of capital up to the U.S. Holder's adjusted basis in the Common Shares and thereafter as gain from the sale or exchange of the Common Shares. Preferential tax rates for long-term capital gains are applicable to a U.S. Holder, which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder, which is a corporation.

Dividends paid on the Common Shares of the Registrant will not be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from the Registrant (unless the Registrant qualifies as a "foreign personal holding company" or a "passive foreign investment company", as defined below) if such U.S. Holder owns shares representing at least 10% of the voting power and value of the Registrant. The availability of this deduction is subject to several complex limitations, which are beyond the scope of this discussion. The directors of the Registrant believe that the Company is not a

"qualified foreign corporation" for U.S. tax purposes and that the Company has and does qualify as a Passive Foreign Investment Company for U.S. shareholders, as defined below.

Foreign Tax Credit

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of Common Shares of the Registrant may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. It will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and applies to all foreign taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations, which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate shares of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his or its worldwide taxable income. In the determination of the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. There are further limitations on the foreign tax credit for certain types of income such as "passive income", "high withholding tax interest", "financial services income", "shipping income", and certain other classifications of income. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and holders and prospective holders of Common Shares of the Registrant should consult their own tax advisors regarding their individual circumstances.

Disposition of Common Shares of the Registrant

A U.S. Holder will recognize gain or loss upon the sale of Common Shares of the Registrant equal to the difference, if any, between the amount of cash plus the fair market value of any property received, and the Holder's tax basis in the Common Shares of the Registrant. This gain or loss will be capital gain or loss if the Common Shares are a capital asset in the hands of the U.S. Holder unless the Registrant were to become a controlled foreign corporation. For the effect on the Registrant of becoming a controlled corporation, see "Controlled Foreign Corporation

Status" below. Any capital gain will be a short-term or long-term capital gain or loss depending upon the holding period of the U.S. Holder. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders which are individuals, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted. For U.S. Holders, which are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

Other Considerations for U.S. Holders

In the following circumstances, the above sections of this discussion may not describe the United States Federal income tax consequences resulting from the holding and disposition of Common Shares of the Registrant:

Foreign Personal Holding Company

If at any time during a taxable year more than 50% of the total combined voting power or the total value of the Registrant's outstanding shares is owned, actually or constructively, by five or fewer individuals who are citizens or residents of the United States and 60% or more of the Registrant's gross income for such year was derived from certain passive sources (e.g., from dividends received from its subsidiaries), the Registrant would be treated as a "foreign personal holding company." In that event, U.S. Holders that hold Common Shares of the Registrant would be required to include in income for such year their allocable portion of the Registrant's passive income which would have been treated as a dividend had that passive income actually been distributed. To the best knowledge of the Registrant, it is not and has never been a Foreign Personal Holding Company.

Foreign Investment Company

If 50% or more of the combined voting power or total value of the Registrant's outstanding shares are held, actually or constructively, by citizens or residents of the United States, United States domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by the Code Section 7701(a)(31)), and the Registrant is found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, it is possible that the Registrant might be treated as a "foreign investment company" as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging Common Shares of the Registrant to be treated as ordinary income rather than capital gains. To the best knowledge of the Registrant, it is not and has never been a Foreign Investment Company.

Passive Foreign Investment Company

A U.S. Holder who holds stock in a foreign corporation during any year in which such corporation qualifies as a passive foreign investment company ("PFIC") is subject to U.S. federal income taxation of that foreign corporation under one of two alternative tax methods at the election of each such U.S. Holder. The directors of the Registrant believe that the Company has and does qualify as a Passive Foreign Investment Company for U.S. shareholders.

Section 1297 of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is "passive income," which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by value (or, if the company is a controlled foreign corporation or makes an election, adjusted tax basis), of its assets that produce or are held for the production of "passive income" is 50% or more. For taxable years of U.S. persons beginning after December 31, 1997, and for tax years of foreign corporations ending with or within such tax years, the Taxpayer Relief Act of 1997 provides that publicly traded corporations must apply this test on a fair market value basis only. The Registrant believes that it is a PFIC.

As a PFIC, each U. S. Holder must determine under which of the alternative tax methods it wishes to be taxed. Under one method, a U.S. Holder who elects in a timely manner to treat the Registrant as a Qualified Electing Fund ("QEF"), as defined in the Code, (an "Electing U.S. Holder") will be subject, under Section 1293 of the Code, to current federal income tax for any taxable year in which the Registrant's qualifies as a PFIC on his pro-rata share of the Registrant's (i) "net capital gain" (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Holder and (ii) "ordinary earnings" (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Holder, in each case, for the U.S. Holder's taxable year in which (or with which) the Registrant taxable year ends, regardless of whether such amounts are actually distributed.

A QEF election also allows the Electing U.S. Holder to (i) treat any gain realized on the disposition of his Common Shares (or deemed to be realized on the pledge of his Common Shares) as capital gain; (ii) treat his share of the Registrant's net capital gain, if any, as long-term capital gain instead of ordinary income, and (iii) either avoid interest charges resulting from PFIC status altogether (see discussion of interest charge below), or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of the Registrant's annual realized net capital gain and ordinary earnings subject, however, to an interest charge. If the Electing U.S. Holder is not a corporation, such an interest charge would be treated as "personal interest" that is not deductible at all in taxable years beginning after 1990.

The procedure a U.S. Holder must comply with in making a timely QEF election will depend on whether the year of the election is the first year in the U.S. Holder's holding period in which the Registrant is a PFIC. If the U.S. Holder makes a QEF election in such first year, (sometimes referred to as a "Pedigreed QEF Election"), then the U.S. Holder may make the QEF election by simply filing the appropriate documents at the time the U.S. Holder files its tax return for such first year. If, however, the Registrant qualified as a PFIC in a prior year, then in addition to filing documents, the U.S. Holder must also elect to recognize as an "excess distribution" (i) under the rules of Section 1291 (discussed below), any gain that he would otherwise recognize if the U.S. Holder sold his stock on the application date or (ii) if the Registrant is a controlled foreign corporation ("CFC"), the Holder's pro rata share of the corporation's earnings and profits. (But see "Elimination of Overlap Between Subpart F Rules and PFIC Provisions"). Either the deemed sale election or the deemed dividend election will result in the U.S. Holder being deemed to have made a timely QEF election.

With respect to a situation in which a Pedigreed QEF election is made, if the Registrant no longer qualifies as a PFIC in a subsequent year, normal Code rules and not the PFIC rules will apply.

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If a U.S. Holder has not made a QEF Election at any time (a "Non-electing U.S. Holder"), then special taxation rules under Section 1291 of the Code will apply to (i) gains realized on the disposition (or deemed to be realized by reason of a pledge) of his Common Shares and (ii) certain "excess distributions", as specially defined, by the Registrant.

A Non-electing U.S. Holder would be required to pro-rate all gains realized on the disposition of his Common Shares and all excess distributions over the entire holding period for the Common Shares. All gains or excess distributions allocated to prior years of the U.S. Holder (other than years prior to the first taxable year of the Registrant during such U.S. Holder's holding period and beginning after January 1, 1987 for which it was a PFIC) would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The Non-electing U.S. Holder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year. A Non-electing U.S. holder that is not a corporation must treat this interest charge as "personal interest" which, as discussed above, is wholly non-deductible. The balance of the gain or the excess distribution will be treated as ordinary income in the year of the disposition or distribution, and no interest charge will be incurred with respect to such balance.

If the Registrant is a PFIC for any taxable year during which a Non-electing U.S. Holder holds Common Shares, then the Registrant will continue to be treated as a PFIC with respect to such Common Shares, even if it is no longer by definition a PFIC. A Non-electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules discussed above for Non-Electing U.S. Holders) as if such Common Shares had been sold on the last day of the last taxable year for which it was a PFIC.

Under Section 1291(f) of the Code, the Department of the Treasury has issued proposed regulations that would treat as taxable certain transfers of PFIC stock by Non-electing U.S. Holders that are not otherwise taxed, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death.

If a U.S. Holder makes a QEF Election that is not a Pedigreed Election (i.e., it is made after the first year during which the Registrant is a PFIC and the U.S. Holder holds shares of the Registrant) (a "Non-Pedigreed Election"), the QEF rules apply prospectively but do not apply to years prior to the year in which the QEF first becomes effective. U.S. Holders should consult their tax advisors regarding the specific consequences of making a Non-Pedigreed QEF Election.

Certain special adverse rules will apply with respect to the Common Shares while the Registrant is a PFIC whether or not it is treated as a QEF. For example under Section 1297(b)(6) of the Code (as in effect prior to the Taxpayer Relief Act of 1997), a U.S. Holder who uses PFIC stock as security for a loan (including a margin loan) will, except as may be provided in regulations, be treated as having made a taxable disposition of such stock.

The foregoing discussion is based on currently effective provisions of the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions, all of which are subject to change. Any such change could affect the validity of this discussion. In addition, the implementation of certain aspects of the PFIC rules requires the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these proposals will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion. Accordingly, and due to the complexity of the PFIC rules, U.S. Holders of the Registrant are strongly urged to consult their own tax advisors concerning the impact of these rules on their investment in the Registrant. For a discussion of the impact of the Taxpayer Relief Act of 1997 on a U.S. Holder of a PFIC, see "Mark-to-Market Election For PFIC Stock Under the Taxpayer Relief Act of 1997" and "Elimination of Overlap Between Subpart F Rules and PFIC Provisions" below.

Mark-to-Market Election for PFIC Stock Under the Taxpayer Relief Act of 1997

The Taxpayer Relief Act of 1997 provides that a U.S. Holder of a PFIC may make a mark-to-market election with respect to the stock of the PFIC if such stock is marketable as defined below. This provision is designed to provide a current inclusion provision for persons that are Non-Electing Holders. Under the election, any excess of the fair market value of the PFIC stock at the close of the tax year over the Holder's adjusted basis in the stock is included in the Holder's income. The Holder may deduct any excess of the adjusted basis of the PFIC stock over its fair market value at the close of the tax year. However, deductions are limited to the net mark-to-market gains on the stock that the Holder included in income in prior tax years, or so called "unreversed inclusions."

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For purposes of the election, PFIC stock is marketable if it is regularly traded on (1) a national securities exchange that is registered with the SEC, (2) the national market system established under Section 11A of the Securities Exchange Act of 1934, or (3) an exchange or market that the IRS determines has rules sufficient to ensure that the market price represents legitimate and sound fair market value.

A Holder's adjusted basis of PFIC stock is increased by the income recognized under the mark-to-market election and decreased by the deductions allowed under the election. If a U.S. Holder owns PFIC stock indirectly through a foreign entity, the basis adjustments apply to the basis of the PFIC stock in the hands of the foreign entity for the purpose of applying the PFIC rules to the tax treatment of the U.S. owner. Similar basis adjustments are made to the basis of the property through which the U.S. persons hold the PFIC stock.

Income recognized under the mark-to-market election and gain on the sale of PFIC stock with respect to which an election is made is treated as ordinary income. Deductions allowed under the election and loss on the sale of PFIC with respect to which an election is made, to the extent that the amount of loss does not exceed the net mark-to-market gains previously included, are treated as ordinary losses. The U.S. or foreign source of any income or losses is determined as if the amount were a gain or loss from the sale of stock in the PFIC.

If PFIC stock is owned by a CFC (discussed below), the CFC is treated as a U.S. person that may make the mark-to-market election. Amounts includable in the CFC's income under the election are treated as foreign personal holding company income, and deductions are allocable to foreign personal holding company income.

The above provisions apply to tax years of U.S. persons beginning after December 31, 1997, and to tax years of foreign corporations ending with or within such tax years of U.S. persons.

The rules of Code Section 1291 applicable to nonqualified funds do not apply to a U.S. Holder for tax years for which a mark-to-market election is in effect. If Code Section 1291 is applied and a mark-to-market election was in effect for any prior tax year, the U.S. Holder's holding period for the PFIC stock is treated as beginning immediately after the last tax year of the election. However, if a taxpayer makes a mark-to-market election for PFIC stock that is a nonqualified fund after the beginning of a taxpayer's holding period for such stock, a coordination rule applies to ensure that the taxpayer does not avoid the interest charge with respect to amounts attributable to periods before the election.

Controlled Foreign Corporation Status

If more than 50% of the voting power of all classes of stock or the total value of the stock of the Registrant is owned, directly or indirectly, by U.S. Holders, each of whom own 10% or more of the total combined voting power of all classes of stock of the Registrant, the Registrant would be treated as a "controlled foreign corporation" or "CFC" under Subpart F of the Code. This classification would bring into effect many complex results including the required inclusion by such 10% U.S. Holders in income of their pro rata shares of "Subpart F income" (as defined by the Code) of the Registrant and the Registrant's earnings invested in "U.S. property" (as defined by the Code). In addition, under Section 1248 of the Code, gain from the sale or exchange of Common Shares of the Registrant by such a 10% U.S. Holder of Registrant at any time during the five year period ending with the sale or exchange is treated as ordinary dividend income to the extent of earnings and profits of the Registrant attributable to the stock sold or exchanged. Because of the complexity of Subpart F, and because the Registrant may never be a CFC, a more detailed review of these rules is beyond of the scope of this discussion.

Elimination of Overlap Between Subpart F Rules and PFIC Provisions

Under the Taxpayer Relief Act of 1997, a PFIC that is also a CFC will not be treated as a PFIC with respect to certain 10% U.S. Holders. For the exception to apply, (i) the corporation must be a CFC within the meaning of section 957(a) of the Code and (ii) the U.S. Holder must be subject to the current inclusion rules of Subpart F with respect to such corporation (i.e., the U.S. Holder is a "United States Shareholder," see

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"Controlled Foreign Corporation," above). The exception only applies to that portion of a U.S. Holder's holding period beginning after December 31, 1997. For that portion of a United States Holder before January 1, 1998, the ordinary PFIC and QEF rules continue to apply.

As a result of this new provision, if the Registrant were ever to become a CFC, U.S. Holders who are currently taxed on their pro rata shares of Subpart F income of a PFIC which is also a CFC will not be subject to the PFIC provisions with respect to the same stock if they have previously made a Pedigreed QEF Election. The PFIC provisions will however continue to apply to PFIC/CFC U.S. Holders for any periods in which they are not subject to Subpart F and to U.S. Holders that did not make a Pedigreed QEF Election unless the U.S. Holder elects to recognize gain on the PFIC shares held in the Registrant as if those shares had been sold.

Dividends and Paying Agents

Not applicable.

Statement by Experts

Not applicable.

Documents on Display

The material contracts listed herein may be inspected between the hours of 10:00 a.m. and 5:00 p.m. at the head office of the Company located at Suite 328 - 550 Burrard Street, Vancouver, British Columbia.

Subsidiary Information

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.

Item 11 - Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 12 - Description of Securities Other than Equity Securities

Not applicable.

Part II

Item 13 - Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14 - Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Part III

Item 15 - Controls and Procedures

The Audit Committee, comprised of Barry Smee, Iain McLean and Eric Carlson, has the responsibility of reviewing with the Company's Auditor all financial statements to be submitted to an annual general meeting of the shareholders of the Company, prior to their consideration by the Board of Directors. Of the members of the audit committee, Barry Smee is Corporate Secretary and Director and Iain McLean and Eric Carlson are independent directors.

On November 9, 2004, management concluded its evaluation of the effectiveness of our disclosure controls and procedures. As of that date, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company maintains effective disclosure controls and procedures relating to transactions, assets, liabilities, accounting and other records and public reporting and disclosure that ensure information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Specifically, the disclosure controls and procedures assure that information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of management's evaluation.

Item 16A - Audit Committee Financial Expert

The board of directors has determined that are two financial experts on its audit committee: Iain McLean, Director of the Company and Eric Carlson, Director of the Company. Mr. McLean has an M.B.A. from Harvard Business School and a B.Sc (Eng.) in Mining from the Imperial College of Science and Technology (London, England). In addition to his education, Mr. McLean has gained relevant experience acting as the Chief Operating Officer of several private high technology companies since 1995 and as the Vice President of Operations at Ballard Power Systems from 1993 to 1995. Mr. Carlson is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of British Columbia.

Item 16B - Code of Ethics

The Company has a Code of Business Conduct (the "Code") that applies to the Chief Executive Officer and Chief Financial Officer of the Company that includes provisions covering conflicts of interest, ethical conduct, compliance with applicable government laws, rules and regulations, and accountability for adherence to the Code. A copy of the Code is posted on the Company's website. Any waiver of any provision of the Code granted to a Senior Officer may only be granted by the full Board of Directors or its Audit Committee. If a waiver is granted, information concerning the waiver will be posted on the Company's website www.platinumgroupmetals.net for a period of 12 months. A copy of the Code of Ethics may be obtained from the Secretary of the Company at no charge upon request.

Item 16C - Principal Accountant Fees and Services

(a)

Audit Fees

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The aggregate fees billed for professional services rendered by the Company's principal accountant for the audit of the Company's annual financial statements for the fiscal years ended August 31, 2004 and 2003 included in the Company's Forms 20-F during those fiscal years were \$87,300 and \$45,500, respectively.

(b)

Audit Related Fees

The Company incurred fees of \$nil during the last two fiscal years for assurance and related services by the Company's principal accountant that were reasonably related to the performance of the audit or review of the Company's financial statements.

(c)

Tax Fees

The Company incurred fees of \$1,500 during the last two fiscal years for professional services rendered by the Company's principal accountant for tax compliance, tax advice and tax planning.

(d)

All Other Fees

The Company incurred other fees of \$nil during the last two fiscal years for products and services rendered by the Company's principal accountant.

Item 16D - Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E - Purchases of Equity Securities by the Issuer and Affiliated Purchasers

There were no purchases made by or on behalf of the Company or any "affiliated purchaser" of the Company's equity securities.

Part IV

Item 17 - Financial Statements

See the Consolidated Financial Statements and Exhibits listed in Item 19 hereof and filed as part of this Annual Report.

These financial statements were prepared 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.

Item 18 - Financial Statements

Not applicable.

Item 19 - Exhibits

(a)

Financial Statements

1.

The audited consolidated financial statements which include the consolidated balance sheets of the Company as at August 31, 2004 and 2003 and statements of operations and cash flows for the years ended August 31, 2004, 2003 and 2002 with the notes thereto.

(b)

Exhibits

1.1

Certificate of Incorporation, Name Changes and Articles/By-Laws of New Millennium Metals Corporation

- Incorporated by Reference to Form 20-F 1999 Annual Report --

1.2

Certificate of Incorporation, Certificate of Amalgamation and Name Changes of Platinum Group Metals Ltd.

- Incorporated by Reference to Form 20-F 2001 Annual Report --

1.3

New Articles of Platinum Group Metals Ltd. effective February 22, 2005.

2.

Instruments defining the rights of holders of equity or debt securities being registered: Not Applicable

3.

Voting Trust Agreements: Not Applicable

4.

Material Contracts Entered Into Not Two Years Before the Filing Date:

4.1

Term sheet dated April 21, 2003, as amended August 12, 2003 between Platinum Group Metals Ltd. and MAG Silver Corp. ("MAG") pursuant to which the Company provides office space and administrative support services to MAG at a cost of \$12,000 per month plus expenses. MAG is related to the Company by way of common directors and officers. See "Item 7 - Major Shareholders and Related Party Transactions".

-- Incorporated by Reference to Form 20-F 2003 Annual Report --

4.2

Amendments dated October 10, 2003 and November 25, 2003 to the Agnew Lake Farm-in Agreement among Kaymin Resources Ltd., Platinum Group Metals Ltd. and Pacific North West Capital Corp. See "Item 4 - Information on the Company, The Agnew Lake Property, Ontario".

-- Incorporated by Reference to Form 20-F 2003 Annual Report --

4.3

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. See "Item 4 - Information on the Company, The Lakemount Property, Ontario".

4.4

The Company entered into a Sublease Agreement with Anthem Works Ltd. dated August 5, 2004 for the rental of the Company's office premises at Suite 328, 550 Burrard Street, Vancouver, British Columbia V6C 1T2. See "Item 7 - Major Shareholders and Related Party Transactions".

5.

Foreign Patents: Not Applicable.

6.

Statement Explaining Calculation of Earnings Per Share Information: Not Included

7.

Statement Explaining Calculation of Ratio of Earning to Fixed Charges, Ratio of Combined Fixed Charges and Preferred Stock Dividends or any other Ratios: Not Included

8.

Diagram of Parent and Subsidiaries: Not Included.

9.

Statement Regarding Financial Statements Filed in Registration Statements for Initial Public Offering of Securities: Not Applicable

10.

Blackout Period Notices: None.

11.

Code of Ethics.

-- Incorporated by Reference to Form 20-F 2003 Annual Report --

31.1

Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended

31.2

Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended

32.1

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Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2

Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Signature Page

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

PLATINUM GROUP METALS LTD.
(Registrant)

March 11, 2005
Date

/s/ R. Michael Jones
R. Michael Jones, President, CEO and Director

CERTIFICATION

I, R. Michael Jones, certify that:

1.

I have reviewed this annual report on Form 20-F of Platinum Group Metals Ltd.;

2.

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4.

The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a)

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)

Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)

Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5.

The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a)

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b)

Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 11, 2005

/s/ R. Michael Jones

R. Michael Jones

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION

I, Frank Hallam, certify that:

1.

I have reviewed this annual report on Form 20-F of Platinum Group Metals Ltd.;

2.

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4.

The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a)

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)

Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)

Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5.

The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a)

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b)

Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 11, 2005

/s/ Frank Hallam

Frank Hallam

Chief Financial Officer and Director

(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Platinum Group Metals Ltd. (the "Company") on Form 20-F for the fiscal year ended August 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, R. Michael Jones, Chairman, President and Chief Executive Officer and Frank R. Hallam, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1.

The Report fully complies with the requirements of Section 15(d) of the Securities Exchange Act of 1934; and

2.

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2005

/s/ R. Michael Jones

R. Michael Jones

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Chairman, President and Chief Executive Officer

(Principal Executive Officer)

/s/ Frank R. Hallam

Frank R. Hallam

Chief Financial Officer

(Principal Financial Officer)