

# PLATINUM GROUP METALS LTD

## FORM 20-F

(Annual and Transition Report (foreign private issuer))

Filed 03/15/05 for the Period Ending 08/31/04

Telephone	6048995450
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Symbol	PLG
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Industry	Metal Mining
Sector	Basic Materials
Fiscal Year	08/31

United States  
Securities and Exchange Commission  
Washington, DC 20549

Form 20-F  
2004 Annual Report

(Mark One)

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

Or

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

For the Fiscal Year Ended August 31, 2004

Or

\_\_\_\_\_ For the Transition Period From \_\_\_\_\_ To \_\_\_\_\_

Commission File Number: 0-30306

**Platinum Group Metals Ltd.**  
(Exact Name of Registrant As Specified In Its Charter)

Not Applicable  
(Translation of Registrant's Name Into English)

British Columbia, Canada  
(Jurisdiction of Incorporation or Organization)

Suite 328, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5  
(Address of Principal Executive Offices)

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

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

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

Common Shares Without Par Value  
(Title of Class)

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

None  
(Title of Class)

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

34,587,415 Common Shares

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

Yes \_\_\_\_\_ X \_\_\_\_\_ No \_\_\_\_\_

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

Item 17 \_\_\_\_\_ X \_\_\_\_\_ Item 18 \_\_\_\_\_

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

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

Yes \_\_\_\_\_ No \_\_\_\_\_ Not Applicable \_\_\_\_\_ X \_\_\_\_\_

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

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

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

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

<b>Conversion Table</b>		
<u>Metric</u>	=	<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;
  - 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;
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- 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.

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## 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.

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" **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.

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## 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.

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"**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, Zn, Pb) or in grams per tonne (g/t) or ounces per short ton (oz/t) for precious or platinum group metals.

"**g/t**" refers to grams per tonne.

"**highly anomalous**" is an anomaly, which is in approximately the 90<sup>th</sup> 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.

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" **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 ( $\text{SiO}_2$ )

"**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.

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**Part I****Item 1 - Identity of Directors, Senior Management and Advisers**

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

**Item 2 - Offer Statistics and Expected Timetable**

Not applicable.

**Item 3 - Key Information*****Selected Financial Data***

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

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

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

***Summary of Financial Data***

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

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SELECTED FINANCIAL DATA  
(CDN\$)

	<b>Year Ended August 31, 2004</b>	<b>Year Ended August 31, 2003</b>	<b>Year Ended August 31, 2002</b>	<b>Year Ended August 31, 2001</b>	<b>March 16, 2000 to August 31, 2000</b>
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 <sup>(1)</sup>	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.

<b>Year Ended August 31</b>				
<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
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:

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

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

#### ***Capitalization and Indebtedness***

Not applicable.

#### ***Reasons for the Offer and Use of Proceeds***

Not applicable.

#### ***Risk Factors***

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

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

#### ***General.***

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

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

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

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

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

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

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

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

*The Company's properties are subject to title risks.*

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

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

The Company's properties may also be subject to aboriginal rights that may be claimed on Crown properties or other types of tenure with respect to which mineral rights have been conferred. The Company is not aware of any aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the mineral properties in which the Company has an interest.

The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration activity and is supportive of measures established to achieve such co-operation.

*The mineral exploration industry is extremely competitive.*

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

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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

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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.

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

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

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

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

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

*The Company depends on its key management employees.*

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

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

Certain officers and directors of the Company may become associated with other natural resource companies that acquire interests in mineral properties. R. Michael Jones, Chairman, President, Chief Executive Officer and Director of the Company is also a director of Radar Acquisitions Corp., a public company with a coal and heavy mineral project in Colorado, and MAG Silver Corp., a public company with silver properties in Mexico. Frank Hallam, Chief Financial Officer and Director of the Company, is also an officer of MAG Silver Corp. and a director of Sydney Resource Corporation, a company which, prior to Mr. Hallam's appointment, acquired the Simlock Creek Property from the Company in December 2003. Eric Carlson, Director of the Company is also a director of MAG Silver Corp. Any conflicts, which may arise, will be dealt with as disclosed below.

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

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*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](http://www.platinumgroupmetals.net). It is a reporting issuer in British Columbia, Alberta and Quebec and currently trades on the Exchange under the symbol "PTM" and on the NASD OTC Bulletin Board Service under the symbol "PTMQF".

##### *The Amalgamation*

On October 22, 2001, NMM entered into a letter agreement with PTG proposing the terms of an amalgamation pursuant to the provisions of the Company Act for the purposes of forming one company, Amalco, under the name "Platinum Group Metals Ltd." NMM and PTG had both been working independently in the Lac des Iles-Thunder Bay and Sudbury, Ontario areas for the previous two years and both parties recognized the synergy between them and the added value offered by the Amalgamation. An Amalgamation Agreement dated December 19, 2001 was entered into between the parties, which formalized the terms of Amalgamation.

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

- (a) Consolidating the property interests of PTG and NMM in Ontario, which would facilitate the financing required for the exploration and development of Amalco's properties.
  - (b) Forming a strong management group with extensive experience and expertise covering various aspects of platinum group metal exploration.
  - (c) The shareholders of PTG and NMM would become shareholders of a company with a substantially larger public float than was available to either PTG or NMM individually, which may provide enhanced liquidity for Amalco shareholders.
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- (d) Operational efficiencies would be achieved by eliminating the duplication of accounting, legal, corporate and administrative procedures for NMM and PTG.
- (e) The Amalgamation would result in the creation of a company with a larger asset base and capitalization, thereby facilitating better access to capital markets. Amalco would be better positioned strategically, operationally and financially to explore, and if warranted, develop, its mineral properties.

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

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

### *History and Development of NMM*

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

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

During the course of placer gold exploration by NMM, it was determined that the most likely source for the placer gold which had been deposited in the gravels of Harvey's Creek was a gold rich strata (rock unit) cross cutting a branch of the Harvey's Creek. This branch creek, which forms part of the drainage basin, is Simlock Creek. As a result of this determination, NMM undertook an extensive lode mineral claim-staking program, which resulted in NMM's acquisition of all 21 of the mineral claims currently comprising the Simlock Creek Property.

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

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

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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

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

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

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

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

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

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

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

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

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

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

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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.

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".

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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 exchanged 399,999 of these Sydney shares for the purchase of 1,407,069 shares of Active Gold Group Ltd.

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

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

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

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

### ***History and Development of PTG and the Company***

PTG was incorporated under the laws of British Columbia on January 10, 2000 as 599141 B.C. Ltd. and changed its name to "Platinum Group Metals Ltd." on March 16, 2000 at which time it commenced operations. It was in the business of acquiring, exploring and evaluating mineral properties. PTG focused on acquiring a broad portfolio of mineral properties and mineral property interests where there is geological potential for platinum and palladium deposits. The geographic focus of PTG was in Canada, however it considered projects in the USA, Brazil and South Africa without the acquisition of any interest.

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

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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 48<sup>th</sup> 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 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

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

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

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

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

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

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

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

Pursuant to an agreement dated March 22, 2001 between PTG as the optionee and Jobin Bevans & Co. as the optionor, PTG was granted an option to acquire up to a 100% in the Street-JB Property consisting of 77 units located in the Sudbury Mining District, Ontario by paying \$49,400 in cash (of which \$9,400 has been paid) and issuing 60,000 common shares of PTG (of which 15,000 shares have been issued) over a two-year period. The Company has elected not to maintain this option agreement and the property has been returned to the vendor. Acquisition and exploration costs totaling \$68,537 were expensed by the Company in Fiscal 2002.

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

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

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

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

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

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

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

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

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

An option agreement dated May 30, 2002, as amended October 16, 2002, was entered into between the Company and Goldrush Resources Ltd. ("Goldrush") (formerly Arcata Resources Corporation) pursuant to which the Company granted Goldrush the sole and exclusive right and option to acquire 60% of its rights and interest in the Windy Lake, Levack and Cascaden-Ministic Properties in the West Sudbury basin of Ontario. During the term of the option, Goldrush made payments to the Company of \$3,000 and 200,000 shares, and a further payment of \$2,000 to the underlying vendors. This agreement was terminated September 3, 2003 prior to Goldrush earning any interest in the properties.

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

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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

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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 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

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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."

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### ***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 4<sup>th</sup> 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, Frischgewaad 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.*

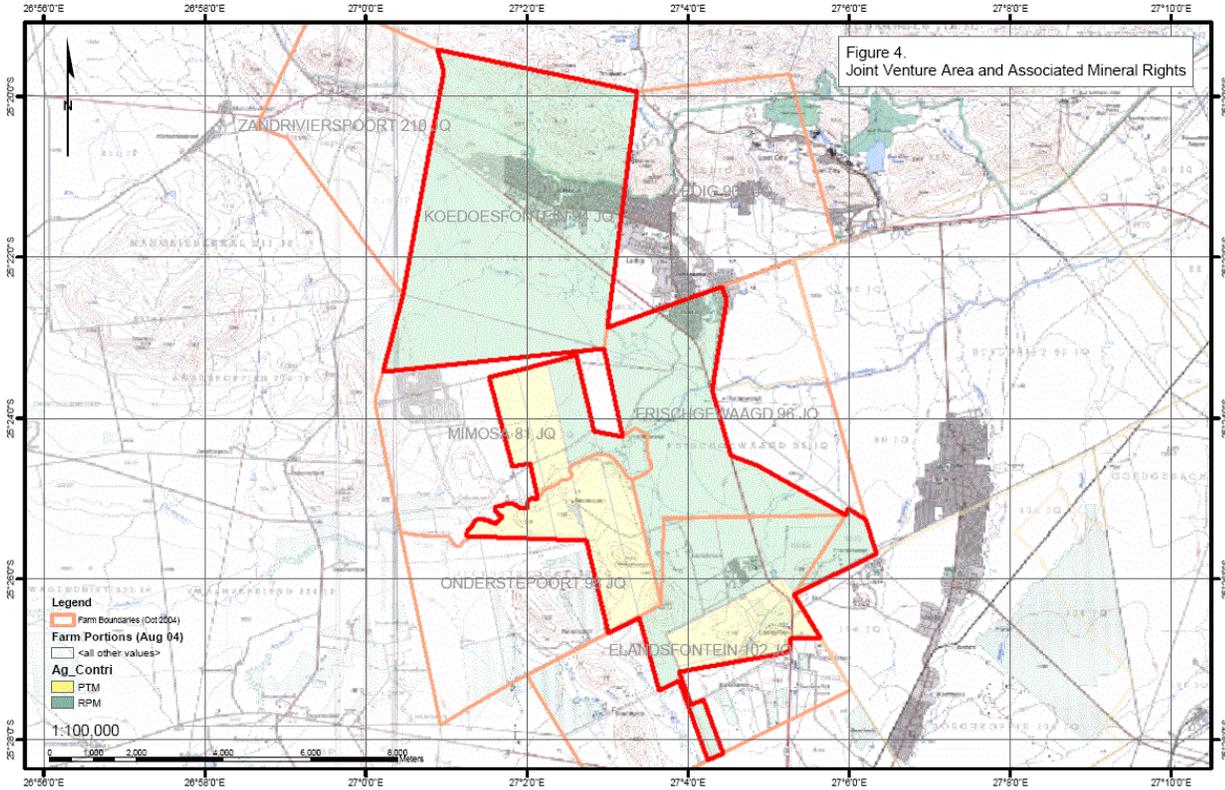
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## Koedoesfontein

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



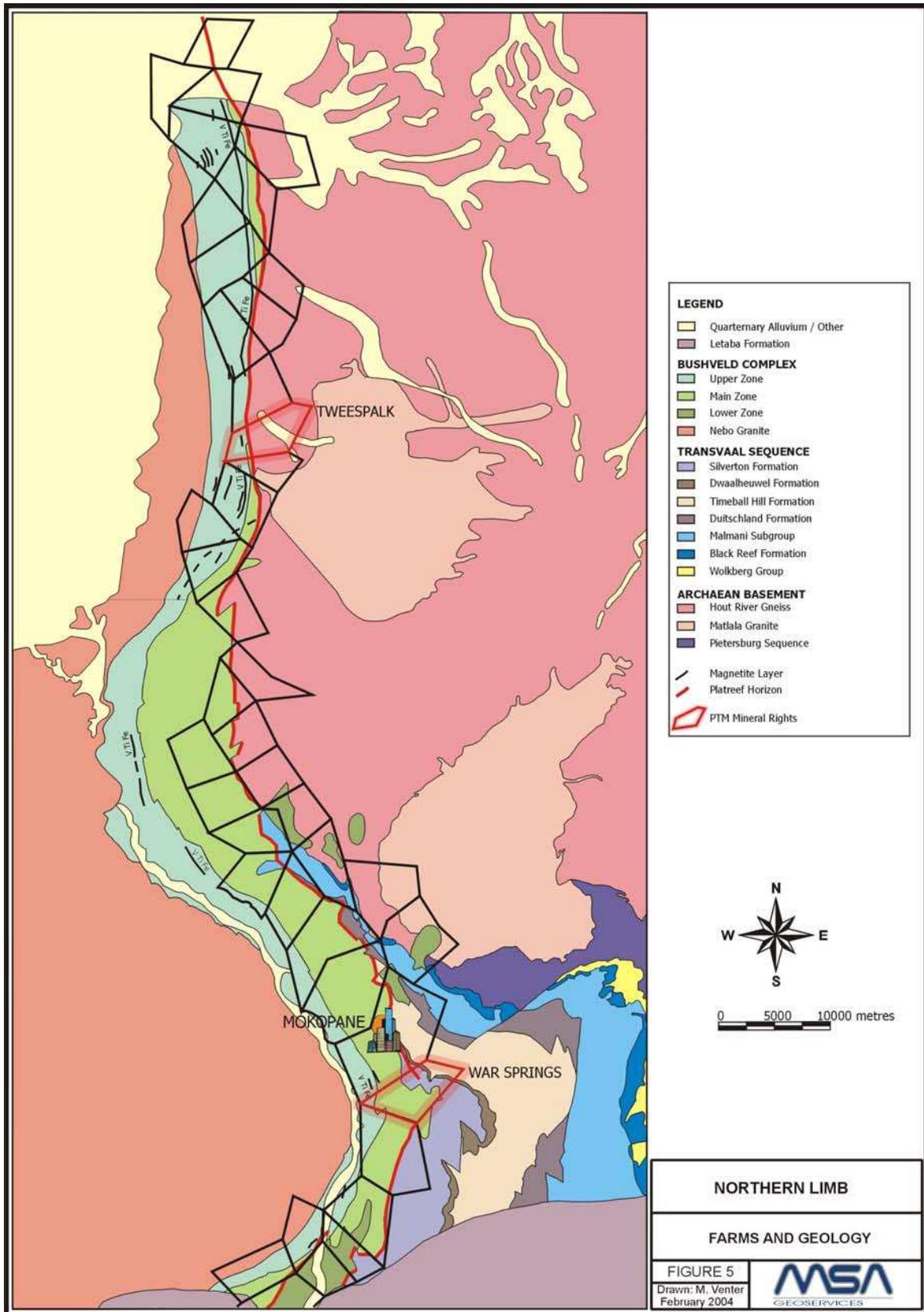
## War Springs

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.*

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*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 (Oorlogfontein)*

*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 perspective 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*

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

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

### Climate

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

### **History**

#### History of Platinum Mining in the Bushveld Complex

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

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

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

*Anglo Platinum's Bafokeng-Rasimone Mine (BRPM), which borders the Company's' WBJV holdings, began construction in 1997. The concentrator plant began 12 December 1999. On August 12, 2002 Anglo Platinum and the Royal Bafokeng Nation (RBN) announced that an "in principle" agreement had been reached to form a 50:50 Joint Venture to mine the Boschkopie 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)<sup>1</sup> 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 world's known PGM resources.*

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### Prior Ownership and previous owners exploration

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

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

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

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

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

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

#### *Exploration History of the Tweespalk Property*

*Because the Tweespalk property is privately owned records and reports of previous exploration are unknown. The area has been geologically mapped at a scale of 1:250,000 by the South African Council for Geoscience (Map No. 2328 - Pietersburg covers the Tweespalk area). This mapping shows the BIC footwall contact and the Mapela Gabbro Norite, which to the south hosts the Platreef style mineralization, traversing the Tweespalk property. PTM is not aware of any exploration data in the public domain which predates it's activities on the Tweespalk Property. In 2002 PTM completed a high resolution airborne magnetic and radiometric survey of the Tweespalk Property. A total of 720 line-km of surveying were completed with lines spaced 50 m apart and a mean terrain clearance of 50 m. Magnetic data was collected every 1/10<sup>th</sup> 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.*

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## **Geological Setting**

### *Bushveld Igneous Complex Geology*

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

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

#### *Marginal Zone*

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

#### *Lower Zone*

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

#### *Critical Zone*

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

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

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

#### *Main Zone*

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

#### *Upper Zone*

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

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### Economic Geology of the Bushveld

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

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

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

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

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

### PGE Mineralization in the BIC

#### Merensky Reef

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

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

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

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

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### 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 Grasvalley 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.*

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### *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/TiO<sub>2</sub> 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.*

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## 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

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

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

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 30<sup>th</sup>, 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 17<sup>th</sup>, 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**

<b>BHID</b>	<b>Start</b>	<b>End</b>	<b>METRES</b>		<b>CO-ORDINATES (WGS84)</b>			<b>Dip</b>	<b>Total Samples</b>	
			<b>From</b>	<b>To</b>	<b>X</b>	<b>Y</b>	<b>Z</b>			
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	
			<b>TOTAL</b>	<b>2667.97</b>						<b>3178</b>

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

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

#### **War Springs**

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

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

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

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

The table below lists the drilling information for the Phase 1 boreholes drilled up to the end of October 2004 on the War Springs Property (Coordinates 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% Cr<sub>2</sub>O<sub>3</sub> over 4 metres with the highest value at 1.90 % Cr<sub>2</sub>O<sub>3</sub> over 1 metre being associated with 0.56 g/t Pt+Pd + Au.

WAR SPRINGS DETAILS MINERALIZED INTERSECTIONS										
BHID	Top of Intercept (m)	Length (m)	Reef	Pt (g/t)	Pd (g/t)	Au (g/t)	2PGE+Au (g/t)	Cu (%)	Ni (%)	Cu+Ni (%)
ORL-1	64	5	C	0.12	0.55	0.03	0.70	0.013	0.032	0.046
	600	10	B A	No significant value intersected			0.33 0.74 0.09	1.16	0.229	0.283
ORL-2			C	Not intersected						
			B	No significant value intersected -faulted						
			A	Stopped short						
ORL-3	69	7	C	0.37	1.85	0.14	2.35	0.099	0.128	0.227
	326	5	B	0.52	1.03	0.16	1.71	0.299	0.379	0.680
			A	Stopped short -drilling problem						
ORL-4	70	4	C	0.24	2.25	0.26	2.76	0.126	0.133	0.258
	390	9	B	0.56	1.26	0.18	1.99	0.356	0.393	0.749
			A	Assays pending						
ORL-5	90	12	C	0.14	0.58	0.04	0.77	0.025	0.035	0.060
	377	4	B	0.16	0.38	0.06	0.60	0.145	0.177	0.322
	596	5	A	0.40	0.45	0.12	0.97	0.057	0.111	0.168
ORL-6			C	Assays Pending						
			B							
			A							
ORL-7			C	Assays Pending						
			B							
			A							
ORL-8			C	Assays Pending						
			B							
			A							
ORL-9			C	Being Sampled						
			B							
			A							
ORL-10			C	Drilling						
			B							
			A							

### Mineral Resource and Mineral Reserve Estimates

#### Elandsfontein Property

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

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

#### Elandsfontein Lease - Area 1 Mineral Resource Estimate, February 2004

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

#### Notes:

1. PGE+Au grade (g/t) = Pt grade (g/t) + Pd grade (g/t) + Rh grade (g/t) + Au grade (g/t)
2. The resource is consistent with the Inferred Category primarily because even though there appears to be a reasonable chance of geological continuity, there is a high risk that grade continuity may not exist.

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

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

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

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

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

	<b>TONNES</b>	<b>TONNAGE (30% Loss)</b>	<b>Au</b>	<b>Pt</b>	<b>Pd</b>	<b>2PGE+Au</b>	<b>Vertical Thickness</b>	<b>Corrected Thickness</b>
	<i>t</i>	<i>t</i>	<i>g/t</i>	<i>g/t</i>	<i>g/t</i>	<i>g/t</i>	<i>m</i>	<i>m</i>
<b>0 g/t cut-off</b>								
<b>Merensky Reef</b>								
<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
<b>"UG2"</b>								
<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
<b>1g/t cut-off</b>								
<b>Merensky Reef</b>								
<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
<b>"UG2"</b>								
<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

\* 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.

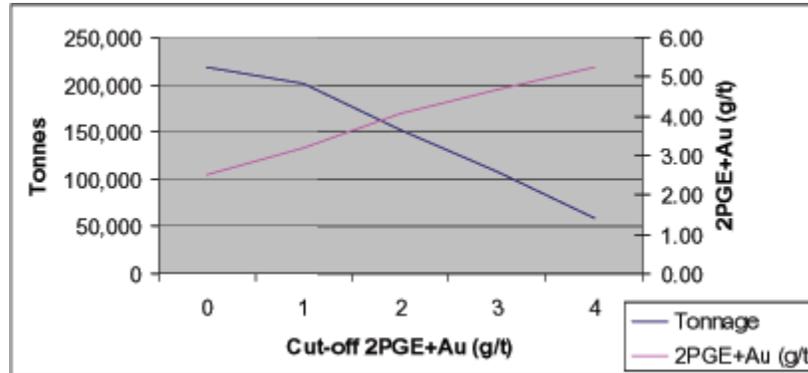
The mineralised horizon modelled is defined as the base of the bottom Merensky reef unit to the top of the duplicated reef unit (grade cut-off 0.5 g/t). All the borehole intersections (mother hole and deflections) were used in the resource estimation. The resources estimated at various cut-offs are depicted.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

<b>CUT-OFF (2PGE+Au)</b>	<b>TONNAGE</b>	<b>TONNAGE (30% Loss)</b>	<b>Au</b>	<b>Pt</b>	<b>Pd</b>	<b>2PGE+Au</b>	<b>Vertical Thickness</b>	<b>Corrected Thickness</b>
<b>g/t</b>	<b>t</b>	<b>t</b>	<b>g/t</b>	<b>g/t</b>	<b>g/t</b>	<b>g/t</b>	<b>m</b>	<b>m</b>
<b>MERENSKY REEF</b>								
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 31<sup>st</sup>, 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 Pilaesberg complex and the underlying Transvaal sediments affects reef stability and the type of geozones that are likely to form across the area.

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

#### Western Bushveld Joint Venture – Independent Resource Estimate

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

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

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

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

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

#### Merensky Reef

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

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

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

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

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

*Table 2. Reef intersections and correlatable stratigraphic units.*

#### WBIC JV Borehole Summaries as at 23 January 2005

NI = Not Intersected SNV = Sampled but No Values SS = Stopped Short ND = Not Developed REJ = Rejected HG = HIGH GRADE  
 NS = Not Sampled W = Wesizwe NR = Not Recognized NL = No Logs FO = Faulted Out W = Wedge CR = Contact Reef  
 LG = LOW GRADE Htz = Hartzburgity-type MR B S/O = Beyond Suboutcrop

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		
<b>BH1463</b>	<b>Avg</b>	<b>447.26</b>		<b>0.001</b>	<b>Log: CR</b>	<b>NS (Contact Reef)</b>				<b>Log: 100% Cr</b>	<b>NR (but Cr Present)</b>
1605A	D0	554.36	NS	0.200		NS	SS	SS	SS		SS
1605A	D1	554.37	NS	0.530		NS	SS	SS	SS		SS
1605A	D2	554.32	NS	0.160		NS	SS	SS	SS		SS
1605A	D3	554.30	NS	0.210		NS	SS	SS	SS		SS
<b>1605A</b>	<b>Avg</b>	<b>554.36</b>		<b>0.275</b>	<b>Log: FPP</b>	<b>NS (Thin ? Con. Reef)</b>				<b>SS</b>	<b>SS</b>
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
<b>ELN01</b>	<b>Avg</b>	<b>490.53</b>	<b>16.99</b>	<b>0.615</b>	<b>Core: Htz</b>	<b>QA/QC Accepted</b>	<b>541.71</b>	<b>2.65</b>	<b>1.770</b>	<b>Core: Cr+Pxnt</b>	<b>QA/QC Accepted</b>
ELN02	D0	SS	SS	SS		Hole Stopped Short	SS	SS	SS		SS
<b>ELN02</b>	<b>Avg</b>				<b>Stopped Short</b>	<b>SS (Stopped Short)</b>				<b>SS</b>	<b>SS (Stopped Short)</b>
ELN03	D0	B S/O	B S/O	B S/O		B S/O	NI	NI	NI		NI
<b>ELN03</b>	<b>Avg</b>				<b>NI (Beyond S/O)</b>	<b>NI (Beyond S/O)</b>				<b>NI, B S/O</b>	<b>NI (Beyond S/O)</b>
ELN04	D0	Rej	Rej	Rej		Rej., Mixed Core	Rej	Rej	Rej		Rej, Mixed Core
<b>ELN04</b>	<b>Avg</b>				<b>Rej., Mixed Core</b>	<b>Rej., Mixed Core</b>				<b>Rej., Core Mixed</b>	<b>Rej., Mixed Core</b>
ELN05	D0	487.95	SNV	1.410	FPP	SNV	592.23	SNV	1.330	Cr	NS

ELN05	D1	W	W	W		W	590.97	SNV	1.000		SNV & Mixed Core
ELN05	D2	REJ	REJ	REJ		FW to MR	SS	SS	SS		SS
ELN05	D3	REJ	REJ	REJ		FW to MR	SS	SS	SS		SS
<b>ELN05</b>	<b>Avg</b>	<b>487.95</b>		<b>1.410</b>	<b>Core: FPP</b>	<b>SNV, Well Dev. Reef</b>	<b>592.23</b>		<b>1.165</b>	<b>Core: Cr + Pxnt</b>	<b>SNV, Well Dev. UG2</b>
ELN06	D0	400.07	SNV	1.350	Htz	NS	476.75	SNV	3.100	Cr + Pxnt	SNV
ELN06	D1	REJ	REJ	REJ		REJ, Mixed Core	SS	SS	SS		SS
ELN06	D2	REJ	REJ	REJ		REJ, Mixed Core	SS	SS	SS		SS
ELN06	D3	?	NS	NS		NS	SS	SS	SS		SS
<b>ELN06</b>	<b>Avg</b>	<b>400.07</b>		<b>1.350</b>	<b>Core: Htz</b>	<b>SNV (Well Dev. Reef)</b>	<b>476.75</b>		<b>3.100</b>	<b>Core: Cr+Pxnt</b>	<b>SNV, Well Dev. UG2</b>
ELN07	D0	400.64	SNV	0.090	CR	NS	Dyke	Dyke	Dyke	Dyke	NI
<b>ELN07</b>	<b>Avg</b>	<b>400.64</b>		<b>0.090</b>	<b>Log: CR</b>	<b>SNV (Contact Reef)</b>				<b>Dyke</b>	<b>NI (Dyke Invaded)</b>
ELN08	D0	143.00	NS	0.001		NS, Struct. Distur.	165.60	NS	0.100		NS
ELN08	D1	W	W	W		W	165.50	NS	0.250		NS
ELN08	D2	NR	ND	ND		ND	SS	SS	SS		SS
<b>ELN08</b>	<b>Avg</b>	<b>143.00</b>		<b>0.001</b>	<b>Log: Pxnt</b>	<b>NS, Struct. Dist.</b>	<b>165.60</b>		<b>0.175</b>	<b>Log: Cr</b>	<b>NS, Thin UG2</b>
ELN10	D0	NR	NR	NR		ND	NR	NR	NR		NR

<b>ELN10</b>	<b>Avg</b>				<b>Log: NR</b>	<b>NR &amp; ND</b>				<b>NR</b>	<b>NR</b>
ELN11	D0	ND	ND	ND		ND	245.20	NS	0.600		NS
<b>ELN11</b>	<b>Avg</b>				<b>Log: NR</b>	<b>ND</b>	<b>245.20</b>		<b>0.600</b>	<b>Log: CR = Pxnt</b>	<b>NS &amp; very thin</b>
ELN12	D0	335.70	NS	1.900		NS	FO	FO	FO		FO
ELN12	D1	334.70	SNV	1.900		SNV	SS	SS	SS		SS
ELN12	D2	334.60	SNV	3.000		SNV	SS	SS	SS		SS
ELN12	D3	333.00	NS	4.600		NS	SS	SS	SS		SS
<b>ELN12</b>	<b>Avg</b>	<b>335.70</b>		<b>2.850</b>	<b>Log: Htz</b>	<b>SNV (expect high value)</b>				<b>FO</b>	<b>Faulted Out</b>
ELN15	D0	432.80	NS	0.001		NS	459.30	NS	2.700		NS
ELN15	D1	W	W	W		W	459.00	SNV	2.700		SNV
ELN15	D1	W	W	W		W	459.50	SNV	2.800		SNV
ELN15	D3	W	W	W		W	459.40	NS	3.400		NS
ELN15	D4	NR	NS	NR		NS	SS	SS	SS		SS
ELN15	D5	NR	NS	NR		NS	SS	SS	SS		SS
<b>ELN15</b>	<b>Avg</b>	<b>432.80</b>		<b>0.001</b>	<b>Log: Pxnt (Poss. CR)</b>	<b>NS (Log: CR)</b>	<b>459.30</b>		<b>2.900</b>	<b>Log: Cr+Pxnt</b>	<b>SNV, Thick UG2</b>
FG01		FO	FO	FO			FO	FO	FO		
<b>FG01</b>	<b>Avg</b>					<b>FO</b>					<b>FO</b>
FG02	D0	519.47	13.21	1.970	Htz	FW min (Htz)	591.37	0.20	1.700	Cr + Pxnt	Low Grade

FG02	D1	W	W	W		W	591.23	0.72	1.700		Low Grade
FG02	D2	519.56	18.69	2.500		FW min /FZ	SS	SS	SS		SS
FG02	D3	REJ	REJ	REJ		REJ, Core Mixed	SS	SS	SS		SS
<b>FG02</b>	<b>Avg</b>	<b>519.47</b>	<b>16.27</b>	<b>2.235</b>	<b>Core: Htz</b>	<b>QA/QC Passed</b>	<b>591.37</b>	<b>0.46</b>	<b>1.700</b>	<b>Core: Cr+Pxnt</b>	<b>Low Grade UG2</b>
FG03	D0	571.20	4.12	0.870		FW min /FZ	627.96	2.18	1.650		LG
FG03	D1	NL	NL	NL		NL	627.40	4.01	1.110		HG
FG03	D2	570.95	3.67	1.080		HG	SS	SS	SS		SS
FG03	D3	570.81	5.90	1.110		HG	SS	SS	SS		SS
<b>FG03</b>	<b>Avg</b>	<b>571.20</b>	<b>4.61</b>	<b>1.020</b>	<b>Log: FPP</b>	<b>QA/QC Passed</b>	<b>627.96</b>	<b>2.92</b>	<b>1.380</b>	<b>Log: Cr+Pxnt</b>	<b>Well Dev. UG2</b>
FG04	D0	703.93	SNV	2.000	FPP	FPP	774.65	SNV	6.980		Cr + Pxnt
<b>FG04</b>	<b>Avg</b>	<b>703.93</b>		<b>2.000</b>	<b>Core: FPP</b>	<b>SNV (Dist. By Dyke)</b>	<b>774.65</b>		<b>6.980</b>	<b>Core: Cr</b>	<b>SNV (Dist. By Dyke)</b>
FG05	D0	SS	SS	SS		Stopped 21 m, NR	SS	SS	SS		SS
<b>FG05</b>	<b>Avg</b>				<b>SS</b>	<b>SS, Stopped Short</b>				<b>SS</b>	<b>SS</b>
FG06	D0	611.44	4.47	1.070		HG	650.52	1.62	0.590		LG
FG06	D1	NL	NL	NL		NL	650.18	0.25	1.360		LG
FG06	D2	608.81	15.78	1.300		HG	SS	SS	SS		SS
FG06	D3	611.87	21.22	0.730		need extra sample	SS	SS	SS		SS
<b>FG06</b>	<b>Avg</b>	<b>611.44</b>	<b>13.16</b>	<b>1.033</b>	<b>Log: Htz</b>	<b>High Grade MR</b>	<b>650.52</b>	<b>0.66</b>	<b>0.975</b>	<b>Log: Cr+Pxnt</b>	<b>UG2, Poor grade</b>
FG07	D0	572.55	3.95	1.290	FPP	MR + waste	623.96	5.50	1.860	Cr	HG
FG07	D1	W	W	W		W	623.94	6.43	1.250		HG
FG07	D2	572.07	8.14	2.040		HG	SS	SS	SS		SS
FG07	D3	573.16	7.83	1.190		HG	SS	SS	SS		SS
<b>FG07</b>	<b>Avg</b>	<b>572.55</b>	<b>6.86</b>	<b>1.507</b>	<b>Core: FPP</b>	<b>QA/QC Passed</b>	<b>623.96</b>	<b>5.87</b>	<b>1.555</b>	<b>Core 100% Cr</b>	<b>UG2, Well Developed</b>
FG08	D0	754.75	4.51	0.860		HG	811.33	1.71	1.810		LG
FG08	D1	754.62	5.80	0.590		HG	SS	SS	SS		SS
FG08	D2	754.80	7.16	0.930		HG	SS	SS	SS		SS

<b>FG08</b>	<b>Avg</b>	<b>754.75</b>	<b>5.87</b>	<b>0.79</b>	<b>Log: FPP</b>	<b>Good Reef Intersection</b>	<b>811.33</b>	<b>1.71</b>	<b>1.810</b>	<b>Log: Cr+Pxnt</b>	<b>UG2, Poor grade</b>
FG09	D0	699.24	8.23	0.890		HG	747.04	4.90	1.500		HG
FG09	D1	NL	NL	NL		ss	747.08	5.20	1.400		HG
FG09	D2	699.28	2.39	1.620		LG	SS	SS	SS		SS
FG09	D3	699.27	8.51	1.570		HG	SS	SS	SS		SS
<b>FG09</b>	<b>Avg</b>	<b>699.24</b>	<b>6.02</b>	<b>1.360</b>	<b>Log: CR (Pothole Edge)</b>	<b>Good Reef Intersection</b>	<b>747.04</b>	<b>5.04</b>	<b>1.450</b>	<b>Log: 100% Cr</b>	<b>UG2, High Grade &amp; Well Dev</b>
FG10	D0	597.33	11.85	0.780		HG	655.00	3.13	5.280		HG / pothole
FG10	D1	597.40	11.12	0.810		HG	SS	SS	SS		SS
FG10	D2	597.89	7.14	0.540		HG	SS	SS	SS		SS

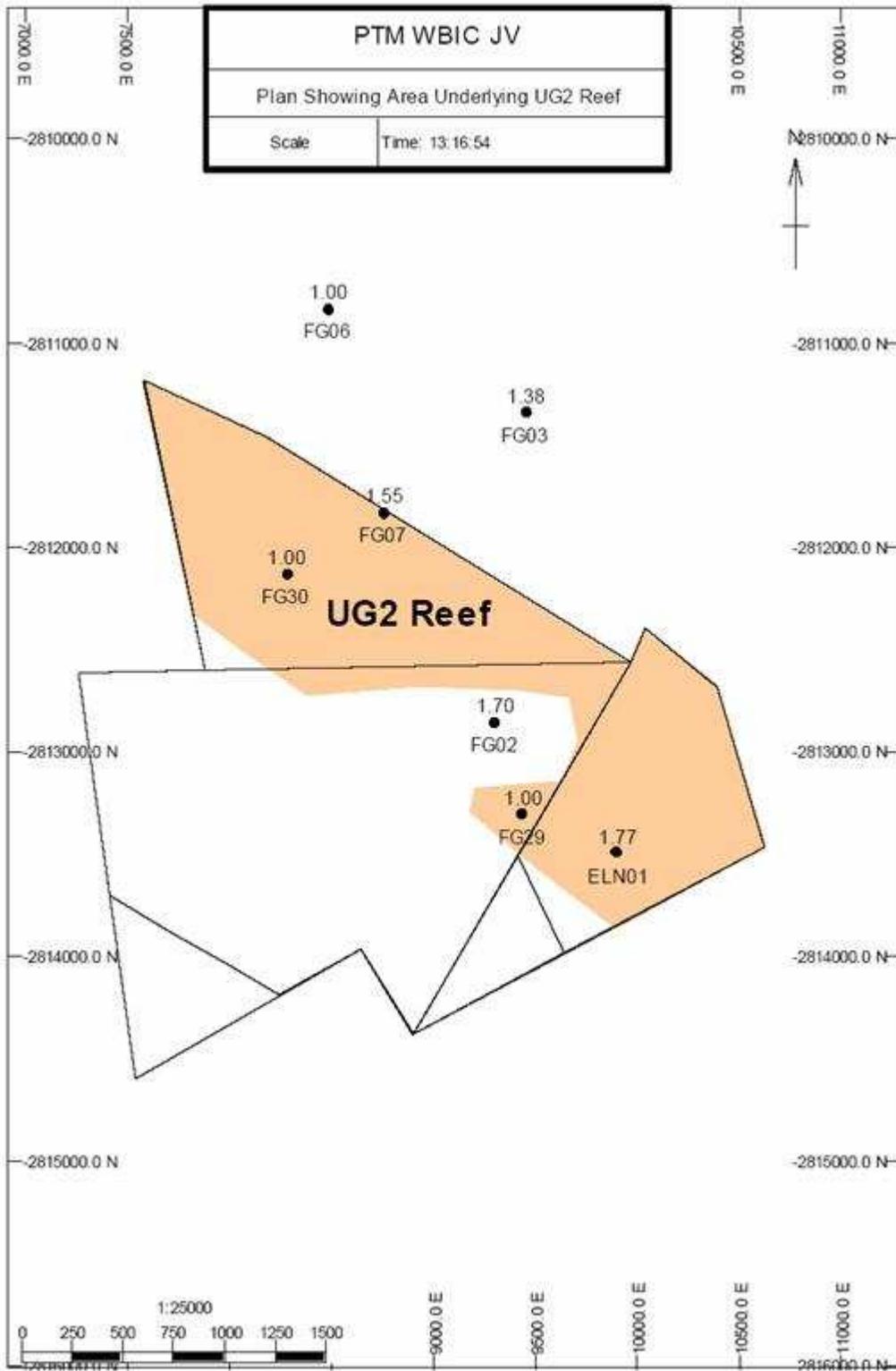
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<b>FG10</b>	<b>Avg</b>	<b>597.33</b>	<b>10.38</b>	<b>0.710</b>	<b>Log: FPP</b>	<b>Good Reef Intersection</b>	<b>655.00</b>	<b>3.13</b>	<b>5.280</b>	<b>Log: Cr+Pxnt+Peg</b>	<b>UG2, Medium Grade &amp; Well Dev</b>
FG29	D0	467.70	3.40	0.580	CR	CR, 13.81g/t / 10cm	543.00	1.99	0.640		THIN Low Grade UG2
FG29	D1	468.70	5.23	0.620	CR	CR but FW Mineralisation	SS	SS	SS		SS
FG29	D2	468.70	NS	0.001		NS	SS	SS	SS		SS
<b>FG29</b>	<b>Avg</b>	<b>467.70</b>	<b>4.35</b>	<b>0.600</b>	<b>Log: CR</b>	<b>CR with FW and HW Min.</b>	<b>543.00</b>	<b>1.99</b>	<b>0.640</b>	<b>Log: Cr+Peg</b>	<b>Narrow UG2, SNV</b>
FG30	D0	505.30	9.36	0.350	CR	CR, 14.83 g/t / 17cm	558.90	3.55	0.890	Log: Cr+Peg	Well Dev. UG2
FG30	D1	W	W	W		W	558.90	3.77	0.960	Log: Cr+Peg	Well Dev. UG2
FG30	D2	W	W	W		W	559.20	NS	0.500		THIN UG2, NS
FG30	D3	505.80	17.93	0.300	Log: CR	CR, Well Min. Pxnt	SS	SS	SS		SS
FG30	D4	505.40	NS	0.001		NS	SS	SS	SS		SS
<b>FG30</b>	<b>Avg</b>	<b>505.30</b>	<b>13.32</b>	<b>0.325</b>	<b>Log: CR</b>	<b>CR, 17.93g/t / 30cm</b>	<b>558.90</b>	<b>3.66</b>	<b>0.925</b>	<b>Log: Cr+Peg</b>	<b>THIN UG2, SNV</b>
FG31	D0	335.50	11.27	0.470	Log: ? FPP	Excell. Values, ? Dev.	381.80	NS	0.700		NS
FG31	D1	W	W	W		W	382.20	NS	0.900		NS
FG31	D2	W	W	W		W	383.40	SNV	1.000		SNV
FG31	D3	335.80	NS	0.001		NS	SS	SS	SS		SS
FG31	D4	335.80	SNV	0.001		SNV	SS	SS	SS		SS
FG31	Redrill	NI	NI	NI		NI	384.00	NS	0.900		NS
<b>FG31</b>	<b>Avg</b>	<b>335.50</b>	<b>11.27</b>	<b>0.470</b>	<b>Log: FPP ?</b>	<b>Narrow MR, High Grade</b>	<b>381.80</b>		<b>0.875</b>	<b>Log: Cr+Peg</b>	<b>THIN UG2, SNV</b>
FG32	D0	FO	FO	FO		FO	562.40	NS	0.700		NS
FG32	D1	W	W	W		W	563.30	SNV	1.200		SNV, Lost Values
FG32	D2	W	W	W		W	563.30	SNV	1.000		SNV, Lost Values
FG32	D3	W	W	W		W	563.40	SNV	1.000		SNV, Lost Values
<b>FG32</b>	<b>Avg</b>				<b>Log: FO</b>	<b>Log: FO</b>	<b>562.40</b>		<b>0.975</b>	<b>Log: Cr+Pxnt+Peg</b>	<b>Narrow UG2, SNV, Values Lost</b>
FG33	D0	395.10	7.50	0.910	CR, (HW Mineralisation)	CR, 10 & 16g/t / 32cm	427.30	NS	1.100		NS
FG33	D1	W	W	W		W	427.80	SNV	1.500		SNV
FG33	D2	W	W	W		W	427.80	SNV	1.500		SNV
FG33	D3	W	W	W		W	427.70	NS	1.600		NS
FG33	D4	395.30	SNV	0.001		SNV	SS	SS	SS		SS
FG33	D5	395.80	SNV	0.001		SNV	SS	SS	SS		SS





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



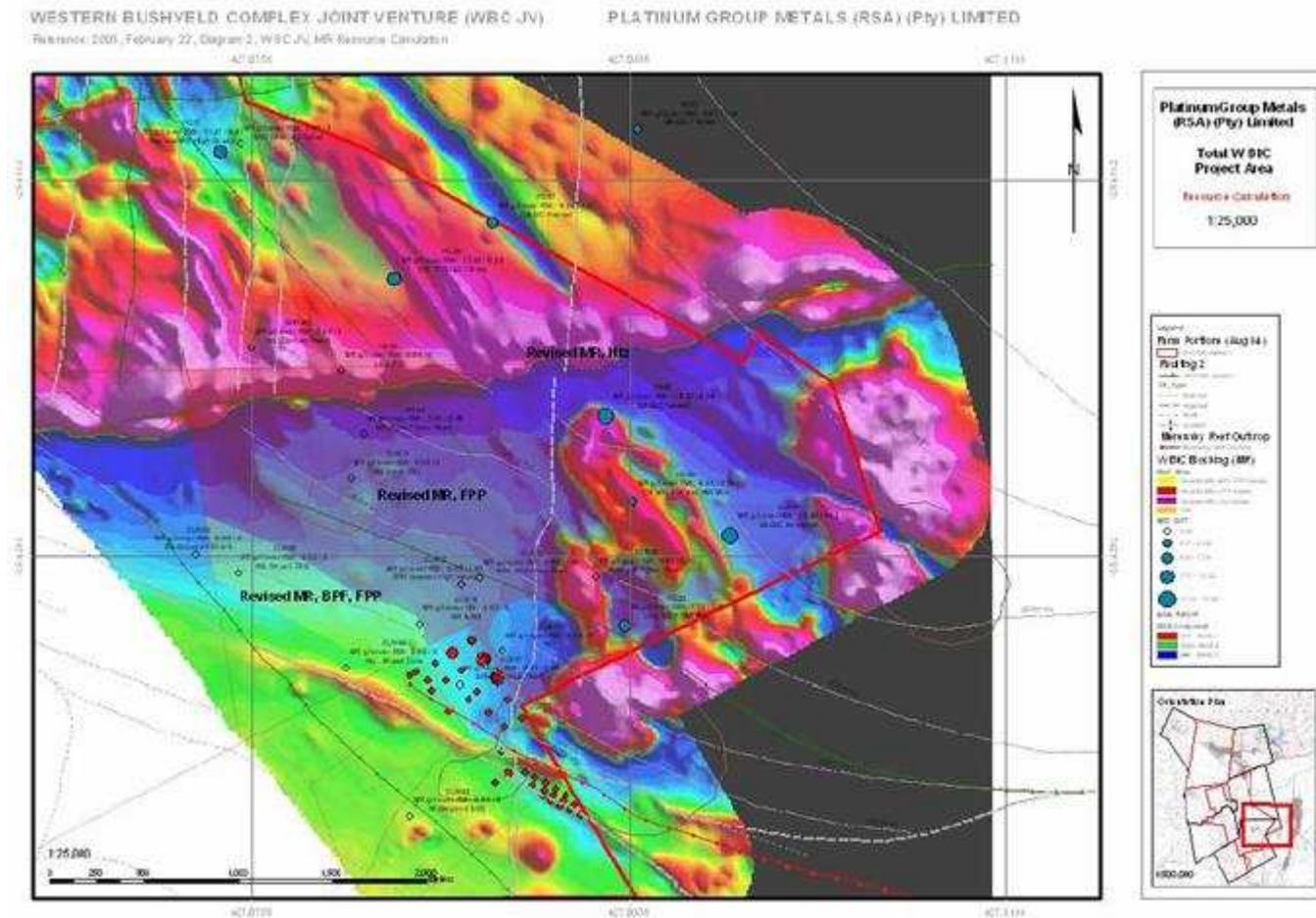


## STRUCTURAL DISCONTINUITIES

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).

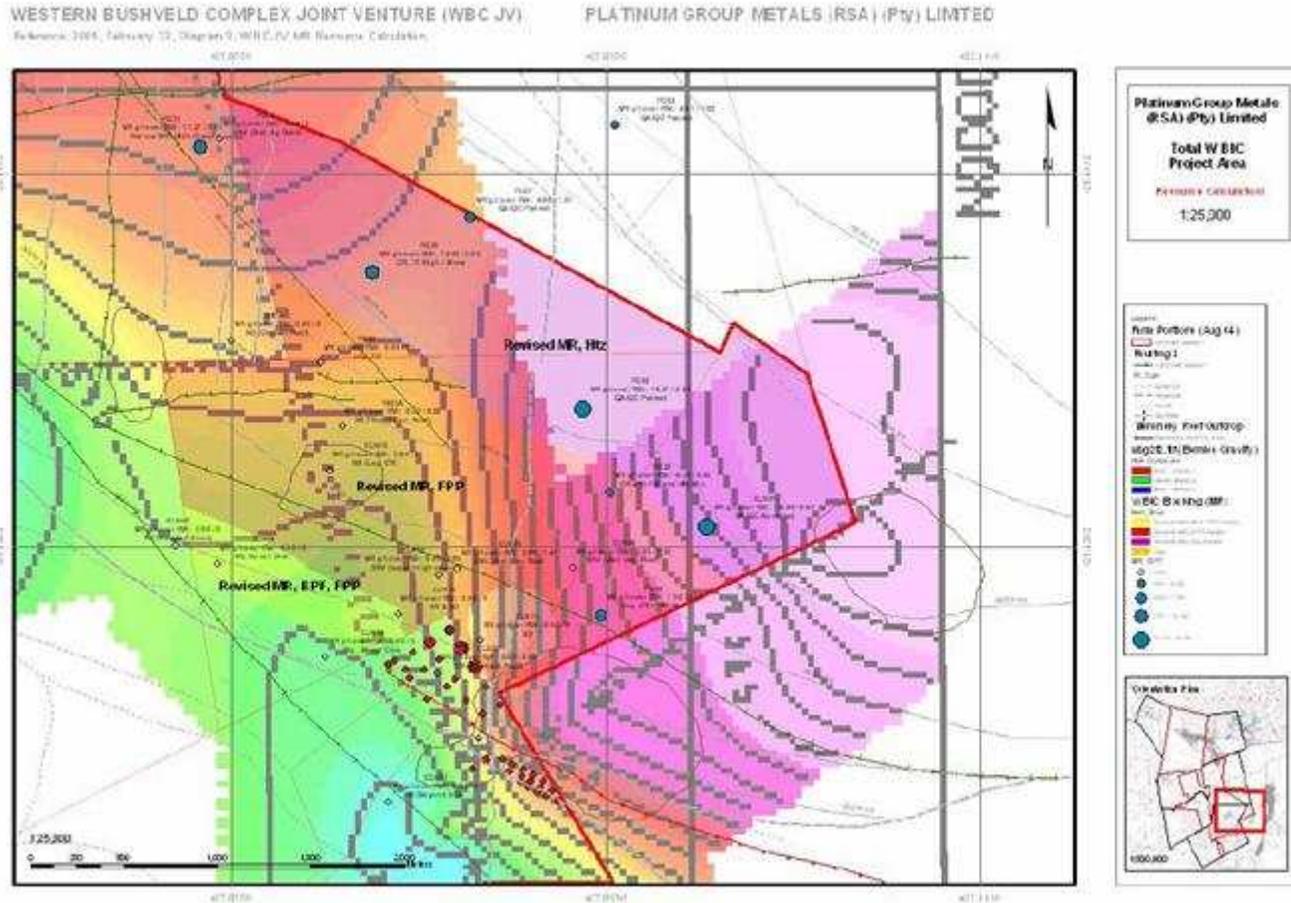
Figure 6. Magnetic survey image – Intrusive and possible faults to be observed.



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 coordinates, 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

<b>UG2 REEF</b>					
BHID	XPT	YPT		PGE	LENGTH
ELN01	9902.360	-2813499	UG2	2.65	1.77
FG02	9304.422	-2812867	UG2	0.46	1.70
FG07	8761.204	-2811846	UG2	5.87	1.56
FG29	9436.751	-2813313	UG2	1.27	1.00
FG30	8289.566	-2812141	UG2	3.39	1.00
<b>MERENSKY REEF FPP FACIES</b>					
FG29D0	9436.751	-2813313	MR(FPP)	2.61	1.00
FG33D0	9392.247	-2813969	MR(FPP)	6.85	1.00
ELN12	8609.977	-2813751	MR(FPP)	9.77	2.09
<b>MERENSKY REEF HZT FACIES</b>					
ELN01D0	9902.36	-2813499	MR(HZT)	10.45	1.00
FG02D0	9304.422	-2812867	MR(HZT)	16.27	2.24
FG07D0	8761.204	-2811846	MR(HZT)	6.86	1.51
FG30D0	8289.566	-2812141	MR(HZT)	4.32	1.00
FG31D0	7455.722	-2811466	MR(HZT)	5.30	1.00

Table 4. Reef intersections

**BH INTERSECTIONS**

<b>BHID</b>	<b>Def</b>	<b>MR</b>		<b>UG2</b>	
		<b>MR g/t</b>	<b>MR RW</b>	<b>UG2 g/t</b>	<b>UG2 RW</b>
<i>ELN01</i>	<b>D0</b>	15.24	0.530	2.81	1.830
<i>ELN01</i>	<b>D1</b>			2.43	1.800
<i>ELN01</i>	<b>D2</b>			2.71	1.680
<i>ELN01</i>	<b>D3</b>	18.32	0.700		
<i>FG02</i>	<b>D0</b>	13.21	1.970	0.20	1.700
<i>FG02</i>	<b>D1</b>			0.72	1.700
<i>FG02</i>	<b>D2</b>	18.69	2.500		
<i>FG03</i>	<b>D0</b>	4.12	0.870	2.18	1.650
<i>FG03</i>	<b>D1</b>			4.01	1.110
<i>FG03</i>	<b>D2</b>	3.67	1.080		
<i>FG03</i>	<b>D3</b>	5.90	1.110		
<i>FG06</i>	<b>D0</b>	4.47	1.070	1.62	0.590
<i>FG06</i>	<b>D1</b>			0.25	1.360
<i>FG06</i>	<b>D2</b>	15.78	1.300		
<i>FG06</i>	<b>D3</b>	21.22	0.730		
<i>FG07</i>	<b>D0</b>	3.95	1.290	5.50	1.860
<i>FG07</i>	<b>D1</b>			6.43	1.250
<i>FG07</i>	<b>D2</b>	8.14	2.040		
<i>FG07</i>	<b>D3</b>	7.83	1.190		
<i>FG08</i>	<b>D0</b>	4.51	0.860	1.71	1.810
<i>FG08</i>	<b>D1</b>	5.80	0.590		
<i>FG08</i>	<b>D2</b>	7.16	0.930		
<i>FG09</i>	<b>D0</b>	8.23	0.890	4.90	1.500
<i>FG09</i>	<b>D1</b>			5.20	1.400
<i>FG09</i>	<b>D2</b>	2.39	1.620		
<i>FG09</i>	<b>D3</b>	8.51	1.570		
<i>FG10</i>	<b>D0</b>	11.85	0.780	3.13	5.280
<i>FG10</i>	<b>D1</b>	11.12	0.810		
<i>FG10</i>	<b>D2</b>	7.14	0.540		
<i>FG29</i>	<b>D0</b>	3.40	0.580	1.99	0.640
<i>FG29</i>	<b>D1</b>	5.23	0.620		
<i>FG30</i>	<b>D0</b>	9.36	0.350	3.55	0.890
<i>FG30</i>	<b>D1</b>			3.77	0.960
<i>FG30</i>	<b>D3</b>	17.93	0.300		
<i>FG31</i>	<b>D0</b>	11.27	0.470		0.700
<i>FG31</i>	<b>D3</b>		0.001		SS
<i>FG31</i>	<b>D4</b>		0.001		SS
<i>FG33</i>	<b>D0</b>	7.50	0.910		1.100

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	METAL CONTENT	TONNAGE	GRADE	METAL CONTENT	
	(t)	WPGE (g)	(30% geo-loss) (t)	(g/t)	WPGE(g)	Moz
<b>FPP Reef Type (2 g/t cut-off)</b>	6,363,451.47	41,757,559.96	5,090,761.18	6.56	33,406,047.97	1.074
<b>HZT Reef Type (2 g/t cut-off)</b>	12,902,934.97	132,631,207.11	10,322,347.98	8.59	88,668,969.11	2.851
<b>Merensky reef - Total (2 g/t cut-off)</b>	19,266,386.44	174,388,767.07	15,413,109.15	7.92	122,075,017.08	3.925
<b>UG2 (1g/t cut-off)</b>	12,565,083.29	31697323.31	10,052,066.63	2.52	25,357,858.65	0.815
<b>TOTAL – MR and UG 2</b>			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.  $ID^2$  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 Reefs. 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 reefs 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*

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*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 mineral 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.

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

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- (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.

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

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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) 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.Geo. and Grant Mourre, 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 Mourre, M.Sc., P.Geo and Scott Jobin-Bevans, M.Sc., P.Geo. 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.*

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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:

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Claim details for the Agnew Lake Property

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<b>Claim Numbers</b>	<b>Units</b>	<b>Size (ha)</b>	<b>Township</b>	<b>Recording Date</b>	<b>Due Date <sup>(1)</sup></b>
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

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<b>Claim Numbers</b>	<b>Units</b>	<b>Size (ha)</b>	<b>Township</b>	<b>Recording Date</b>	<b>Due Date <sup>(1)</sup></b>
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
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
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<b>Claim Numbers</b>	<b>Units</b>	<b>Size (ha)</b>	<b>Township</b>	<b>Recording Date</b>	<b>Due Date <sup>(1)</sup></b>
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
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

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<b>Claim Numbers</b>	<b>Units</b>	<b>Size (ha)</b>	<b>Township</b>	<b>Recording Date</b>	<b>Due Date <sup>(1)</sup></b>
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
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
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Claim Numbers	Units	Size (ha)	Township	Recording Date	Due Date <sup>(1)</sup>
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
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.

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**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.

<b>B-Zone</b>				
<b>DDH #</b>	<b>Interval (m)</b>	<b>Au (ppb)</b>	<b>Pt (ppb)</b>	<b>Pd (ppb)</b>
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
<b>C-Zone</b>				
90-C-01	83.95-85.0	14	174	903
<b>D-Zone</b>				
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 gabbro-noritic 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-Algonia 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**

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The Phase 1 work program was completed on the Agnew Lake property between July 15<sup>th</sup> and December 30<sup>th</sup>, 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	<b>1791</b>	41	424
A-Zone Grid	CF-00-03	melagabbro/pyroxenite	91	474	1045	<b>1610</b>	445	2690
A-Zone Grid	CF-00-16	melagabbro/pyroxenite	46	1187	1603	<b>2836</b>	126	170
A-Zone Grid	GM-00-03	gabbro/melagabbro	110	280	652	<b>1042</b>	417	3050
A-Zone Grid	GM-00-05	melagabbro/pyroxenite	110	341	603	<b>1054</b>	281	1370
B2-Zone	CF-00-29	melagabbro/pyroxenite	162	703	2593	<b>3458</b>	191	364
B2-Zone	CF-00-29A	melagabbro/pyroxenite	127	3010	2045	<b>5182</b>	66	440
B2-Zone	GM-00-48	melagabbro/pyroxenite	180	1804	3628	<b>5612</b>	79	692
B-Zone	CF-00-40	gabbro	42	184	1346	<b>1572</b>	416	451
B-Zone	GM-00-60	gabbro/leucogabbro	154	592	2310	<b>3056</b>	1120	4820
B-Zone	GM-00-67	gabbro	52	265	972	<b>1289</b>	356	2700
B-Zone	GM-00-68	gabbro	47	215	781	<b>1043</b>	212	1200
C-Zone	GM-00-95	melagabbro/pyroxenite	77	1942	375	<b>2394</b>	150	1090

### PFN Phase 2 Surface Exploration

A Phase 2 surface exploration program was completed on the Property between June 1<sup>st</sup> and December 30<sup>th</sup>, 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	<b>1268</b>	113	3
18498	LGAB	5	548	752	<b>1305</b>	70	23
18820	PYROX.	91	465	753	<b>1309</b>	85	284
LQ-01-06	LGAB	133	611	611	<b>1355</b>	164	2560
20013	LGAB-GAB	11	716	689	<b>1416</b>	102	120
143998	LGAB	18	822	583	<b>1423</b>	139	385
18677	PYROX.	10	1030	415	<b>1455</b>	90	6.3
143985	PYROX.	17	1078	383	<b>1478</b>	110	24
158679	PYROX.	54	943	501	<b>1498</b>	102	174
143991	PYROX.	5	835	666	<b>1506</b>	132	8
19971	GAB	308	952	332	<b>1592</b>	1630	7190
18912	MGAB	147	1308	257	<b>1712</b>	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 20<sup>th</sup> to December 12<sup>th</sup>, 2001 and holes AL-11 to AL-21 drilled from February 2<sup>nd</sup> to March 20<sup>th</sup>, 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)
<b>AL-01</b>	12.85	14.50	<b>1.65</b>	4.4	163.3	238.3	406.1	<b>0.41</b>
<b>AL-02</b>	3.00	17.00	<b>14.00</b>	29.1	86.5	340.5	456.1	<b>0.46</b>
incl.	6.00	17.00	<b>11.00</b>	23.2	105.1	427.4	555.7	<b>0.56</b>
<b>AL-03</b>	27.00	30.35	<b>3.35</b>	18.0	8.3	188.0	214.3	<b>0.21</b>
And	39.00	40.00	<b>1.00</b>	46.5	171.0	291.5	509.0	<b>0.51</b>
And	41.00	42.50	<b>1.50</b>	41.7	269.3	289.0	600.0	<b>0.60</b>
<b>AL-04</b>	30.00	33.00	<b>3.00</b>	25.5	117.0	240.2	382.7	<b>0.38</b>
And	39.65	41.00	<b>1.35</b>	18.0	141.3	178.4	337.7	<b>0.34</b>
<b>AL-05</b>	57.00	62.50	<b>5.50</b>	2.5	95.5	233.3	331.4	<b>0.33</b>
<b>AL-06</b>	66.50	77.50	<b>11.00</b>	29.6	226.6	152.5	408.8	<b>0.41</b>
incl.	69.00	70.50	<b>1.50</b>	55.3	866.3	384.0	1305.7	<b>1.31</b>
incl.	69.00	77.50	<b>8.50</b>	36.6	245.1	180.5	462.2	<b>0.46</b>
<b>AL-07</b>	77.00	86.00	<b>9.00</b>	38.2	149.6	165.4	353.2	<b>0.35</b>
incl.	83.00	84.50	<b>1.50</b>	40.7	230.3	465.7	736.7	<b>0.74</b>
<b>AL-08</b>	103.00	103.50	<b>0.50</b>	6.0	877.0	149.0	1032.0	<b>1.03</b>
And	124.50	141.50	<b>17.00</b>	10.3	83.6	171.1	265.0	<b>0.27</b>
incl.	129.00	132.00	<b>3.00</b>	14.7	175.2	305.8	495.7	<b>0.50</b>
<b>AL-09</b>	93.00	96.00	<b>3.00</b>	5.5	146.8	212.3	364.7	<b>0.36</b>

<i>And</i>	118.50	127.50	<b>9.00</b>	22.4	144.3	157.7	324.4	<b>0.32</b>
<i>And</i>	132.50	136.00	<b>3.50</b>	42.9	250.0	212.4	505.3	<b>0.51</b>
<b>AL-10</b>	75.00	76.00	<b>1.00</b>	3.0	195.0	465.0	663.0	<b>0.66</b>
<i>And</i>	78.00	80.00	<b>2.00</b>	2.0	182.0	146.5	330.5	<b>0.33</b>
<i>And</i>	94.60	98.00	<b>3.40</b>	14.8	126.4	90.9	232.1	<b>0.23</b>
<b>AL-11</b>	23.00	36.00	<b>13.00</b>	18.9	165.3	164.7	348.9	<b>0.35</b>
<i>incl.</i>	31.50	36.00	<b>4.50</b>	50.0	338.0	225.0	613.0	<b>0.61</b>
<b>AL-12</b>	65.00	66.50	<b>1.50</b>	39.0	471.3	497.7	969.0	<b>0.97</b>
<b>AL-13</b>	68.00	70.00	<b>2.00</b>	58.5	686.0	1924.5	2669.0	<b>2.67</b>
<i>incl.</i>	69.00	70.00	<b>1.00</b>	115.0	1310.0	3760.0	5185.0	<b>5.19</b>
<i>And</i>	105.55	109.00	<b>3.45</b>	4.9	111.7	202.3	318.9	<b>0.32</b>
<b>AL-14</b>	81.00	82.25	<b>1.25</b>	0.0	242.0	514.0	756.0	<b>0.76</b>
<b>AL-15</b>	50.75	55.00	<b>4.25</b>	5.2	112.2	160.6	278.1	<b>0.28</b>
<i>And</i>	83.00	88.00	<b>5.00</b>	5.4	86.6	178.2	270.2	<b>0.27</b>

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

### PFN Phase 3 Surface Exploration

A third phase of surface exploration was completed between June 1<sup>st</sup> and December 31<sup>st</sup>, 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 (ppb)	Pt (ppb)	Pd (ppb)	3E (ppb)	Ni (ppm)	Cu (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 14<sup>th</sup> to November 28<sup>th</sup>, 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.

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).

DDH	From (m)	To (m)	Int (m)	Au (ppb)	Pt (ppb)	Pd (ppb)	3E (ppb)	3E (g/t)
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

<i>AL-27</i>	<i>128</i>	<i>129</i>	<i>1.0</i>	<i>39</i>	<i>411</i>	<i>2110</i>	<i>2560</i>	<i>2.56</i>
<i>AL-27</i>	<i>164</i>	<i>165</i>	<i>1.0</i>	<i>22</i>	<i>169</i>	<i>902</i>	<i>1093</i>	<i>1.09</i>
<i>AL-28</i>	<i>46</i>	<i>50</i>	<i>4.0</i>	<i>12</i>	<i>164</i>	<i>273</i>	<i>449</i>	<i>0.45</i>
<i>AL-28</i>	<i>57.1</i>	<i>58</i>	<i>0.9</i>	<i>29</i>	<i>343</i>	<i>1270</i>	<i>1642</i>	<i>1.64</i>
<i>AL-29</i>	<i>215</i>	<i>216</i>	<i>1.0</i>	<i>11</i>	<i>124</i>	<i>539</i>	<i>674</i>	<i>0.67</i>

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***PFN Phase 4 Surface Exploration***

*From June 5<sup>th</sup> to 8<sup>th</sup>, 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*

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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).

<b>Sample</b>	<b>Au (ppb)</b>	<b>Pt (ppb)</b>	<b>Pd (ppb)</b>	<b>3E (ppb)</b>	<b>Ni (ppm)</b>	<b>Cu (ppm)</b>
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

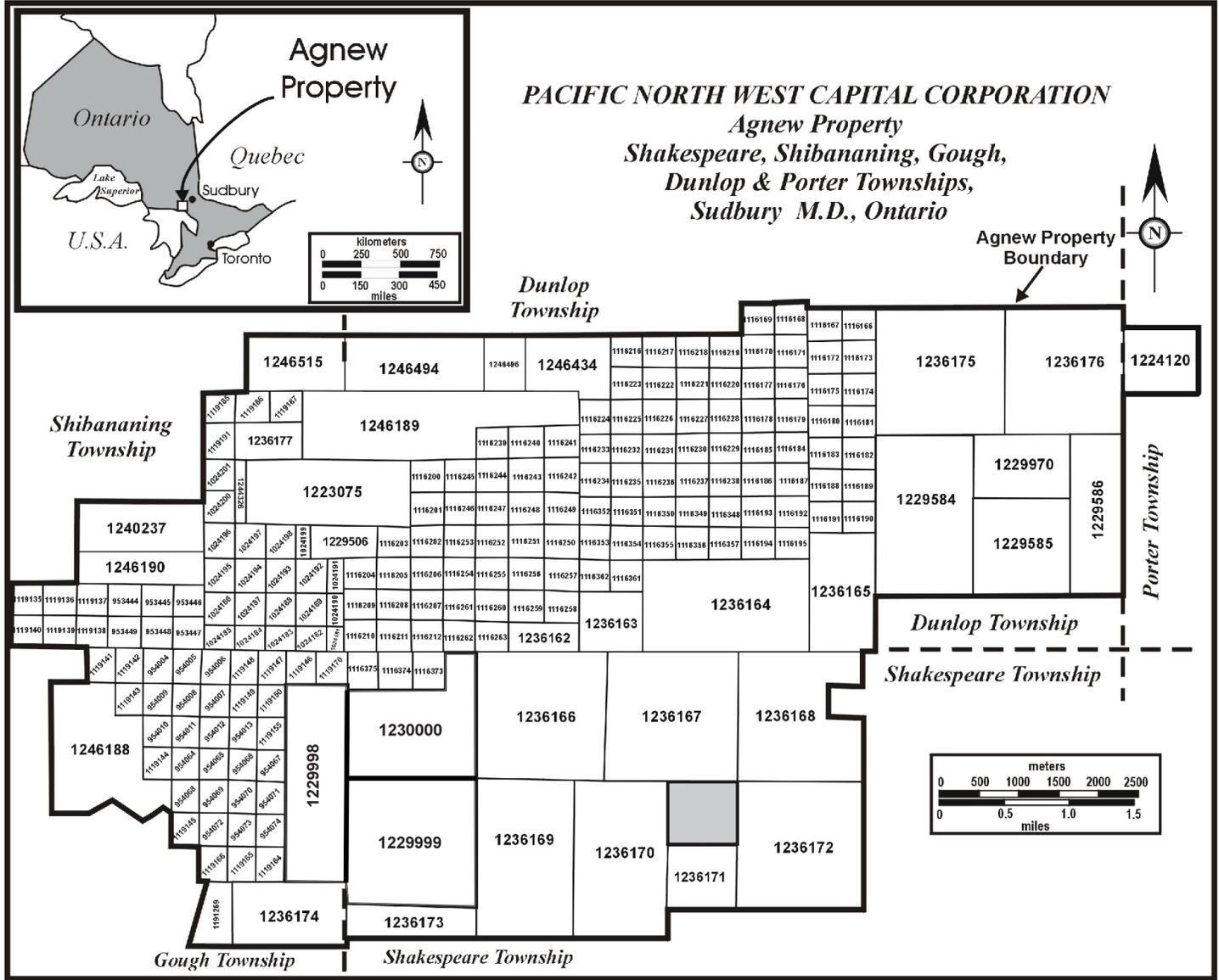
*A total of 20km of line cutting was completed in November 2003 over the Zone 5 and Zone 6 SPECTREM targets (Bye and O'Brien grids). Geophysics was completed over the two grids December 2003 and January 2004. Poor weather and late freeze-up prevented access to the Bye grid until January 2004. Mag and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

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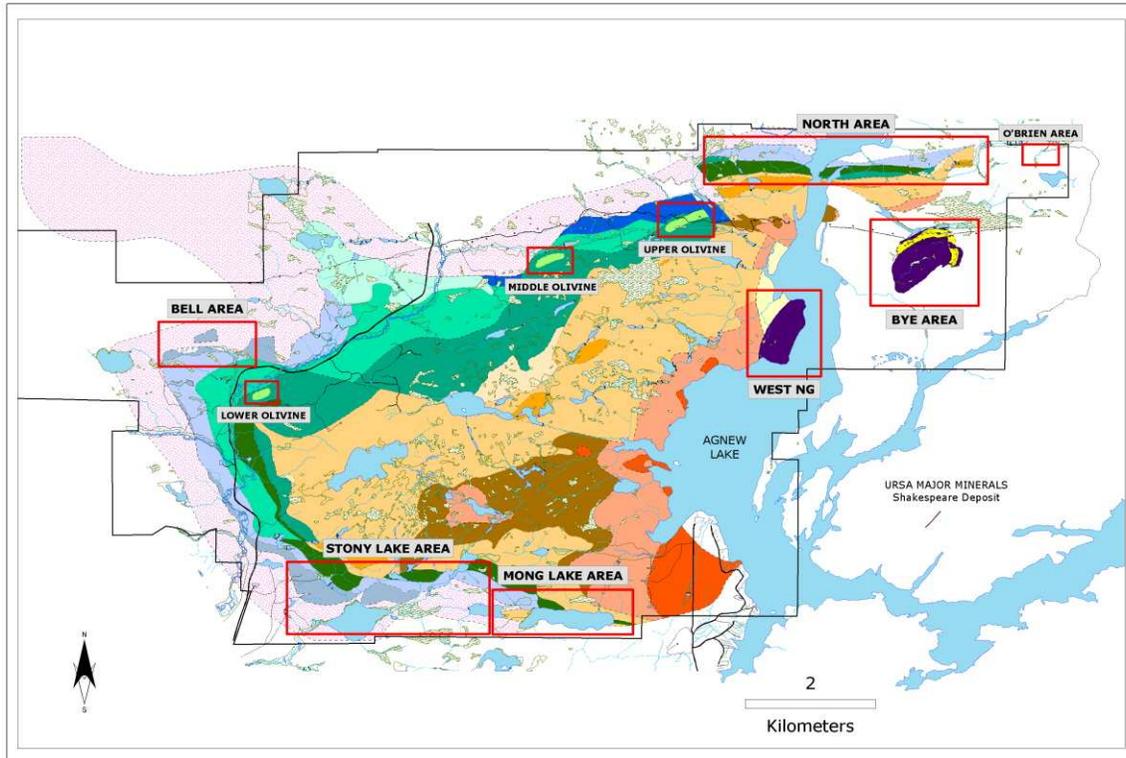
Figure 8 - The Agnew Lake Property



### PFN Phase 5 Surface Exploration

Activities for Phase 5 surface exploration at the Agnew Lake property commenced June 18<sup>th</sup>, 2004. The bulk of the sampling and mapping work was completed by August 31<sup>th</sup> 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 Nipissing 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).

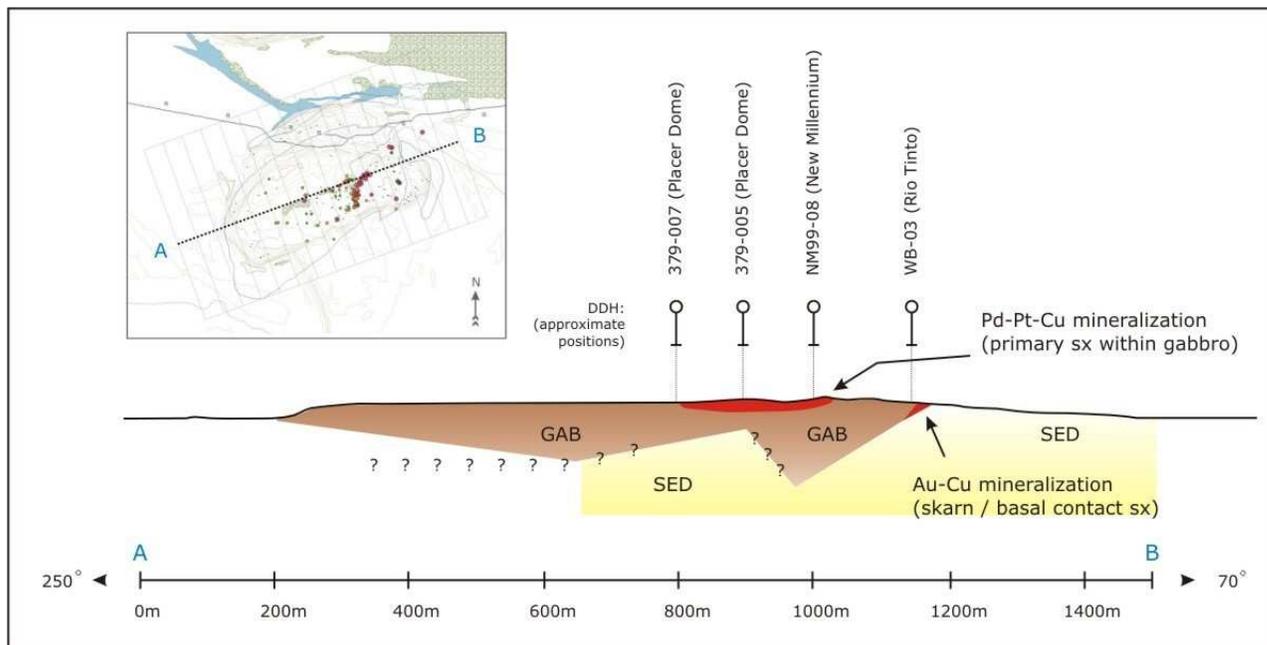
Sample	UTM-E	UTM-N	Au (ppb)	Pt (ppb)	Pd (ppb)	3E (ppb)	Ni (ppm)	Cu (ppm)
29211	436246	5137101	7474	31	24	<b>7529</b>	45	758
29319	436060	5137179	269	1187	4731	<b>6187</b>	255	1130
34371	436087	5137208	754	1278	4089	<b>6121</b>	523	4470
57793	436069	5137174	536	1271	3801	<b>5608</b>	34	59
29323	436038	5137141	470	1160	3603	<b>5233</b>	1140	6350
29322	436038	5137141	524	1038	3079	<b>4641</b>	1840	7340
57666	436377	5137433	4533	54	31	<b>4618</b>	44	728
57665	436377	5137433	4251	38	27	<b>4316</b>	48	363
57890	436377	5137433	3948	46	22	<b>4016</b>	24	39
57667	436086	5137218	336	631	2340	<b>3307</b>	28	687
29324	436038	5137141	239	573	2073	<b>2885</b>	607	3950
57794	436053	5137164	135	727	1907	<b>2769</b>	1950	9450
34370	436087	5137208	265	557	1840	<b>2662</b>	597	3320
34369	436093	5137200	192	426	1477	<b>2095</b>	17	41
34376	436054	5137139	141	345	1230	<b>1716</b>	156	680
57664	436377	5137433	1598	25	20	<b>1643</b>	27	109
29333	435787	5137092	182	284	1025	<b>1491</b>	623	2670
29210	436246	5137101	1354	6	11	<b>1371</b>	30	775
29332	435787	5137092	144	339	861	<b>1344</b>	700	2590
34018	435952	5136999	144	349	584	<b>1077</b>	792	2720
57935	436254	5137188	1001	28	16	<b>1045</b>	82	391

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

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

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 ' 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 1 5).

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.

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

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 m<sup>2</sup>. 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).

<b>DDH</b>	<b>Az.</b>	<b>Dip</b>	<b>Length (m)</b>	<b>Target Description</b>
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 1 1 : Proposed drill holes - 2005 Bye Area

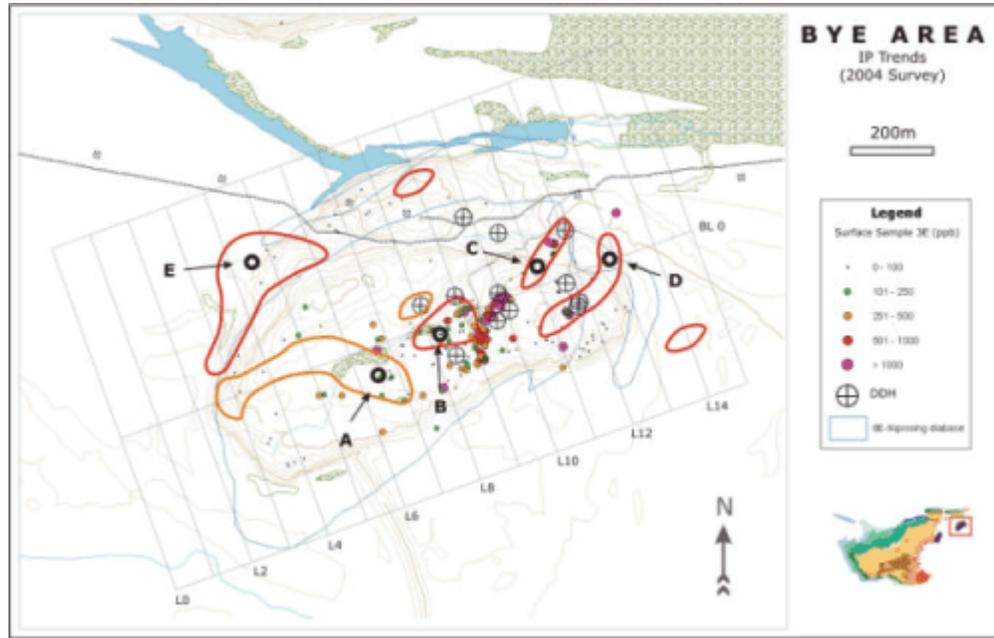


Figure 9. Bye Area 2004 exploration grid &amp; IP-Zones (October 2004 survey) with proposed DDH targets.

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

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

#### 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 approximately 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 an evaluation of results.

Grab samples, channel samples and lithochemical 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.

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*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.*

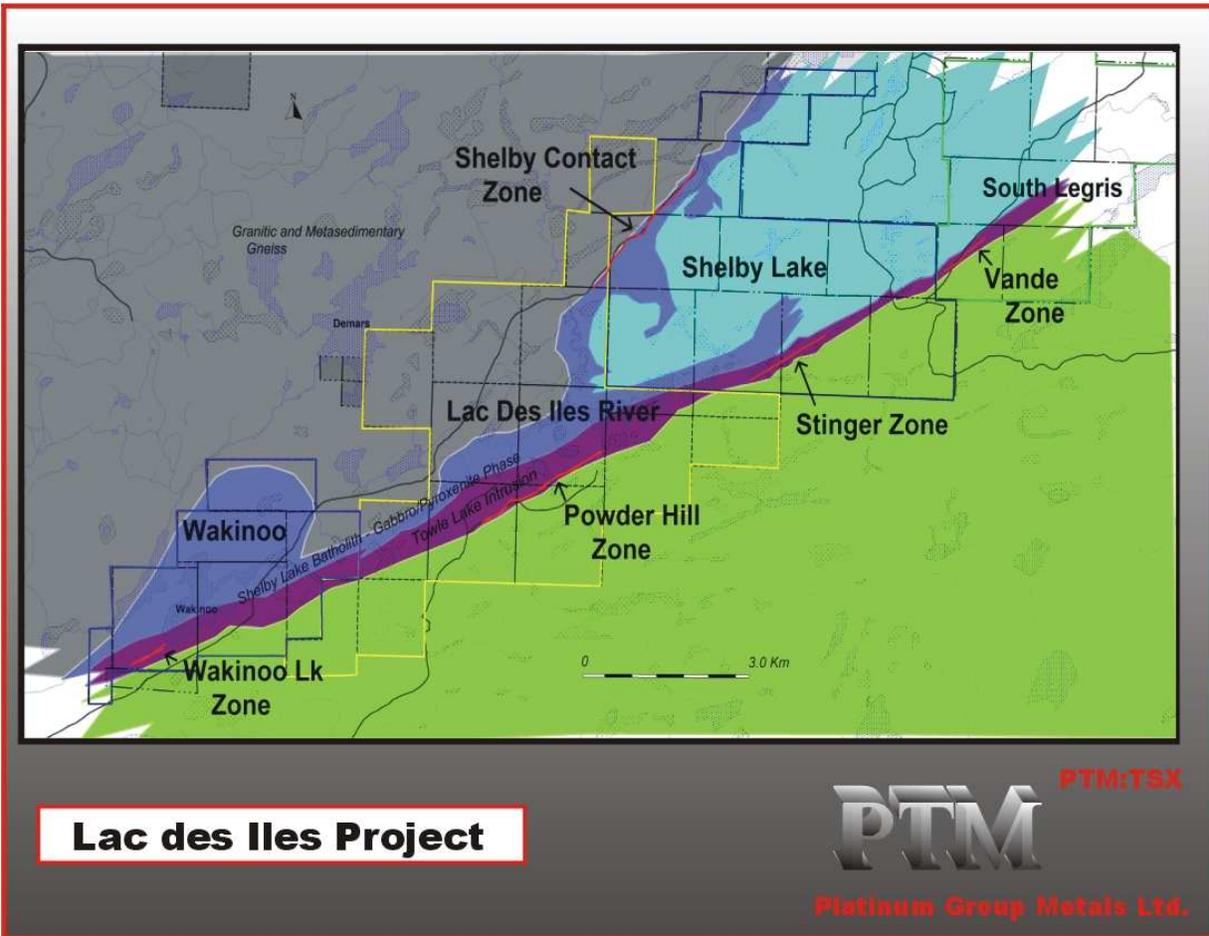
*Bondar-Clegg and XRAL Laboratories are both ISO-9002 certified laboratories. At both Bondar-Clegg and XRAL Laboratories all samples returning Pt, Pd or Au values over 1000 ppb are re-assayed by the laboratory, as well, in house standards are inserted every 10 samples.*

*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.*

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Figure 1 2 - 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 1 2 .

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**

<b>Claim Number</b>	<b># of units</b>	<b>Approx. Area Hectares</b>	<b>Approx. Area Acres</b>	<b>Township or Mining District</b>	<b>Original Recording Date</b>	<b>Assessment Work Due Date</b>
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

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
<b>Totals</b>	<b>135</b>	<b>2,160</b>	<b>5,333</b>			

### 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 1 2 .

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.

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Lac Des Iles River Property Claim Information

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Claim Number	# of units	Approx. Area Hectares	Approx. Area Acres	Township or Mining District	Original Recording Date	Assessment Work Due Date
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
<b>Totals</b>	<b>159</b>	<b>2,544</b>	<b>6,281</b>			

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 1 2 . 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.

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#### South Legris Property Claim Information

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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

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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
<b>Totals</b>	<b>135</b>	<b>2,160</b>	<b>5,333</b>			

### **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:*

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 orhto 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

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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.*

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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 17, 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 17 : 2001 Drill Intercepts and Results - Powder Hill Zone**

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

**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 1 8 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 downdip (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**

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

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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 1 9 - 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 (m)</i>	<i>To (m)</i>	<i>Intercept (m)</i>	<i>Au (ppb)</i>	<i>Pt (ppb)</i>	<i>Pd (ppb)</i>	<i>Au+Pt+Pd (g/t)</i>	<i>Pd:Pt</i>
ST02-01	25E	15N	41.8	66.9	<b>25.1</b>	13	33	98	<b>0.14</b>	2.97
ST02-02	25W	15N	60.9	63.8	<b>2.9</b>	28	54	331	<b>0.41</b>	6.13
ST02-03	11W	44S			<b>** Lost in Fault Above Zone</b>					
ST02-04	100E	15N	49.7	68.9	<b>19.2</b>	71	157	827	<b>1.06</b>	5.27
		<i>*including</i>			<b>2.6</b>				<b>3.47</b>	
ST02-05	100W	15N	56.3	62.8	<b>6.5</b>	68	176	1033	<b>1.28</b>	5.87
		<i>*including</i>			<b>1.3</b>				<b>5.48</b>	
ST02-06	6E	30S	125.3	139	<b>13.65</b>	22	238	1219	<b>1.48</b>	5.12
		<i>*including</i>			<b>3.1</b>				<b>4.92</b>	
		<i>which includes</i>			<b>1.1</b>				<b>6.71</b>	
ST02-07	100E	30S	212.3	217.9	<b>5.6</b>	59	168	1006	<b>1.23</b>	5.99
		<i>*including</i>			<b>0.7</b>				<b>3.9</b>	
ST02-08	200E	0N	80	82.5	<b>2.5</b>	26	161	892	<b>1.08</b>	5.54
ST02-09	300E	10 S			<b>** Failed to Intersect Stinger Zone</b>					
ST02-10	200W	15N			<b>** Stinger Zone removed by late ferrogabbro dyke</b>					
ST02-11	50W	90S	190.9	196.5	<b>5.6</b>	2	126	252	<b>0.38</b>	2
			245.5	253	<b>7.5</b>	36	134	447	<b>0.62</b>	3.34
ST02-12	500W	0N	77.3	79.4	<b>2.1</b>	21	245	884	<b>1.15</b>	3.61

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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.

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*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 downdip 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 19<sup>th</sup>, 2002 and January 16<sup>th</sup>, 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*

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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 Chibougamau, 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 2 0 - Stinger Zone - Significant Intercepts - 2003 Drilling**

Hole No	East	North	From (m)	To (m)	Intercept (m)	Au (ppb)	Pt (ppb)	Pd (ppb)	Au+Pt+Pd (g/t)	Pd:Pt
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 2 1 - Powder Hill Zone - Significant Drill Intercepts - 2003 Drilling**

Hole No	East	North	From (m)	To (m)	Intercept (m)	Au (ppb)	Pt (ppb)	Pd (ppb)	Au+Pt+Pd (g/t)	Pd:Pt
PH03-13	1400W	525S	68.9	77	<b>8.1</b>	11	65	256	<b>0.33</b>	3.94
		<i>*including</i>			<b>0.3</b>				<b>3.1</b>	
PH03-14	800W	550S	56.5	61.15	<b>4.65</b>	44	106	456	<b>0.61</b>	4.30
		<i>*including</i>							<b>2.00</b>	
TL03-01	0W	675S			<b>0.4</b>	24	344	1480	<b>1.85</b>	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 its 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 its 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 metres 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

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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 10<sup>th</sup> 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 is 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 AL4CNC 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.

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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 subsample 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.

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*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.*

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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.

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## 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:

<i>Cash Payments</i>	<i>(total \$110,000)</i>	<i>Shares to Be Issued (total 75,000)</i>
On signing	\$25,000 <i>(paid)</i>	0
October 30, 2004	\$25,000 <i>(paid)</i>	25,000 <i>(issued)</i>
October 30, 2005	\$25,000	25,000
October 30, 2006	\$35,000	25,000
<i>Cumulative Exploration Expenditures</i>	<i>(total \$1,500,000)</i>	
December 31, 2003	\$100,000 <i>(completed)</i>	
December 31, 2004	\$400,000 <i>(completed)</i>	
December 31, 2005	\$800,000 <i>(completed)</i>	
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 1 3 : Location Map - Lakemount Property, Sault Ste. Marie Mining District, Ontario*



LAKEMOUNT  
PROPERTY  
BOUNDARY



Wawa Area Map

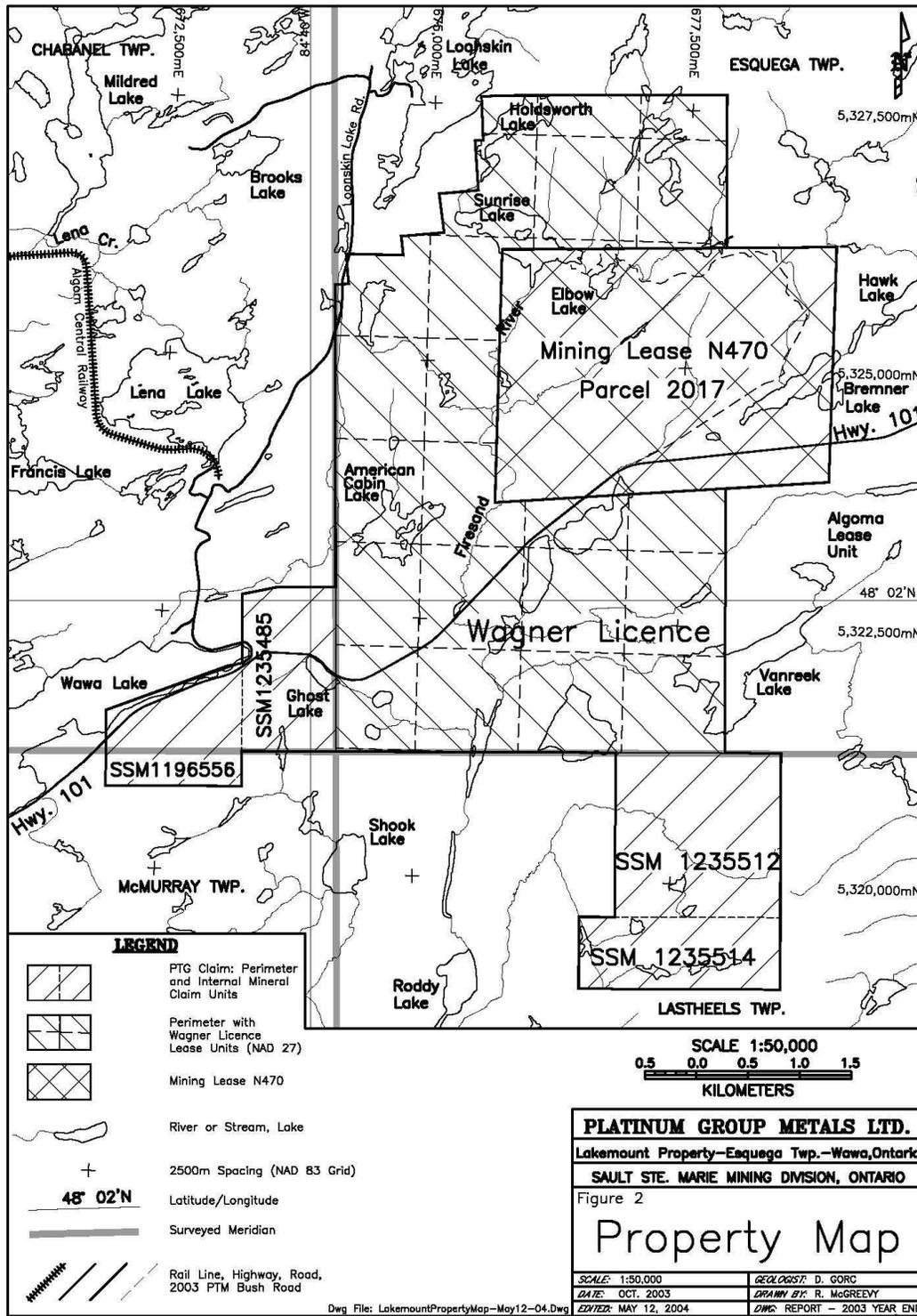
**LOCAT ON PLAN**

LAKEMOUNT PROPER

WESTERN PROSPECTOR GROUP TD



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 1 4 ) 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.
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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, Melon 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.

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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 1 3 ). 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 1 4 ).

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 Area	Claim Number	Recording Date	Claim Due Date	Units	Percent Option	Work Required
Chabanel	SSM 1196556	2000/Jul/28	2003/Jul/28*	7	100.0%	2800
Chabanel-McMurray	SSM 1235485	2000/Jul/20	2004/Jul/20*	9	100.0%	3600
Lastheels	SSM 1235512	2000/Sep/12	2002/Sep/12*	16	100.0%	6400
Lastheels	SSM 1235514	2000/Oct/18	2002/Oct/18*	6	100.0%	2400

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 pentlandite 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:*



Hole No.	Intersection (m)	Width (m)	Pt(g/t)	Pd(g/t)	Assay Details
7 11	12.2 - 13.7 103.0 - 120.4	1.5 17.4		2.10 1.71	not assayed 4.63
					1943 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 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-fragmental 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 2 2 - Lakemount Exploration History - Drilling and Other Work**

<b>Year(s)</b>	<b>Company</b>	<b>Notes</b>	<b># of Holes</b>	<b>Drill Hole Nos.</b>	<b>Footage Drilled</b>	<b>Meters Drilled</b>	<b>Work</b>
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
	<b>Totals</b>		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-Kapuskaing fault corridor (Figure 16) 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

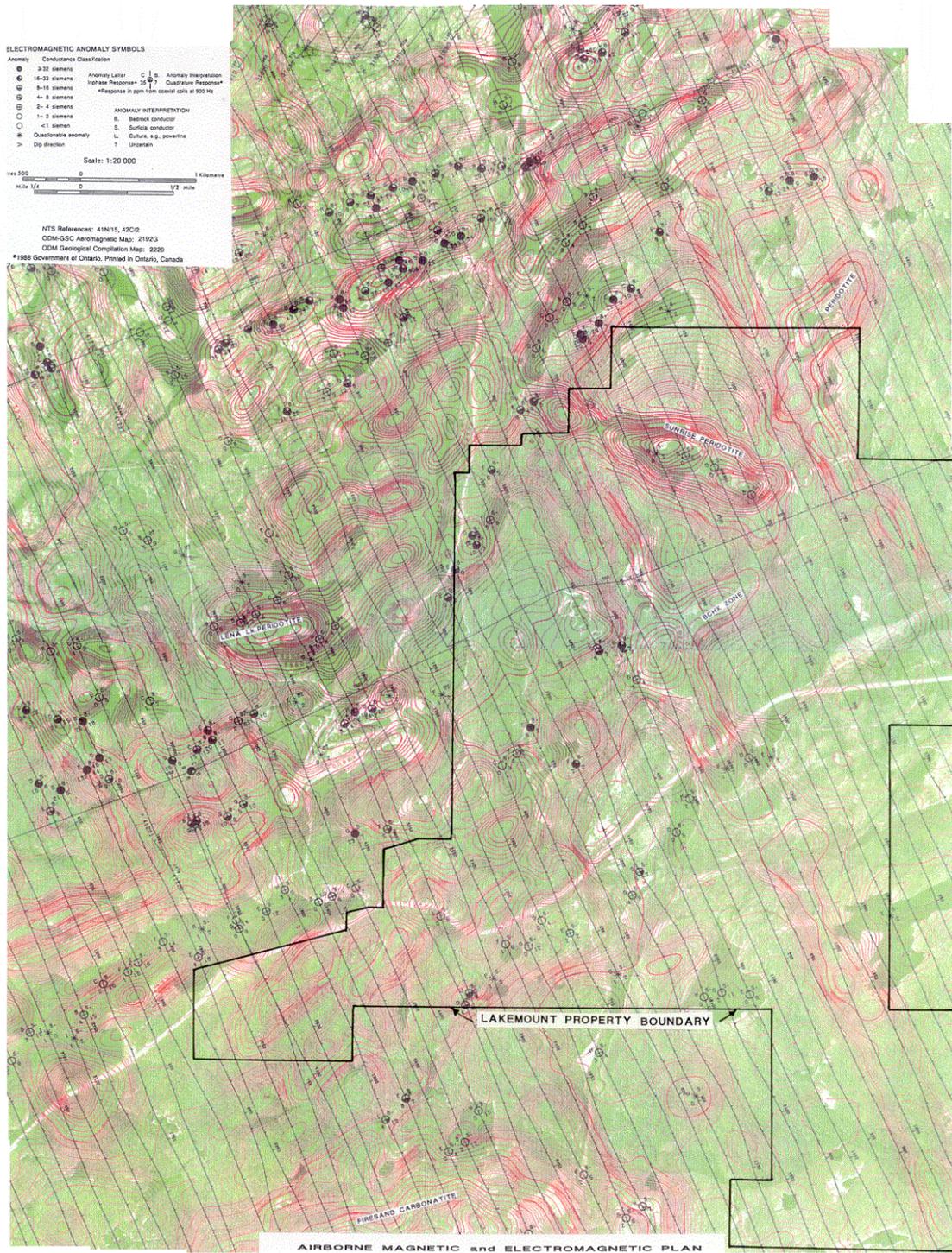
At least two, and potentially three, phases of mafic/ultramafic intrusive activity occur within the Lakemount Property holdings and throughout this portion of the Michipicoten Greenstone Belt. The earliest phase of intrusions appears to be dominantly ultramafic (pyroxenite-peridotite) intrusions and 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 15. 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.

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Figure 15 : 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.*

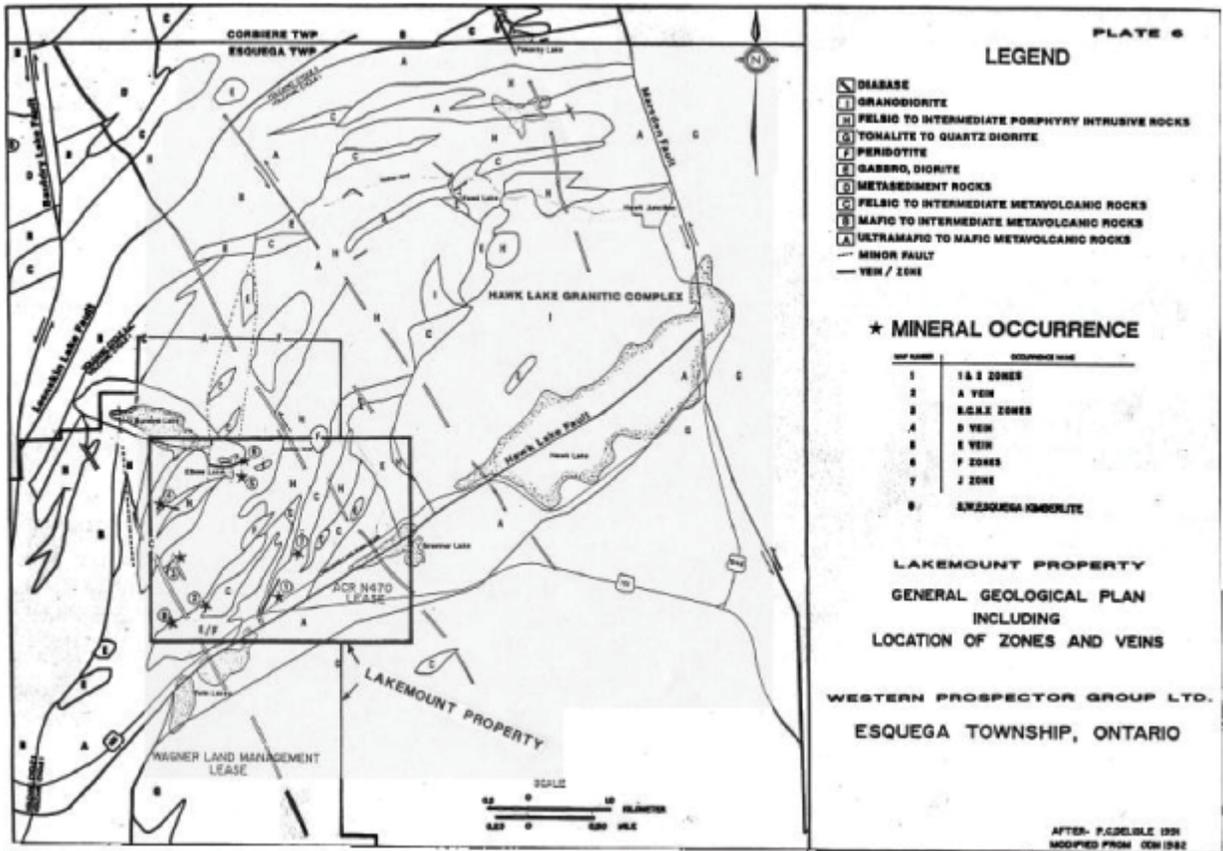
*The Lakemount Property itself hosts eight known mineral occurrences. The location of these zones is outlined on Figure 1 6 with the most significant deposit types described as follows:*

*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.*

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Figure 16 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 1 7 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

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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

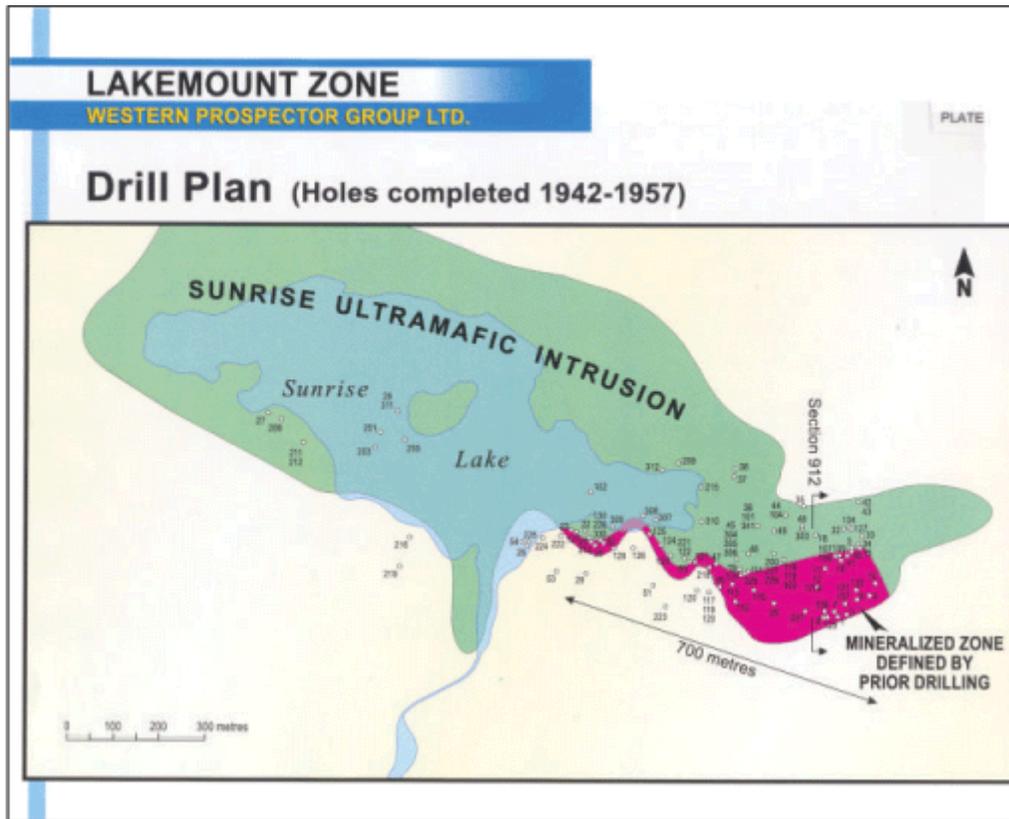
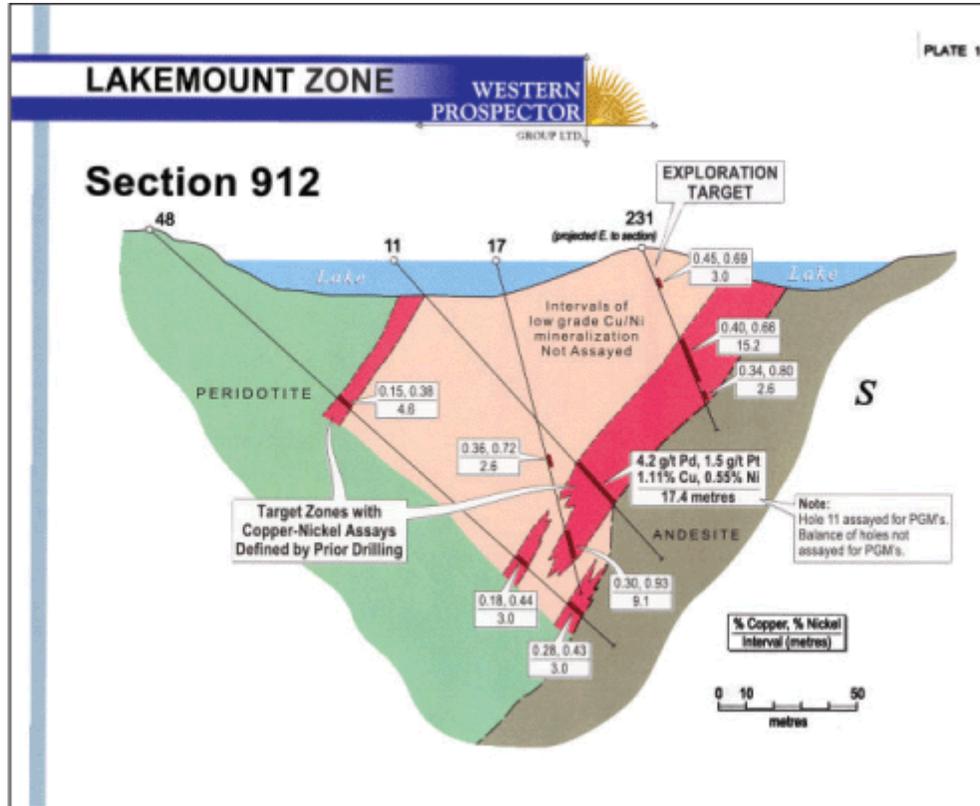


Figure 1 8 - Cross Section through Lakemount Zone - Section Line Shown on Figure above.



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 it 's 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 2 3 , 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 Biminerale 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.*

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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 2 3 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 2 3 : Mineralized Intercepts 2003-2004 PTM Drilling - Lakemount Property

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

Hole No	Grid West (m)	Grid North (m)	Azimuth (degrees)	Dip	From (m)	To (m)	Intercept (m)	Pt (g/t)	Pd (g/t)	Au (g/t)	3PGE Pt+Pd+Au (g/t)	Cu %	Ni %
LK-03-02	375	200	190	-65	91	95	4	0.06	0.052	0.031	0.142	0.09	0.28
LK-03-02	375	200			124	136	12	0.098	0.058	0.035	0.192	0.15	0.24
LK-03-03	373	202	160	-45	86	89.15	3.15	0.128	0.071	0.068	0.266	0.31	0.31
LK-03-04	373	246	160	-45	39	41.2	2.2	0.088	0.066	0.038	0.192	0.14	0.28
LK-03-05	501	199	165	-45	7.5	9	1.5	0.132	0.104	0.027	0.263	0.11	0.41
LK-03-05					87	92	5	0.177	0.131	0.049	0.357	0.29	0.67
LK-03-05					140	143	3	0.157	0.119	0.062	0.339	0.25	0.5
LK-03-05					156	163	7	0.181	0.144	0.095	0.42	0.27	0.55
LK-03-05					175	179	4	0.315	0.204	0.036	0.555	0.32	0.38
LK-03-06	600	176	165	-45	172.5	186	13.5	0.272	0.164	0.076	0.512	0.34	0.46
Including					179.5	185	5.5	0.511	0.288	0.133	0.932	0.67	0.74
LK-03-07	501	199	165	-65	51	56	5	0.17	0.123	0.085	0.378	0.3	0.57
LK-03-07					62.5	74	11.5	0.181	0.129	0.084	0.393	0.4	0.67
LK-03-07					185	190	5	0.093	0.073	0.095	0.261	0.12	0.3
LK-03-08	791	213	205	-50	138	151	13	0.29	0.19	0.108	0.588	0.48	0.87
Including					143	148	5	0.405	0.234	0.13	0.769	0.69	1.4
LK-04-09	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
Including					158	161	3	0.152	0.1	0.073	0.325	0.23	0.33
LK-04-10	882	203	203	-75	266	278	12	0.283	0.18	0.061	0.524	0.37	0.45
LK-04-11	882	203	23	-45	74	75	1	0.144	0.124	0.079	0.347	0.23	0.41

Hole No	Grid West (m)	Grid North (m)	Azimuth (degrees)	Dip	From (m)	To (m)	Intercept (m)	Pt (g/t)	Pd (g/t)	Au (g/t)	3PGE Pt+Pd+Au (g/t)	Cu %	Ni %
LK-04-16	133	628	215	-50	143	154	11	0.394	0.251	0.122	0.767	0.56	0.74
Including					146.4	149	2.6	0.588	0.441	0.143	1.171	0.89	1.54
LK-04-17	791	213	205	-45	124	136	12	0.146	0.095	0.054	0.295	0.25	0.35
Including					128	136	8	0.176	0.106	0.06	0.343	0.3	0.4
Including					129	131	2	0.29	0.171	0.099	0.559	0.42	0.66
LK-04-18	628	133	215	-55	137	154	17	0.279	0.172	0.098	0.549	0.31	0.51
Including					140	153	13	0.325	0.198	0.112	0.634	0.36	0.57
Including					146	153	7	0.47	0.267	0.142	0.879	0.5	0.76
LK-04-19	580	188	165	-45	152	163.3	11.3	0.396	0.215	0.482	1.093	0.49	0.54
Including					155	163	8	0.516	0.273	0.671	1.459	0.65	0.68
LK-04-20	550	188	165	-45	159	172	13	0.144	0.173	0.038	0.355	0.23	0.58
Including					167	172	5	0.218	0.325	0.048	0.59	0.38	1
Including					169	172	3	0.258	0.388	0.044	0.69	0.28	1.12
Including					170	171	1	0.303	0.698	0.02	1.02	0.28	2.5
LK-04-21	746	206	205	-65	191	205	14	0.161	0.106	0.071	0.338	0.22	0.39
Including					195	201.2	6.15	0.197	0.132	0.079	0.408	0.23	0.61
LK-04-22	580	146	253	-61	32	34.7	2.7	0.134	0.11	0.068	0.312	0.29	0.47
LK-04-23	923	227	205	-75	42	43	1	0.261	0.2	0.124	0.586	0.38	0.71
LK-04-23					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 28<sup>th</sup>, 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 2 0 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

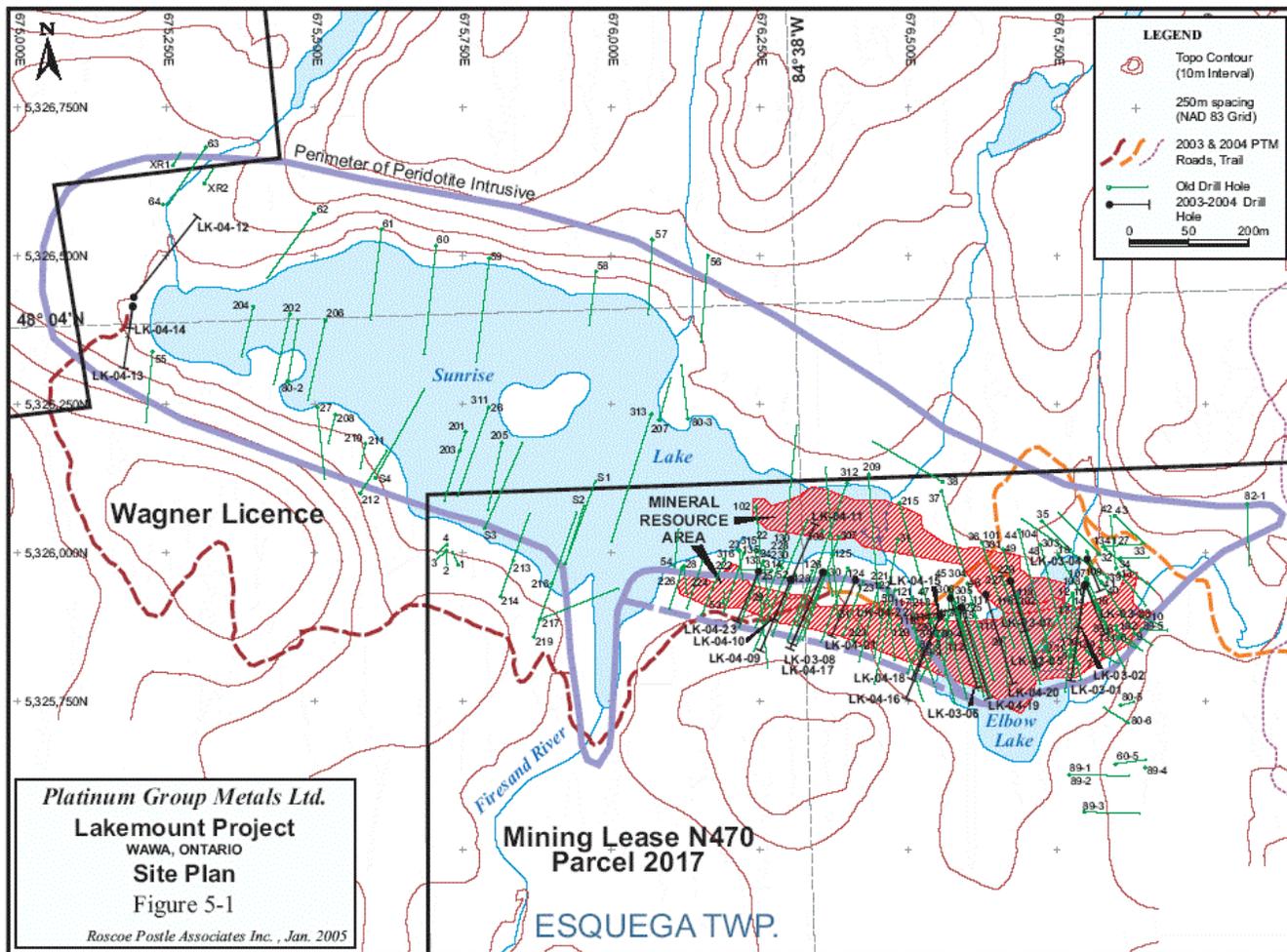
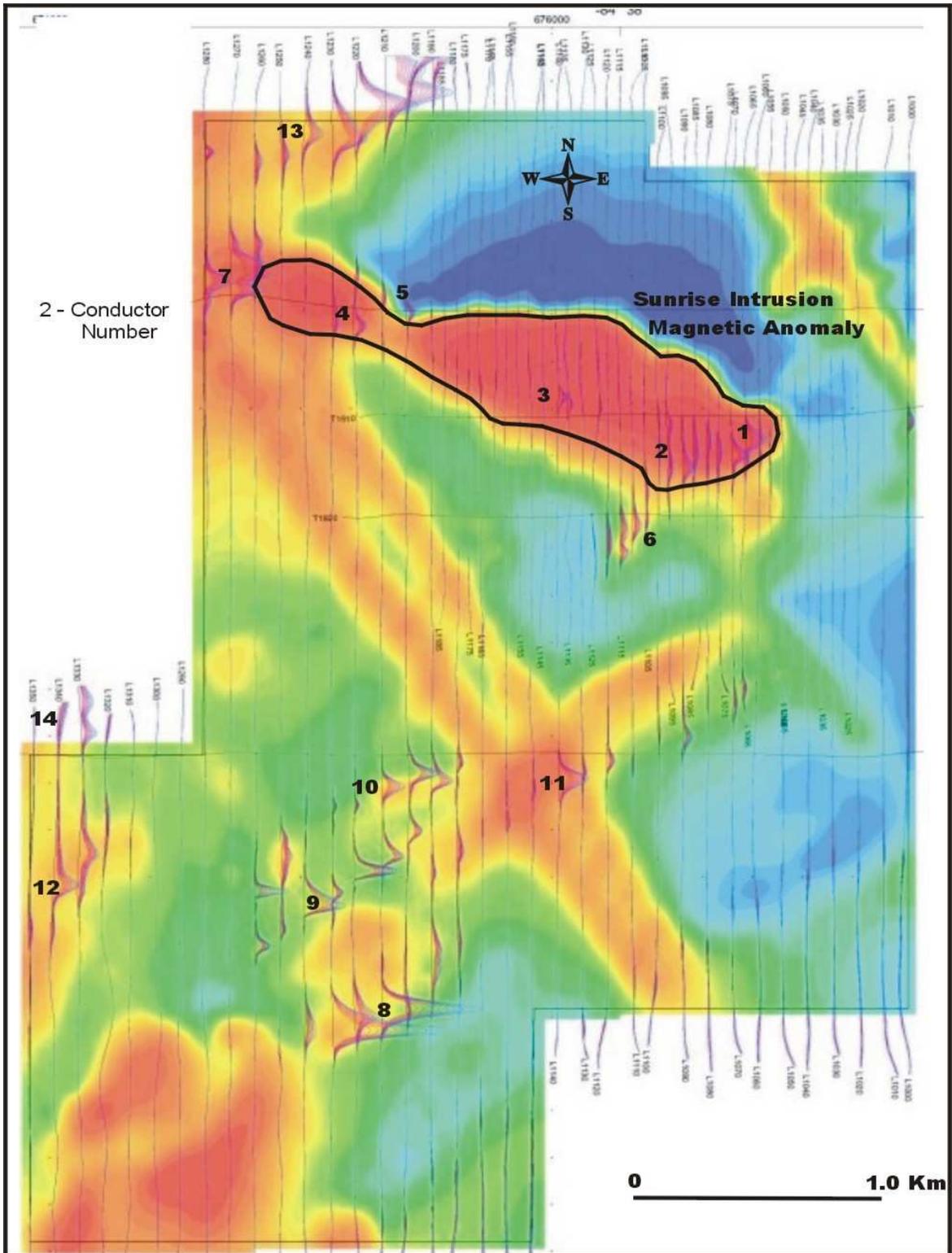


Figure 2 0 : 2004 Geotem Total Field Magnetics, Flight Lines and EM Conductors



### **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 to 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 2.3). 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 2.4.



**TABLE 2 4 SAMPLE STATISTICS**  
**Platinum Group Metals Ltd. Lakemount Property**

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

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

### 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 060<sup>0</sup> and 110<sup>0</sup>. The 110<sup>0</sup> direction is roughly parallel to the strike of the Middle Zone and the western portion of the Footwall Zone. The 060<sup>0</sup> 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 020<sup>0</sup> /-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<sup>0</sup> for the Middle and western FW Zones, and 060<sup>0</sup> for the eastern FW. The dips were 80<sup>0</sup> N for the Middle and western FW, and 60<sup>0</sup> 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/m<sup>3</sup>. 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/m<sup>3</sup>. 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
Mean (g/t Au)	0.299	0.307	0.154	0.175	0.103	0.115	0.070	0.077	0.038	0.430
Standard Deviation	0.221	0.148	0.157	0.125	0.104	0.084	0.065	0.051	0.034	0.026
Coef. Of Variation	0.704	0.484	1.021	0.715	1.012	0.728	0.921	0.657	0.907	0.593
Maximum	1.105	0.990	0.754	0.580	0.467	0.430	0.303	0.270	0.149	0.140
Median	0.242	0.280	0.096	0.130	0.061	0.080	0.044	0.060	0.026	0.040
Minimum	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 a 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**

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



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 ( $3.01 \text{ t/m}^3$ ) 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.

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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.

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### *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.

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## *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.

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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).

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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).

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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.

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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	Payments due by period				
	Total	< 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	\$19,216	0
<b>Totals</b>	<b>\$25,951,348</b>	<b>\$2,028,617</b>	<b>\$8,601,361</b>	<b>\$13,318,370</b>	<b>\$2,003,000</b>

**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
<b>R. MICHAEL JONES</b> Chairman, President, CEO and Director Age: 41 Resident of Canada	Professional Geological Engineer Chairman, President, CEO and Director of the Company	February, 2000
<b>BARRY SMEE</b> <sup>(1) (2)</sup> 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
<b>IAIN McLEAN</b> <sup>(1) (2)</sup> 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
<b>ERIC CARLSON</b> <sup>(1)</sup> Director Age: 46 Resident of Canada	President of Anthem Properties, real estate development, investment and management business established in 1991.	February, 2005
<b>FRANK R. HALLAM</b> CFO and Director Age: 45 Resident of Canada	Chartered Accountant CFO and Director of the Company	February, 2002
<b>DENNIS GORC</b> Manager, Research and Project Acquisitions Age: 52 Resident of Canada	Geologist Manager, Research and Project Acquisitions of the Company	January, 2000
<b>JOHN GOULD</b> 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.

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**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.

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### **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 <sup>(2)</sup>	\$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 <sup>(1)</sup>	\$Nil	\$Nil	\$Nil
Dennis Gorc <i>Manager, Research and Corporate Acquisitions</i>	2004	\$Nil	\$Nil	\$100,100	Nil	\$Nil	\$Nil	\$Nil
John Gould <i>Managing Director, PTM-RSA</i>	2004	\$Nil	\$Nil	\$145,000	75,000 <sup>(1)</sup>	\$Nil	\$Nil	\$Nil







- (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.

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## **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.

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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.

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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.

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## 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 <sup>(1) (2)</sup>	Percent of Shares Outstanding of the Class <sup>(3)</sup>
R. Michael Jones <i>Chairman, President, CEO and Director</i>	1,497,365 <sup>(4)</sup>	4.0%
Barry Smee <i>Secretary and Director</i>	41,000	<1.0 %
Iain McLean <i>Director</i>	133,839	<1.0 %
Eric Carlson <i>Director</i>	60,800	<1.0 %
Frank R. Hallam <i>CFO and Director</i>	857,414	2.3 %
Dennis Gorc <i>Manager, Research and Project Acquisitions</i>	255,500	<1.0 %
John Gould <i>Managing Director, PTM-RSA</i>	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 <i>Chairman, President, CEO and Director</i>	March 6, 2002	120,000	\$0.35	March 6, 2007
	Feb 22, 2005	250,000	\$1.00	Feb 22, 2009
Barry Smee <i>Secretary and Director</i>	March 6, 2002	60,000	\$0.35	March 6, 2007
	Feb 22, 2005	125,000	\$1.00	Feb 22, 2009
Iain McLean <i>Director</i>	March 6, 2002	60,000	\$0.35	March 6, 2007
	Feb 22, 2005	125,000	\$1.00	Feb 22, 2009
Eric Carlson <i>Director</i>	Feb 22, 2005	175,000	\$1.00	Feb 22, 2009
Frank R. Hallam <i>CFO and Director</i>	March 6, 2002	42,000	\$0.35	March 6, 2007
	Sept. 17, 2003	57,000	\$0.70	Sept. 17, 2008
	Feb 22, 2005	226,000	\$1.00	Feb 22, 2009
Dennis Gorc <i>Manager, Research and Project Acquisitions</i>	March 6, 2002	40,000	\$0.35	March 6, 2007
	Feb 22, 2005	25,000	\$1.00	Feb 22, 2009
John Gould <i>Managing Director, PTM-RSA</i>	June 27, 2003	150,000	\$0.50	June 27, 2008
	Sept. 17, 2003	75,000	\$0.70	Sept. 17, 2008
	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 <i>CFO and Director</i>	July 14, 2004	15,000	\$1.35	July 14, 2005

## 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 <sup>(1)</sup>
Prudent Bear Funds, Inc. <sup>(2) (3)</sup> Suite 300, 8140 Walnut Hill Lane Dallas, Texas USA 75231	February 2005	106,750	Less than 1%
	February 2004	1,853,750	5.7%
	February 2003	2,585,000	9.5%
GM Mining Services Ltd. <sup>(4)</sup> P.O. Box 901 Road Town, Tortola, BVI	February 2005	3,600,000	9.5%
	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:

<b>Identity of Person or Group</b>	<b>Amount Owned</b>	<b>Percent of Class <sup>(1)</sup></b>
GM Mining Services Ltd. <sup>(2)</sup> P.O. Box 901 Road Town, Tortola, BVI	3,600,000	9.5%

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.

*Holders of Record in the United States*

Based on the Company ' s knowledge, after reasonable inquiry as of F e b r u a r y , 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.

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### ***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 " .
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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:

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- 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:

PERIOD	TSX HIGH CDN \$	TSX LOW CDN \$	OTC-BB HIGH USD \$	OTC-BB LOW USD \$
<b>2005</b>				
Second Quarter	\$ 1 . 1 5	\$0.90	\$0.99	\$ 0 . 7 4 6
First Quarter	\$1.24	\$0.90	\$1.00	\$0.70
<b>2004</b>				
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
<b>2003</b>				
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:

<b>YEARS ENDING AUG. 31</b>	<b>TSX HIGH CDN \$</b>	<b>TSX LOW CDN \$</b>	<b>OTC-BB HIGH USD \$</b>	<b>OTC-BB LOW USD \$</b>
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 <sup>(1)</sup>	\$0.73	\$0.33	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>

**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:

<b>MONTH</b>	<b>TSX HIGH CDN \$</b>	<b>TSX LOW CDN \$</b>	<b>OTC-BB HIGH USD \$</b>	<b>OTC-BB LOW USD \$</b>
February 2005	\$ 1 . 0 8	\$ 0 . 9 3	\$ 0 . 8 2 5	\$ 0 . 7 7
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.

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### *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*

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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 2003 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 " .
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- (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:

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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 if 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 is 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 of 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.

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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
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- (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.

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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*

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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.

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## *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.

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.

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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."

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.

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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 "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.

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***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 4<sup>th</sup> 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.

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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](http://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**

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.

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**(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.](#)

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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 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
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**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

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## 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

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R. Michael Jones  
Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

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## 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

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Frank Hallam  
Chief Financial Officer and Director  
(Principal Financial Officer)

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**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

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R. Michael Jones  
Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Frank R. Hallam

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Frank R. Hallam  
Chief Financial Officer  
(Principal Financial Officer)

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**INDEPENDENT AUDITORS' REPORT**

To the Shareholders of Platinum Group Metals Ltd. (An exploration stage company)

We have audited the consolidated balance sheets of Platinum Group Metals Ltd. (an exploration stage company) as at August 31, 2004 and 2003 and the consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three year period ended August 31, 2004 and the cumulative period from March 16, 2000 to August 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2004 and 2003 and the results of its operations and its cash flows for each of the years in the three year period ended August 31, 2004 and the cumulative period from March 16, 2000 to August 31, 2004 in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Vancouver, British Columbia  
November 8, 2004

#### COMMENTS BY AUDITORS ON CANADA - UNITED STATES OF AMERICA REPORTING DIFFERENCES

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the consolidated financial statements. Although we conducted our audits in accordance with both Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), our report to the Shareholders dated November 8, 2004 is expressed in accordance with Canadian reporting standards which do not permit a reference to such conditions and events in the auditors' report when these are adequately disclosed in the consolidated financial statements.

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the Company's consolidated financial statements, such as the change described in Note 2 (f) to the consolidated financial statements. Our report to the shareholders, dated November 8, 2004, is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the auditors' report when the change is properly accounted for and adequately disclosed in the consolidated financial statements.

*Deloitte & Touche LLP*

Chartered Accountants  
Vancouver, Canada  
November 8, 2004

PLATINUM GROUP METALS LTD.  
(An exploration stage company)

#### CONSOLIDATED BALANCE SHEET

AUGUST 31	2004	2003
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 2,423,176	\$ 994,650
Marketable securities (market value-\$641,375; 2003-\$124,000)	331,750	58,000
Amounts receivable (Note 4)	241,135	76,411
Prepaid expenses and other	28,194	24,820
Total current assets	3,024,255	1,153,881
MINERAL PROPERTIES (Note 6)	5,995,550	3,891,653
FIXED ASSETS (Note 7)	114,214	40,887
Total assets	\$ 9,134,019	\$ 5,086,421

#### LIABILITIES

CURRENT			
Accounts payable and accrued liabilities	\$	659,895	\$ 169,548
Total current liabilities		659,895	169,548
FUTURE INCOME TAXES (Note 10)		427,000	359,000
Total liabilities		1,086,895	528,548

#### SHAREHOLDERS' EQUITY

Share Capital (Note 8)		14,990,075	9,005,078
Contributed Surplus (Note 8 (c))		134,932	42,051
Deficit accumulated during the exploration stage		(7,077,883)	(4,489,256)
Total shareholders' equity		8,047,124	4,557,873
Total liabilities and shareholders' equity	\$	9,134,019	\$ 5,086,421

CONTINUING OPERATIONS (Note 1)  
CONTINGENCIES AND COMMITMENTS (Note 11)

APPROVED BY THE DIRECTORS:



R. Michael Jones, Director



Frank Hallam, Director

See Accompanying Notes to the Consolidated Financial Statements

PLATINUM GROUP METALS LTD.  
(An exploration stage company)

#### CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended August 31, 2004	Year ended August 31, 2003	Year ended August 31, 2002	Cumulative amount from March 16,2000 to August 31, 2004
EXPENSES				
Amortization	\$ 31,768	\$ 15,464	\$ 10,256	\$ 66,819
Annual general meeting	32,125	27,060	3,717	62,902
Corporate finance fees	100,000	-	-	125,000
Filing and transfer agent fees	57,756	37,986	28,277	151,372
Insurance	13,674	9,938	7,863	34,878
Management and consulting fees	322,996	232,201	154,562	801,687
Office and miscellaneous	106,306	64,263	43,585	265,025
Professional fees	130,383	143,357	184,209	610,431
Promotion	126,464	42,560	16,816	185,839
Rent	76,619	41,896	18,870	150,795
Salaries and benefits	404,936	167,115	75,584	659,836
Shareholder relations	38,090	159,532	203,138	475,212
Stock compensation expense	92,881	42,051	-	134,932
Telephone	39,533	18,654	17,122	84,839
Travel	231,507	50,364	24,150	363,848
Other taxes	6,500	29,875	47,391	83,766
	(1,811,538)	(1,082,316)	(835,540)	(4,257,181)

Less interest and other income	430,106	177,068	23,028	692,346
Loss before other items	(1,381,432)	(905,248)	(812,512)	(3,564,835)
Other items:				
Property investigations	4,591	41,508	30,467	126,241
Mineral property costs written off	1,044,542	815,714	1,090,871	2,958,452
(Gain) loss on sale and write-down of marketable securities	-	(12,802)	21,370	8,568
Equity in loss of Active Gold Group Ltd. (Note 5)	-	187,000	-	187,000
Write-down of investment in and advances to Active Gold Group Ltd. (Note 5)	90,062	24,725	-	114,787
	1,139,195	1,056,145	1,142,708	3,395,048
Loss for the period before income taxes	(2,520,627)	(1,961,393)	(1,955,220)	(6,959,883)
Future income tax recovery	278,000	212,400	453,600	944,000
Loss for the period	(2,242,627)\$	(1,748,993)\$	(1,501,620)\$	(6,015,883)
Basic and diluted loss per share	(0.07)\$	(0.07)\$	(0.10)	
Weighted-average number of common shares outstanding	31,640,642	25,982,475	14,821,633	

See Accompanying Notes to the Consolidated Financial Statements

Platinum Group Metals Ltd. Annual Report 2004

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PLATINUM GROUP METALS LTD.  
(An exploration stage company)

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
FROM COMMENCEMENT OF OPERATIONS, MARCH 16, 2000 TO AUGUST 31, 2004

	Common shares without par value		Obligation to issue shares	Flow-through Special Warrants		Contributed surplus	Deficit accumulated during exploration stage	Total Shareholders' Equity
	Shares	Amount		Number	Amount			
Issued for cash	1,395,001	\$ 89,000	\$ -	2,605,000	\$ 521,000	\$ -	\$ -	\$ 610,000
Issued for mineral properties	-	-	20,000	-	-	-	-	20,000
Net Loss	-	-	-	-	-	-	(39,956)	(39,956)
Balance, August 31, 2000	1,395,001	89,000	20,000	2,605,000	521,000	-	(39,956)	590,044
Issued for cash	3,195,391	1,356,532	-	2,383,090	1,107,771	-	-	2,464,303
Issued upon exercise of share purchase warrants	2,000	1,100	-	-	-	-	-	1,100
Issued for mineral properties	210,000	57,050	(17,400)	-	-	-	-	39,650
Issued upon exercise of special warrants	2,605,000	521,000	-	(2,605,000)	(521,000)	-	-	-
Issued upon exercise of flow through special warrants	2,383,090	1,107,771	-	(2,383,090)	(1,107,771)	-	-	-
Future income taxes relating to exploration expenditures applicable to flow-through shares	-	-	-	-	-	-	(310,000)	(310,000)
Net loss	-	-	-	-	-	-	(482,687)	(482,687)
Balance at August 31, 2001	9,790,482	3,132,453	2,600	-	-	-	(832,643)	2,302,410
Issued for cash	6,864,001	1,951,135	-	-	-	-	-	1,951,135
Issued for mineral properties	102,728	36,509	(2,600)	-	-	-	-	33,909
Issued to acquire New Millennium Metals	5,468,421	1,310,385	-	-	-	-	-	1,310,385
Future income taxes relating to exploration expenditures applicable to flow-through shares	-	-	-	-	-	-	(266,000)	(266,000)
Net loss	-	-	-	-	-	-	(1,501,620)	(1,501,620)
Balance, August 31, 2002	22,225,632	6,430,482	-	-	-	-	(2,600,263)	3,830,219
Issuance of flow-through common shares for cash	1,181,346	678,589	-	-	-	-	-	678,589
Issuance of common shares for cash	3,062,500	1,411,342	-	-	-	-	-	1,411,342
Issued on exercise of mineral property option (Note 6)	571,603	200,061	-	-	-	-	-	200,061
Issued on exercise of warrants	645,990	233,389	-	-	-	-	-	233,389
Issued on exercise of stock options	96,500	35,075	-	-	-	-	-	35,075
Issued for mineral properties	47,696	16,140	-	-	-	-	-	16,140

Future income taxes relating to exploration expenditures applicable to flow-through shares	-	-	-	-	-	-	(140,000)	(140,000)
Stock options granted to consultants	-	-	-	-	-	42,051	-	42,051
Net loss	-	-	-	-	-	-	(1,748,993)	(1,748,993)
Balance, August 31, 2003	27,831,267	\$ 9,005,078	\$ -	-	\$ -	42,051	\$(4,489,256)	\$ 4,557,873
Issuance of flow-through common shares for cash	1,056,000	1,267,200	-	-	-	-	-	1,267,200
Issuance of common shares for cash	3,810,207	3,226,590	-	-	-	-	-	3,226,590
Issued on exercise of warrants	1,747,032	1,428,407	-	-	-	-	-	1,428,407
Issued on exercise of stock options	132,000	59,200	-	-	-	-	-	59,200
Issued for mineral properties	10,909	3,600	-	-	-	-	-	3,600
Future income taxes relating to exploration expenditures applicable to flow-through shares	-	-	-	-	-	-	(346,000)	(346,000)
Stock options granted to consultants	-	-	-	-	-	92,881	-	92,881
Net loss	-	-	-	-	-	-	(2,242,627)	(2,242,627)
Balance, August 31, 2004	34,587,415	\$14,990,075	\$ -	-	\$ -	134,932	\$(7,077,883)	\$ 8,047,124

See Accompanying Notes to the Consolidated Financial Statements

## 22 Platinum Group Metals Ltd. Annual Report 2004

### PLATINUM GROUP METALS LTD. (An exploration stage company)

#### CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended August 31, 2004	Year ended August 31, 2003	Year ended August 31, 2002	Cumulative amount from March 16, 2000 to August 31, 2004
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (2,242,627)	\$ (1,748,993)	\$ (1,501,620)	\$ (6,015,883)
Add items not affecting cash				
Amortization	31,768	15,464	10,256	66,819
Equity in loss of Active Gold Group Ltd.	-	187,000	-	187,000
Write-down of investment in and advances to Active Gold Group Ltd.	90,062	24,725	-	114,787
Future income tax recovery	(278,000)	(212,400)	(453,600)	(944,000)
(Gain) loss on disposal and write-down of marketable securities	-	(12,802)	21,370	8,568
Mineral property costs written-off	1,044,542	815,714	1,090,871	2,958,452
Finders fee received in shares (Note 5 and 9)	-	(100,000)	-	(100,000)
Gain on sale of mineral property	(240,000)	-	-	(240,000)
Non-cash share compensation expense	92,881	42,051	-	134,932
Net change in non-cash working capital (Note 12)	322,249	309,431	(202,266)	339,806
	<b>(1,179,125)</b>	<b>(679,810)</b>	<b>(1,034,989)</b>	<b>(3,489,519)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of common shares	5,981,397	2,558,456	1,683,461	11,669,946
Issuance of flow-through special warrants	-	-	-	1,107,771
Issuance of special warrants	-	-	-	521,000
	<b>5,981,397</b>	<b>2,558,456</b>	<b>1,683,461</b>	<b>13,298,717</b>
<b>INVESTING ACTIVITIES</b>				
Costs to acquire New Millennium Minerals	-	-	(231,325)	(231,325)
Acquisition of capital assets	(105,095)	(30,740)	(13,915)	(177,336)
Acquisition cost of mineral properties	(467,177)	(443,669)	(111,488)	(1,330,297)
Acquisition and exploration costs recovered	-	-	-	300,000

Exploration expenditures	(2,711,412)	(1,341,969)	(954,263)	(5,907,357)
Investment in and advances to Active Gold Group Ltd.	(90,062)	(160,327)	-	(250,389)
Proceeds on sale of marketable securities	-	193,802	16,880	210,682
	<b>(3,373,746)</b>	<b>(1,782,903)</b>	<b>(1,294,111)</b>	<b>(7,386,022)</b>
Net increase in cash and cash equivalents	<b>1,428,526</b>	95,743	(645,639)	2,423,176
Cash, beginning of period	<b>994,650</b>	898,907	1,544,546	-
Cash, end of period	<b>\$ 2,423,176</b>	\$ 994,650	\$ 898,907	\$ 2,423,176

SUPPLEMENTARY INFORMATION ON NON-CASH INVESTING AND FINANCING ACTIVITIES:

- (i) During the year ended August 31, 2004, the Company issued 10,909 common shares with a value of \$3,600 in connection with the acquisition of mineral properties.
- (ii) During the year ended August 31, 2004, the Company received marketable securities with a fair value of \$33,750 relating to the recovery of mineral properties' costs.
- (iii) During the year ended August 31, 2004, the Company received 1,200,000 shares of Sydney Resource Corp. (TSXV:SYR) with a value of \$0.20 per share in exchange for sale of a 100-percent interest in the Company's Simlock Creek, British Columbia gold project and the termination of the earn-in requirements under a related option agreement.
- (iv) During the year ended August 31, 2003, the Company issued 47,696 common shares with a value of \$16,140 in connection with the acquisition of mineral properties.
- (v) During the year ended August 31, 2003, 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.
- (vi) During the year ended August 31, 2003, the Company received marketable securities with a fair value of \$45,500 relating to the recovery of mineral properties costs.
- (vii) During the year ended August 31, 2002, the Company issued 5,468,421 common shares with a value of \$1,310,385 in connection with the Amalgamation (Note 3).

SUPPLEMENTARY INFORMATION ON CASH FLOWS:

No interest or income tax expenses were paid during the periods disclosed.

See Accompanying Notes to the Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CONTINUING OPERATIONS

The Company was incorporated on February 18, 2002 by an order by the Supreme Court of British Columbia approving an amalgamation by plan of arrangement between Platinum Group Metals Ltd. ("Old Platinum") and New Millennium Metals Corporation ("New Millennium"). Old Platinum was incorporated on January 10, 2000 as 599141 B.C. Ltd. and later changed its name to Platinum Group Metals Ltd. New Millennium Metals Corporation was incorporated in British Columbia on March 11, 1983 under the name Harvey Creek Gold Placers Ltd. and later changed its name to New Millennium Metals Corporation. As a result of the amalgamation, a new company also named Platinum Group Metals Ltd. was formed as of February 18, 2002 and it assumed all of the rights and obligations of the two predecessor corporations. As described in Note 3, Old Platinum was identified as the acquirer and the business combination was recorded as a purchase of New Millennium by Old Platinum.

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

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. External financing, predominately by the issuance of

equity to the public, will be sought to finance the operations of the Company; however, there is no assurance that sufficient funds will be raised.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### *(a) Principles of consolidation*

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

### *(b) Mineral properties and deferred exploration costs*

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or disposed of either through sale or abandonment. The estimated values of all properties are assessed by management on a continual basis and if the carrying values exceed estimated recoverable values, then these costs are written down to the estimated recoverable values. If put into production, the costs of acquisition and exploration will be written off over the life of the property, based on the estimated economic reserves.

Proceeds received from the sale of any interest in a property will first be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and deferred exploration costs are written off to operations.

### *(c) Cash and cash equivalents*

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

### *(d) Marketable securities*

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

### *(e) Fixed assets*

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

Computer equipment	30%
Computer software	30%
Office furniture and equipment	20%

### *(f) Stock-based compensation*

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

accounting had been used.

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

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

*(g) Income taxes*

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

*(h) Earnings (loss) per common share*

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

The Company uses the treasury stock method for the calculation of diluted earnings per share. Diluted earnings per share is computed using the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares consist of the incremental common shares arising upon the assumed exercise of stock

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

options and warrants, but are excluded from the computation if their effect is anti-dilutive.

*(i) Financial instruments*

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

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

*(j) Use of estimates*

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

### 3. AMALGAMATION

The Company was incorporated on February 18, 2002 by an order by the Supreme Court of British Columbia approving an amalgamation by plan of arrangement between Platinum Group Metals Ltd. and New Millennium Metals Corporation. In exchange for 100% of the issued and outstanding shares of New Millennium, the shareholders of New Millennium each received one share of the new company for each 1.65 shares of New Millennium. The new Platinum Group Metals Ltd. issued and delivered 5,468,421 shares to the shareholders of New Millennium. Shareholders of the old Platinum Group Metals Ltd. each received one share of the new company in exchange for every one share of the old company. All of the continuing obligations of New Millennium with regard to share purchase options, warrants and share payments were converted at a ratio of 1.65:1. This business combination has been accounted for as a purchase transaction with predecessor company Platinum Group Metals Ltd. identified as the acquirer and New Millennium identified as the acquiree. Consideration to the shareholders of New Millennium

Metals Corporation consisted of 5,468,421 shares of the Company at a price of \$0.24 per share. Costs of the amalgamation totalled \$231,325. Total cost to the Company was therefore \$1,541,710. Results of operations and financial position of New Millennium were consolidated with the accounts of the Company with effect from February 18, 2002.

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

Current Assets	\$	81,206
Mineral Properties		1,930,444
Capital Assets		3,697
Accrued Liabilities		(164,637)
Future Income Liability		(309,000)
	\$	1,541,710

#### 4. AMOUNTS RECEIVABLE

	2004	2003
Advances Receivable	\$ -	\$ 35,023
Goods and Services		
Tax Recoverable	33,186	16,902
South African Value Added Tax (VAT) Recoverable	198,449	-
Interest Receivable	9,500	14,152
Other	-	10,333
	\$ 241,135	\$ 76,411

#### 5. INVESTMENTS

##### (a) Active Gold Group Ltd.

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

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

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

##### (b) MAG Silver Corporation

During 2003 the Company was paid a finders' fee of 200,000 shares of MAG Silver Corporation for the introduction of MAG Silver to certain people and mineral properties located in Mexico. The shares were recorded at their issue price of \$0.50 per share. During 2003 the Company sold 100,000 of these shares for proceeds of \$67,630. The remaining 100,000 MAG shares owned by the Company had a market value of \$96,000 at August 31, 2004.

##### (c) Sydney Resource Corporation

On February 18, 2002, New Millennium granted Sydney Resource Corporation an option to earn a 50% interest in New

Millenium's 100% owned Simlock Creek gold project, located in the Cariboo Mining District of British Columbia, in exchange for cash payments of \$53,000 over five years and \$1,000,000 in work over five years. On December 2, 2003 the Company and Sydney agreed to terminate the Option and the Company then sold the property to Sydney outright in exchange for 1,200,000 shares of Sydney at a value of \$0.20 per share. At August 31, 2004 these shares had a market value of \$0.42 each. Subsequent to August 31, 2004 the Company exchanged 399,999 of these Sydney shares for the purchase of 1,407,069 shares of Active Gold Group Ltd. as described in Note 15.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. MINERAL PROPERTIES

Mineral properties consist of the following:

<b>Annual Balance by Category</b>	<b>2004</b>		<b>2003</b>		<b>2002</b>	
Acquisition costs	\$	1,899,705	\$	1,912,895	\$	1,894,108
Deferred exploration costs		4,095,845		1,978,758		1,056,981
	\$	5,995,550	\$	3,891,653	\$	2,951,089

<b>Annual Expenditure by Category</b>	<b>2004</b>		<b>2003</b>		<b>2002</b>	
Acquisition costs	\$	515,777	\$	459,809	\$	2,195,517
Assays & geochemical		315,001		220,334		156,324
Drilling		1,081,099		365,780		232,441
Geological		979,836		460,875		300,010
Geophysical		155,532		80,440		129,964
Maps, fees and licenses		26,904		37,318		22,782
Reclamation		4,480		-		-
Site administration		72,150		35,279		52,533
Travel		76,411		56,108		83,741
		3,227,189		1,715,943		3,173,312
Less recoveries (adjustments)		78,750		(40,335)		198,709
		3,148,439		1,756,278		2,974,603
Total beginning of year		3,891,653		2,951,089		1,067,357
Less amounts written off		(1,044,542)		(815,714)		(1,090,871)
		2,847,111		2,135,375		(23,514)
Total, end of year	\$	5,995,550	\$	3,891,653	\$	2,951,089

Details of specific mineral properties are as follows:

Property	Costs (Recoveries) Incurred			Costs (Recoveries) Incurred			August 31, 2004
	August 31, 2002	During the Year	Properties Written Off	August 31, 2003	During the Year	Properties Written Off	
<b>ONTARIO</b>							
Agnew Lake	\$ 384,568	\$ (33,571)	\$ -	\$ 350,997	\$ (19,145)	\$ -	\$ 331,852
Pro Am	3,125	14,699	-	17,824	3,600	-	21,424
Other Sudbury	180,031	(14,735)	(55,415)	109,881	4,974	(100,485)	14,370
Shelby Lake	308,635	247,696	-	556,331	141,675	-	698,006
Taman	129,361	30,211	-	159,572	2,771	(162,343)	-
Taman East	53,712	15,732	-	69,444	531	(69,975)	-
Senga	60,427	-	-	60,427	-	(60,427)	-
Dog River	147,341	65,293	-	212,634	1,576	-	214,210
LDI River	536,637	58,305	-	594,942	160,898	-	755,840
S Legris	474,720	84,332	-	559,052	28,317	(587,369)	-

Pebble	63,123	68,199	-	131,322	10,961	-	142,283
Stucco	368,159	26,519	(394,678)	-	-	-	-
PS Overlap	-	18,660	-	18,660	2,098	(20,758)	-
Faries Lake	-	-	-	-	76,792	-	76,792
Moshkinabi	-	-	-	-	60,824	-	60,824
Lakemount	-	9,910	-	9,910	949,882	-	959,792
Seagull	-	-	-	-	8,341	-	8,341
Other - Ontario	74,222	38,370	(60,737)	51,855	24,811	(16,895)	59,771
	2,784,061	629,620	(510,830)	2,902,851	1,458,906	(1,018,252)	3,343,505

#### SOUTH AFRICA

Bushveld	-	26,290	-	26,290	52,131	(26,290)	52,131
Tweespalk	19,282	106,144	-	125,426	590,708	-	716,134
Sharp Arab	-	31,709	(31,709)	-	-	-	-
Ledig	25,578	247,597	(273,175)	-	-	-	-
Elandsfontein	-	571,398	-	571,398	470,169	-	1,041,567
Onderstepoort	-	122,160	-	122,160	70,722	-	192,882
Zandriver	-	3,769	-	3,769	11,681	-	15,450
War Springs	122,168	17,591	-	139,759	494,122	-	633,881
	167,028	1,126,658	(304,884)	988,802	1,689,533	(26,290)	2,652,045

Total	\$ 2,951,089	\$ 1,756,278	\$ (815,714)	\$ 3,891,653	\$ 3,148,439	\$(1,044,542)	\$5,995,550
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. MINERAL PROPERTIES (continued)

#### (a) Ontario

##### (i) Agnew Lake

The Company has a 99% interest in certain claims located near Sudbury, Ontario known as the Agnew Lake property subject to a 2% royalty interest payable to the original vendor.

The Company optioned the Agnew Lake property to Pacific Northwest Capital Corporation ("PFN") on June 18, 2000. PFN may acquire 50% of the Company's rights and interests in the Agnew Lake Property by issuing 50,000 shares to the Company, (which have been received), making cash payments to the Company totaling \$200,000 over four years, (\$145,000 received) and incurring \$500,000 in exploration costs over four years. In the event that PFN does not incur the required \$500,000 in exploration expenses on its own account, they may exercise their option by payment to the Company of any remaining unspent balance in PFN common shares.

In 2001 the Company and PFN amended the Agnew Lake Option Agreement so that PFN may make annual payments of 75,000 PFN shares towards the exercise of their option, such shares not to be valued at less than \$0.60 per share. To date, the Company has received four payments of 75,000 PFN shares towards the exercise of PFN's option. PFN has not reported any exploration expenditures spent on the project to its own account. PFN is the project operator and is responsible for completion of all assessment and filing requirements as long as it remains operator.

On June 22, 2001, the Company and PFN optioned their interests in the property to Kaymin Resources Limited ("Kaymin"), a subsidiary of Anglo American Platinum Corporation Limited. During 2004 this agreement was amended by the parties to extend the earn-in period. Kaymin may acquire a 50% interest in the combined rights and interests of the Company and PFN by making cash payments of \$200,000 to each party (which have been received) and incurring exploration expenditures of not less than \$6,000,000 by December 31, 2005. Kaymin can earn an additional 10% interest by completing a bankable feasibility study and arranging financing for any development or construction.

At August 31, 2004, the Company had directly performed \$512,265 worth of exploration work and caused further work of approximately \$2,500,000 to be performed through the joint venture arrangement with PFN and Kaymin.

During 2001, the Company and PFN acquired an option from ProAm Explorations Corporation to acquire a 100% interest, subject to a 2% NSR royalty, in three claims adjacent to the Agnew Lake property by making cash payments of \$30,000, issuing 29,090 shares of the Company and the issue of 21,000 shares of PFN over two years, all of which has been paid or issued, and completing \$400,000 in exploration expenditures over a four-year period. These claims became part of the Agnew Lake property and are subject to the PFN and Kaymin option agreements covering the property.

*(ii) Pebble*

On March 30, 2000, the Company acquired an option to earn a 51% interest in 96 mineral claims located near Thunder Bay, Ontario known as the Pebble property in exchange for cash payments of \$34,000 (of which \$29,000 has been paid) and the expenditure of \$500,000 in exploration within 5 years from the date of the agreement. The Company can earn an additional 9% interest in the property by completing a feasibility study within 36 months of earning the 51% interest described above.

*(iii) South Legris*

In April 2000 the Company acquired an option to earn a 50% interest in 261 mineral claims located near Thunder Bay, Ontario known as the South Legris property in exchange for cash payments of \$98,300 (paid) and the expenditure of \$1,000,000 (\$492,330 incurred) in exploration expenditures within 5 years of the date of the agreement. The Company also has an option to acquire an additional 10% interest by completing a feasibility study within 36 months of earning the 50% interest described above. The South Legris property has been written off as of August 31, 2004, resulting in a write-off in the amount of \$587,369.

*(iv) Dog River*

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

*(v) Shelby Lake*

On June 28, 2000, New Millennium entered into an option agreement to earn up to 60% interest in the Shelby Lake property, located in the Lac des Iles area. To earn a 50% interest the Company is required to make cash payments of \$10,000 (paid), issue 30,303 shares (issued) and complete \$500,000 in exploration expenditures over a four-year period. To August 31, 2004 the Company has incurred costs of \$564,559 (August 31, 2003 - \$422,884). The Company may earn a further 10% interest, for a total of 60%, by expending a further \$500,000 over an additional 30-month period. The property is subject to a 2% NSR royalty, of which the Company can purchase one half back for \$500,000.

*(vi) Taman Lake Project*

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

*(vii) Senga and Tib*

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

*(viii) Lac des Iles River*

On May 5, 2000, New Millennium entered into an option agreement to acquire a 50% interest in the Lac des Iles River property in exchange for payments of \$38,500 over three years (all of which has been paid) and the completion of exploration expenditures in the amount of \$1,000,000 over five years, \$548,316 of which has been incurred to August 31, 2004. The Company can earn an additional 10% interest on completion of a feasibility study within a further three years.

*(ix) Lakemount*

On November 6, 2003 the Company acquired an option to earn up to a 62% interest in the 3,017 hectare Lakemount property located near Wawa, Ontario. The Company may earn up to a 51% undivided property interest by completing \$2.5 million in exploration and development expenditures (\$894,604 incurred) and by making staged payments totalling \$150,000 (\$25,000 paid) and 150,000 common shares by December 31, 2008. The Company may acquire an additional 11% interest in the property by making a payment of \$3.3 million to an underlying holder. The property is subject to NSR royalties ranging from 1.5% to 3.0% and a net sales royalty on precious stones of 1.5%, subject to buy-out and buy-down provisions.

*(b) Republic of South Africa*

*(i) War Springs and Tweespalk*

On June 3, 2002, the Company entered an option agreement whereby it may earn a 100% interest in the 2,396 hectare War Springs property and the 2,177 hectare Tweespalk property both located in the Northern Limb or Platreef area of the Bushveld Complex north of Johannesburg. Acquisition and exploration costs on these properties to August 31, 2004 total \$1,350,015 (2003 - \$265,185).

The Company may purchase 100% of these mineral rights at any time

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

In November 2002, the Company entered into a joint venture agreement with Africa Wide Mining ("AW"), a Black Economic Empowerment group in South Africa, whereby they may acquire 30% of both the War Springs and Tweespalk properties in exchange for contributing 30% of all costs.

Shortly after the Company acquired its option to acquire the War Springs and Tweespalk properties, Black Economic Empowerment company Taung Minerals (Pty) Ltd. ("Taung") obtained a prospecting permit over portions of the War Springs property. Taung purported to own a one third interest to portions of the mineral rights on the property. The Company contested Taung's position through a formal appeal process in the Republic of South Africa.

In September 2003, the Company, Taung and AW agreed to a negotiated settlement of the dispute by reducing AW's participation in the War Springs project from a 30% participating interest to a 15% interest carried to bankable feasibility, and then granting Taung a 15% interest carried to bankable feasibility. The Company's 70% interest remained unchanged.

The Company has not recorded a receivable for AW's 30% participating interest in the Tweespalk property, which at August 31, 2004 is calculated to be \$214,840 (2003 - \$37,628) on the basis that collection of the amount is not reasonably assured. The amount, if any, ultimately recovered from AW will be treated as a reduction of the Company's costs relating to the Tweespalk property when received.

*(ii) Elandsfontein*

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

The Company exercised its option to purchase the Elandsfontein property by way of written notice on June 26, 2003. The initial 10% of the purchase price for the mineral rights was tendered under the terms of the option agreement. The Vendors refused the tender and claim that the purchase price is unascertained or unascertainable and that the agreement is therefore void. The matter has been referred for Expert Determination as provided for in the option agreement. Management believes that its claim under the terms of the option agreement is strong and the matter will be determined in the Company's favour.

*(iii) Onderstepoort*

During 2003 the Company entered into three option agreements to acquire mineral rights on seven portions comprising approximately 1085 hectares of the farm Onderstepoort 98 JQ located in the Western Bushveld. The Company may earn 100% of the mineral rights over 952 hectares and 50% of the mineral rights over the balance of 132 hectares. To earn its

interests the Company must make aggregate prospecting payments to the vendors of R 745,000 (approximately C \$144,000) by March of 2005, of which R 355,000 has been paid. The Company must also make aggregate purchase payments of R 8,549,000 (approximately C \$1,675,000) over three years from the date of grant of prospecting permits on the various portions. During 2004 the Company was granted valid old order prospecting permits on five portions of the farm and has

been given formal approval by the Government of South Africa of its new order prospecting permit applications on the remaining two farm portions. Certain portions are subject to a 1% NSR royalty which the Company may buy-back for R 5,000,000 (approximately C \$975,000). One portion is subject to the vendor's right to participate for a 15% working interest with the Company in a joint venture.

*(c) Write-down of mineral properties*

During 2004 the carrying values of certain of the Company's mineral properties were determined to be impaired, resulting in a write-off in the amount of \$1,044,542 (2003 - \$815,714 ; 2002 - \$1,090,871).

*(d) Acquisition of New Millennium Metals Corporation*

The Company acquired nineteen properties through the February 18, 2002 amalgamation with New Millennium. These properties have been recorded on the books of the Company at a fair value of \$1,930,444 as described in Note 3.

*(e) Title to Mineral Properties*

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

## 7. FIXED ASSETS

	2004			2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer Equipment & Software	\$ 133,917	\$ 54,880	\$ 79,037	\$ 28,754	
Office Furniture & Equipment	45,766	10,589	35,177	12,133	
	\$ 179,683	\$ 65,469	\$ 114,214	\$ 40,887	

## 8. SHARE CAPITAL

*(a) Authorized*

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

*(b) Issued and outstanding*

During the year ended August 31, 2004:

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

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

(iii) the Company completed a private placement for total proceeds of \$2,040,000 through the issuance of 2,400,000 units at a price of \$0.85 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of \$1.10 until October 31, 2004.

(iv) the Company closed brokered private placements for gross proceeds of \$2,721,555 on July 14, 2004. Proceeds of \$1,267,200 were from the sale of 1,056,000 flow-through shares at \$1.20 per share and \$1,454,355 was from the sale of 1,385,100 non-flow-through units at \$1.05 per unit. Each non-flow-through unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase an additional common share until January 14, 2006 at a price of \$1.35 per share. Agent's fees amounted to 8.0% of gross proceeds. Of this amount

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

costs totalling \$42,535 were paid by the Company, as well the Company paid \$36,409 to its lawyers for legal costs relating to the private placement. The Agents also received 241,110 compensation options exercisable into common shares of the Company at a price of \$1.20 per share until July 14, 2005.

During the year ended August 31, 2003:

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

(vi) the Company issued 571,603 common shares in exchange for \$200,061 worth of exploration work on the Shelby Lake and Lac des Iles River properties pursuant to an Option Agreement with Wheaton River Minerals Ltd. dated April 12, 2002.

(vii) the Company completed a private placement for proceeds of \$500,000 through the issuance of 1,000,000 units at a price of \$0.50 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of \$0.75 until December 17, 2004.

(viii) the Company completed private placements for gross proceeds of \$1,799,125. Proceeds of \$767,875 were from the sale of 1,181,346 Flow-Through Units at \$0.65 per unit. Each Flow-Through Unit consisted of one flow-through common share and one non-flow-through common share purchase warrant exercisable at a price of \$0.85 until December 12, 2004. Proceeds of \$1,031,250 were received from the sale of 2,062,500 Non-Flow-Through Units at a price of \$0.50 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. A further 304,385 share purchase warrants were issued to brokers in connection with this private placement. Each share purchase warrant is exercisable into one common share at a price of \$0.75 until December 23, 2004. Fees, legal and other costs of these placements totalled \$209,193.

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

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

During the year ended August 31, 2002:

(xi) the Company issued 102,728 common shares in connection with the acquisition of mineral properties at a fair value of \$36,509.

(xii) the Company issued 1,327,500 common shares pursuant to a flow-through private placement at \$0.25 per share, less issue costs of \$12,000.

(xiii) the Company issued 250,000 common shares pursuant to a non-brokered private placement at \$0.25 per share.

(xiv) the Company completed an amalgamation by plan of arrangement with New Millennium Metals Corporation on February 18th. The Company acquired all of the 9,022,895 issued and outstanding shares of New Millennium in exchange for 5,468,421 shares of the Company (Note 3).

(xv) the Company issued 1,403,572 common shares and 701,786 common share purchase warrants exercisable at a price of \$0.36 until May 30, 2003 pursuant to a private placement at a price of \$0.28 per unit.

(xvi) the Company closed a brokered private placement of 3.2 million common shares at \$0.25 per common share, less issue costs of \$70,038. Brokers' warrants to purchase 319,000 shares at \$0.25 per share until June 6, 2003 were also issued.

(c) *Incentive stock option agreement*

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

The following tables summarize the Company's outstanding stock options:

	Number of Shares	Weighted Average Exercise Price
Options outstanding at August 31, 2001	840,000	\$ 0.55
Granted	1,804,379	0.64
Exercised	(54,000)	0.48
Expired	(39,694)	0.71
Cancelled	(489,685)	0.96
Options outstanding at August 31, 2002	2,061,000	0.53
Granted	465,000	0.57
Exercised	(96,500)	0.67
Cancelled	(162,500)	0.36
Options outstanding at August 31, 2003	2,267,000	0.53
Granted	590,000	1.04
Exercised	(132,000)	0.45
Cancelled	(300,000)	0.60
Options outstanding at August 31, 2004	2,425,000	\$ 0.65

Exercise Prices	Number Outstanding at August 31, 2004	Weighted Average Remaining Contractual Life (Years)	Number Exercisable at August 31, 2004
0.35	355,000	2.52	355,000
0.50	305,000	3.76	305,000
0.55	1,000,000	0.84	983,750
0.70	150,000	4.05	150,000
0.75	125,000	2.88	125,000
0.95	50,000	1.01	50,000
1.00	60,000	4.71	60,000
1.10	280,000	4.90	70,000
1.40	50,000	4.62	50,000
1.44	50,000	4.28	50,000
	2,425,000		2,198,750

The Company granted 515,000 stock options to employees and 75,000 to consultants during the year. The Company has recorded \$92,881 of compensation expense relating to stock options granted to consultants in the year ended August 31, 2004. The Company records compensation costs for employee stock options whereby compensation expense is recognized for the excess, if any, of the quoted market price at the date of grant over the exercise price. Had compensation costs been determined based on the fair value of the options granted using the Black-Scholes option-pricing model, additional compensation expense would have been recorded as follows:

	2004	2003
Loss for the year as reported	\$ (2,242,627)	\$ (1,748,993)
Pro forma compensation expense	(241,000)	(77,000)
Pro forma loss	\$ (2,483,627)	\$ (1,825,993)
Pro forma basic and diluted loss per share	\$ (0.08)	\$ (0.07)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following weighted average assumptions were used in valuing stock options granted during the year:

	2004	2003
Risk-free interest rate	3.97	3.73
Expected life of options	3.47	3.50
Annualized volatility	200%	87%
Dividend rate	0.00%	0.00%

### (d) Share purchase warrants

	Number of Warrants	Weighted Average Exercise Price
Balance at September 1, 2001	555,848	\$ 0.52
Purchase warrants on amalgamation with New Millennium	1,114,695	0.88
Issued to private placement placees (Note 8 (b) (xv))	701,786	0.36
Issued to agents on brokered financing (Note 8 (b) (xvi))	319,000	0.25
Exercised and converted to common shares	(628,929)	0.66
Expired during the period	(753,878)	0.92
Balance at August 31, 2002	1,308,522	0.38
Issued to private placement placees (Note 8 (b) (vii) & (viii))	2,712,596	0.79
Issued to agents on brokered financing (Note 8 (b) (viii))	304,385	0.75
Exercised and converted to common shares	(645,990)	0.36
Expired during the period	(662,532)	0.39
Balance at August 31, 2003	3,016,981	0.79
Issued to private placement placees (Note 8 (b) (iii) & (iv))	1,892,550	1.19
Issued to agents on brokered financing (Note 8 (b) (iv))	253,663	1.21
Exercised and converted to common shares	(1,747,032)	0.82
Balance at August 31, 2004	3,416,162	\$ 1.03

Of the 3,416,162 common share warrants outstanding at August 31, 2004, 500,000 are exercisable at \$0.75 per warrant expiring on December 17, 2004; 769,949 are exercisable at \$0.75 per warrant expiring on December 24, 2004; 1,200,000 are exercisable at \$1.10 per warrant expiring on October 31, 2004; 241,110 are exercisable at \$1.20 per warrant expiring on July 14, 2005, and 705,103 are exercisable at \$1.35 per warrant expiring on July 14, 2005.

## 9. RELATED PARTY TRANSACTIONS

Transactions with related parties are recorded as follows:

(a) Management and consulting fees of \$249,253 (2003 - \$184,112, 2002 - \$163,229) were incurred with directors. As at August 31, 2004 an amount of \$Nil owing was included in accounts payable (2003 - \$9,723).

(b) During 2003, the Company entered into a service agreement with MAG Silver Corp. ("MAG"), a company with a common director and common officer. During the year the Company received from MAG \$152,353 (2003 - \$38,525; 2002 - \$Nil). During 2003 the Company also received a \$100,000 finders fee in the form of 200,000 MAG common shares for introduction to certain people and mineral properties in Mexico. See Note 5.

These transactions are in the normal course of business and are measured at the exchange amount which is the consideration established and agreed to by the noted parties.

## 10. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying cumulative Canadian federal and provincial tax rates to the loss before tax provision due to the following:

	2004	2003
Statutory tax rates	36%	41%
Recovery of income taxes computed at statutory rates	\$ 914,651	\$ 804,171
Effect of lower tax rates in foreign jurisdictions	(23,136)	-
Tax losses not recognized in the period that the benefit arose	(613,515)	(591,771)
Future income tax recovery	\$ 278,000	\$ 212,400

The approximate tax effect of the temporary differences that gives rise to the Company's future income tax assets and liability are as follows:

	2004	2003
Future income tax assets		
Operating loss carry forwards	\$ 1,763,054	\$ 1,148,675
Fixed assets	24,357	15,429
Share issuance costs	194,496	158,861
Valuation allowance on future income tax assets	(1,981,907)	(1,322,965)
	\$ -	\$ -
Future income tax liability		
Mineral properties	\$ 427,000	\$ 359,000
	\$ 427,000	\$ 359,000

The Company has non-capital loss carryforwards available to offset future taxable income in the amount of approximately \$4.9 million which expire at various dates from 2005 to 2011.

## 11. CONTINGENCIES AND COMMITMENTS

(a) The Company's minimum payments under its office and equipment lease agreements which were entered into subsequent to August 31, 2004, as well as its South African subsidiary commitments are as follows:

2005	\$ 103,817
2006	94,592
2007	76,575
2008	9,608
2009	9,608
	\$ 294,200

(b) The Company is party to a dispute regarding its right to purchase the Elandsfontein property as described in Note 6 (b)(ii).

## 12. NET CHANGE IN NON-CASH WORKING CAPITAL

	Year ended August 31, 2004	Year ended August 31, 2003	Year ended August 31, 2002	Cumulative amount from March 16, 2000 to August 31, 2004
Amounts receivable	\$ (164,724)	\$ 217,633	\$ 43,097	\$ (19,903)
Prepaid expenses and other	(3,374)	33,678	(41,601)	(28,194)
Accounts payable	490,347	58,120	(203,762)	387,903
	\$ 322,249	\$ 309,431	\$ (202,266)	\$ 339,806

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. SEGMENTED INFORMATION

The Company operates in one operating segment, that being exploration on mineral properties. Capitalized costs for mineral rights and deferred exploration relate to properties situated as follows:

	2004	2003
Canada	\$ 3,343,505	\$ 2,902,851
South Africa	2,652,045	988,802
	\$ 5,995,550	\$ 3,891,653

### 14. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with Canadian GAAP, which differs in certain respects from US GAAP. The material differences between Canadian and US GAAP affecting the Company's consolidated financial statements are summarized as follows:

#### Consolidated Balance Sheets

	<b>2004</b>		2003	
Total assets under Canadian GAAP	\$	<b>9,134,019</b>	\$	5,086,421
Decrease in mineral properties due to expensing of exploration costs (a)		<b>(4,095,845)</b>		(1,978,758)
Marketable securities (d)		<b>309,625</b>		66,000
<b>Total assets under US GAAP</b>	<b>\$</b>	<b>5,347,799</b>	<b>\$</b>	<b>3,173,663</b>
Total liabilities under Canadian GAAP	\$	<b>1,086,895</b>	\$	528,548
Liability relating to issuance of flow-through shares (b)		<b>110,629</b>		39,987
Decrease in future income tax liability due to expensing of exploration costs (a)		<b>(427,000)</b>		(359,000)
		<b>770,524</b>		209,535
Shareholders' equity under Canadian GAAP		<b>8,047,124</b>		4,557,873
Cumulative mineral properties adjustment (a), (b)		<b>(4,095,845)</b>		(1,978,759)
Cumulative future income taxes adjustment (c)		<b>427,000</b>		359,000
Liability recorded upon issuance of flow-through shares (c)		<b>(110,629)</b>		(39,987)
Marketable securities (d)		<b>309,625</b>		66,000
<b>Shareholders' equity under US GAAP</b>		<b>4,577,275</b>		<b>2,964,127</b>
<b>Total Liabilities and shareholders' equity under US GAAP</b>	<b>\$</b>	<b>5,347,799</b>	<b>\$</b>	<b>3,173,662</b>

#### Consolidated Statement of Loss and Deficit

	Year ended August 31, 2004	Year ended August 31, 2003	Year ended August 31, 2002	Cumulative amount from March 16, 2000 to August 31, 2004
Net loss under Canadian GAAP	\$ (2,242,627)	\$ (1,748,993)	\$ (1,501,620)	\$ (6,015,883)
Mineral property costs written off (a)	1,044,542	815,714	1,090,871	2,951,127
Acquisition costs included in write off (a)	(450,217)	(309,786)	(505,837)	(1,265,840)
Mineral property exploration expenditures (a)	(2,711,412)	(1,427,706)	(935,271)	(5,781,133)
Future income taxes (b)	(190,242)	(15,185)	(204,600)	(483,027)
Consulting (c)	-	-	(286,000)	(287,250)
Stock based compensation (c)	(125,510)	105,457	(142,747)	(162,800)
Write-down of "available for sale" securities (d)	-	-	18,450	18,450
<b>Net loss under US GAAP</b>	<b>\$ (4,675,466)</b>	<b>\$ (2,580,499)</b>	<b>\$ (2,466,754)</b>	<b>\$ (11,026,356)</b>
<b>Basic loss per share under US GAAP</b>	<b>\$ (0.15)</b>	<b>\$ (0.10)</b>	<b>\$ (0.17)</b>	

#### Consolidated Statement of Cash Flows

	Year ended August 31, 2004	Year ended August 31, 2003	Year ended August 31, 2002	Cumulative amount from March 16, 2000 to August 31, 2004
Operating activities:				
Operating activities under Canadian GAAP	\$ (1,179,125)	\$ (679,810)	\$ (1,034,989)	\$ (3,486,519)
Deferred exploration (a)	(2,711,412)	(1,427,706)	(954,263)	(5,647,357)
<b>Operating activities under US GAAP</b>	<b>\$ (3,890,537)</b>	<b>\$ (2,107,516)</b>	<b>\$ (1,989,252)</b>	<b>\$ (9,133,876)</b>
Financing activity:				
Financing activities under Canadian and US GAAP	\$ 5,981,397	\$ 2,558,456	\$ 1,683,461	\$ 13,298,717
Investing activities:				
Investing activities under Canadian GAAP	\$ (3,373,746)	\$ (1,782,903)	\$ (1,294,111)	\$ (7,386,562)
Deferred exploration (a)	2,711,412	1,427,706	954,263	5,647,357
<b>Investing activities under US GAAP</b>	<b>\$ (662,334)</b>	<b>\$ (355,197)</b>	<b>\$ (339,848)</b>	<b>\$ (1,739,205)</b>

(a) Exploration expenses

Canadian GAAP allows exploration costs to be capitalized during the search for a commercially mineable body of ore. Under US GAAP, exploration expenditures on mineral property costs can only be deferred subsequent to the establishment of mining reserves. For US GAAP purposes the Company has expensed exploration expenditures in the period incurred.

*(b) Flow-through shares*

Under Canadian GAAP, flow-through shares are recorded at their face value, net of related issuance costs. When eligible expenditures are made, the carrying value of these expenditures may exceed their tax value due to

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

the renunciation of the tax benefit by the Company. The tax effect of this temporary difference is recorded as a cost of issuing the shares.

The Financial Accounting Standards Board ("FASB") staff has taken the view that under SFAS No. 109, Accounting for Income Taxes, the proceeds from issuance should be allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reversed when tax benefits are renounced and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of deferred tax liability and the liability recognized on issuance.

Furthermore, under US GAAP, the amounts received through the issuance of flow-through shares and not yet expended on the related mineral exploration costs are separately classified as restricted cash. Such amounts unexpended at August 31, 2004 and 2003 totalled approximately \$903,422 and \$595,000, respectively.

*(c) Accounting for stock-based compensation*

For US GAAP purposes the Company accounts for stock based compensation to employees and directors under Accounting Principles Board Opinion No 25, Accounting for Stock Issued to Employees, ("APB No. 25"), using the intrinsic value based method whereby compensation costs are recorded for the excess, if any, of the quoted market price at the date granted over the exercise price. As at August 31, 2004 no compensation cost has been recorded for any period under this method.

SFAS No. 123, Accounting for Stock-Based Compensation, requires the use of the fair value based method of accounting for stock options. Under this method, compensation cost is measured at the grant date based on the fair value of the options granted and is recognized over the vesting period. During the year ended August 31, 2004, the Company issued options to individuals other than employees and directors, which, under SFAS No. 123, resulted in \$92,881 (2003 - \$42,051) of consulting expenses.

SFAS No. 123, however allows the Company to continue to measure the compensation cost of employees in accordance with APB No. 25. The Company has adopted the disclosure-only provisions of SFAS No. 123.

The following pro forma financial information presents the net loss for the year ended August 31, 2004 and the loss per share had the Company adopted SFAS 123 for all stock options issued to directors, officers and employees.

	<b>Year ended August 31, 2004</b>	Year ended August 31, 2003	Year ended August 31, 2002
Net loss for the period under US GAAP	\$ (4,675,466)	\$ (2,580,499)	\$ (2,466,754)
Additional stock based compensation cost	(250,000)	(97,600)	(176,000)
Pro forma net loss	\$ (4,925,466)	\$ (2,678,099)	\$ (2,642,754)
Pro forma basic and diluted loss per share	\$ (0.16)	\$ (0.10)	\$ (0.18)

Using the fair value method for stock based compensation, additional costs of approximately \$250,000 (2003 - \$97,600; 2002 - \$176,000) would have been recorded for the year ended August 31, 2004. These amounts were determined using an option pricing model assuming no dividends are to be paid, a volatility of the Company's share price of 200% (2003 - 87%; 2002 - 60%) and an annual risk free interest rate of 3.97% (2003 - 3.73%; 2002 - 4.08%).

FASB Interpretation 44 states that when fixed stock option awards to employees and directors are modified, the stock options

must be accounted for as variable from the date of modification to the date the stock options are exercised, forfeited or expire unexercised.

Consequently, the 313,028 stock options issued to employees and directors that were repriced on March 6, 2002 are now considered to be variable and any increase in the market price over the reduced exercise price must be recognized as compensation cost. As at August 31, 2004, the market price of the Company's common shares was \$0.55 per share resulting in compensation expense (recovery) of \$125,510 (2003 – (\$105,457)).

*(d) Comprehensive income*

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, Reporting Comprehensive Income, which requires that an enterprise report, by major components and as a single total, the change in its net assets during the period from non-owner sources. The impact of SFAS No. 130 on the Company's financial statements is as follows:

	<b>Year ended August 31, 2004</b>	Year ended August 31, 2003	Year ended August 31, 2002
Net loss under US GAAP	\$ (4,675,466)	\$ (2,580,499)	\$ (2,466,754)
Other comprehensive income:			
Unrealized gain (loss) on marketable securities	243,625	84,450	(18,450)
<b>Comprehensive net loss under US GAAP</b>	<b>\$ (4,431,841)</b>	<b>\$ (2,496,049)</b>	<b>\$ (2,485,204)</b>
<b>Comprehensive loss per share</b>	<b>\$ (0.14)</b>	<b>\$ (0.10)</b>	<b>\$ (0.17)</b>

*(e) Accounting for derivative instruments and hedging activities*

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which standardizes the accounting for derivative instruments. SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. The Company does not engage in hedging activities or invest in derivative instruments. Therefore, adoption of SFAS No. 133 has no significant financial impact.

*(f) Recent accounting pronouncements*

In December 2002, the FASB issued FAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based compensation. It also amends the disclosure provisions of that statement. The disclosure provisions of this statement are effective for financial statements issued for fiscal periods beginning after December 15, 2002.

In April 2003, SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, was issued. In general, this statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. This statement is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The Company adopted this standard on July 1, 2003. Adoption of this standard did not have a material impact on the Company's financial position or disclosure.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equities. SFAS No. 150 requires certain financial instruments that were accounted for as equity under previous guidance to now be accounted for as liability. SFAS No. 150 applies to mandatorily redeemable stock and certain financial instruments that require or may require settlement by transferring cash or other assets. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company has not issued any financial instruments that fall under the scope of SFAS No. 150. The Company adopted this standard on September 1, 2003. Adoption of this standard did not have a material impact on the Company's financial position or disclosures.

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51. FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for

the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 is effective for all new variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN No. 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company adopted FIN No. 46 on September 1, 2003. Adoption of this standard did not have a material impact on the Company's financial position or disclosures.

In March 2004, the Emerging Issues Task Force issued EITF 04-2, Whether Mineral Rights are Tangible or Intangible Assets ("EITF 04-2"). The Task Force reached a consensus that mineral rights are tangible assets. In April 2004, the FASB issued proposed FASB Staff Positions ("FSPs") FAS 141-1 and FAS 142-1, Interaction of FASB Statements No. 141, Business Combinations ("SFAS 141"), and No. 142, Goodwill and Other Intangible Assets ("SFAS 142"), and EITF Issue No. 04-2, Whether Mineral Rights are Tangible or Intangible Assets. The proposed FSPs amend SFAS 141 and 142 to conform them to the Task Force consensus. The FSPs are effective for the first reporting period beginning after April 29, 2004. The Company does not anticipate that the adoption of EITF 04-2 and FSPs 141-1 and 142-1 will have a material impact on the Company's results of operations, financial position or disclosures.

In March 2004, the EITF issued EITF 04-3, Mining Assets: Impairment and Business Combinations. EITF 04-3 requires mining companies to consider cash flows related to the economic value of mining assets (including mineral properties and rights) beyond those assets' proven and probable reserves, as well as anticipated market price fluctuations, when assigning value in a business combination in accordance with SFAS 141 and when testing the mining assets for impairment in accordance with SFAS 144. The consensus is effective for fiscal periods beginning after March 31, 2004.

## 15. SUBSEQUENT EVENTS

(a) On September 30, 2004 the Company acquired 1,407,069 shares of Active Gold Group Ltd. ("Active Gold") from six of Active Gold's founding shareholders, all of whom are at arm's length to the Company, in exchange for 399,999 shares 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 transaction 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.

(b) On September 24, 2004 the Company acquired an option to earn up to a 70% interest in the Seagull property located in the Nipigon region of Ontario. The Company can earn an initial 50% property interest by completing certain exploration expenditures and cash payments over 5 years. Cumulative exploration expenditures required are \$500,000 within 12 months from the date of the option agreement, \$1.5 million within 24 months, \$3.0 million within 36 months, \$5.0 million within 48 months, and a cumulative total of \$7.5 million within 60 months from the date of the option agreement. The initial \$250,000 in work is a firm commitment. The Company can earn an additional 10% property interest by completing a bankable feasibility study for the property and may then earn a further 10% property interest by providing or arranging production financing. Required cash payments to the vendors are an initial \$75,000 within 30 days of the agreement (paid), \$75,000 within year one, \$125,000 within year two, \$125,000 within year three, \$150,000 within year four, and \$200,000 within year five for an aggregate total of \$750,000. The property is subject to underlying NSR Royalties of 2.4% from which the Company may buy-back 1.4% for \$2.0 million.

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

(d) On August 5, 2004 the Company entered into new office and equipment lease agreements as described in Note 11.

(e) 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 PTM, the parties will fund their portion of further expenditures pro-rata based upon their working interest in the Venture.

Once a bankable feasibility study has been completed the respective interest of the parties will be adjusted to reflect their relative contribution of measured, indicated and inferred ounces determined in accordance with the South African SAMREC

geological code at rates of US \$0.50 per inferred ounce, US \$3.20 per indicated ounce and US \$6.20 per measured ounce. Each party will have the opportunity to contribute capital necessary, if so desired, to maintain their respective initial working interest in the JV. The JV agreement also provides a mechanism whereby Anglo Platinum may elect to become a “non-contributory participant” to the JV and by doing so would be subject to dilution.

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

(f) Subsequent to year end 1,297,484 common shares were issued pursuant to the exercise of 1,200,000 warrants at a price of \$1.10 per share and 97,484 warrants at a price of \$0.75 per share for aggregate proceeds of \$1,393,113.

**PLATINUM GROUP METALS LTD.  
AMALGAMATION NUMBER: 642278  
(THE “COMPANY”)**

**ARTICLES**

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## 1. Interpretation

### 1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) **“board of directors”**, **“directors”** and **“board”** mean the directors or sole director of the Company for the time being;
- (2) **“Business Corporations Act”** means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) **“Interpretation Act”** means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) **“legal personal representative”** means the personal or other legal representative of the shareholder;
- (5) **“registered address”** of a shareholder means the shareholder’s address as recorded in the central securities register; and
- (6) **“seal”** means the seal of the Company, if any.

### 1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## 2. Shares and Share Certificates

### 2.1 Authorized Share Structure

The authorized share structure of the Company consists of an unlimited number of common shares without par value.

### 2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

### 2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (1) one share certificate representing the shares of each class or series of shares registered in the shareholder’s name or (2) a non-transferable written acknowledgment of the shareholder’s right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders’ duly authorized agents will be sufficient delivery to all.

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**2.4 Delivery by Mail**

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

**2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

**2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

**2.7 Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

**2.8 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any, determined by the directors, which amount must not exceed the amount prescribed under the *Business Corporations Act*.

**2.9 Recognition of Trusts**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having express notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder of such share.

**3. Issue of Shares**

**3.1 Directors Authorized**

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of any of the unissued shares, and any issued shares held by the

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Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

### **3.2 Commissions and Discounts**

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

### **3.3 Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### **3.4 Conditions of Issue**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (a) past services actually performed for the Company;
  - (b) property;
  - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### **3.5 Share Purchase Warrants and Rights**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. Share Registers**

### **4.1 Central Securities Register**

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register in British Columbia. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

### **4.2 Closing of Central Securities Register**

The Company must not at any time close its central securities register.

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**5. Share Transfers**

**5.1 Registering Transfers**

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

**5.2 Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

**5.3 Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

**5.4 Signing of Instrument of Transfer**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

**5.5 Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

**5.6 Transfer Fee**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

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**6. Transmission of Shares**

**6.1 Legal Personal Representative Recognized on Death**

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

**6.2 Rights of Legal Personal Representative**

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

**7. Purchase of Shares**

**7.1 Company Authorized to Purchase Shares**

Subject to the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares upon the terms, if any, specified in such resolution.

**7.2 Sale and Voting of Purchased Shares**

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, the Company:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

**8. Borrowing Powers**

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
  - (2) 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;
  - (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
  - (4) 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.
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**9. Alterations**

**9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by ordinary resolution:
  - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
  - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
  - (c) if the Company is authorized to issue shares of a class of shares with par value:
    - (i) decrease the par value of those shares; or
    - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
  - (d) alter the identifying name of any of its shares; or
  - (e) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*; and
- (2) by resolution of the directors, subdivide or consolidate all or any of its unissued, or fully paid issued, shares.

**9.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may, by ordinary resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued;
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (3) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value.

**9.3 Change of Name**

The Company may, by a resolution of the directors, authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

**9.4 Other Alterations**

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

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**10. Meetings of Shareholders**

**10.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

**10.2 Resolution Instead of Annual General Meeting**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

**10.3 Calling of Meetings of Shareholders**

The directors may, whenever they think fit, call a meeting of shareholders.

**10.4 Location of Meetings of Shareholders**

Subject to the *Business Corporations Act*, a meeting of shareholders may be held in or outside of British Columbia as determined by a resolution of the directors.

**10.5 Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days; or
- (2) otherwise, 10 days.

**10.6 Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days; or
- (2) otherwise, 10 days.

If no record date is set, the record date is the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the date immediately preceding the date of the meeting.

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**10.7 Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the date immediately preceding the date of the meeting.

**10.8 Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise and prior to or following such meeting, waive or reduce the period of notice of such meeting.

**10.9 Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
  - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
  - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

**11. Proceedings at Meetings of Shareholders**

**11.1 Special Business**

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
  - (2) at an annual general meeting, all business is special business except for the following:
    - (a) business relating to the conduct of or voting at the meeting;
    - (b) consideration of any financial statements of the Company presented to the meeting;
    - (c) consideration of any reports of the directors or auditor;
    - (d) the setting or changing of the number of directors;
    - (e) the election or appointment of directors;
    - (f) the appointment of an auditor;
-

- (g) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
- (h) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

#### **11.2 Special Majority**

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds (2/3) of the votes cast on the resolution.

#### **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

#### **11.4 One Shareholder May Constitute Quorum**

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

#### **11.5 Other Persons May Attend**

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

#### **11.6 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

#### **11.7 Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

#### **11.8 Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

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**11.9 Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any;
- (2) if there is no chair of the board, or if the chair of the board is absent or unwilling to act as chair of the meeting, the chief executive officer, if any;
- (3) if there is no chief executive officer or if the chief executive officer is absent or unwilling to act as chair of the meeting, the president, if any;
- (4) if there is no president, or if the president is absent or unwilling to act as chair of the meeting, a vice-president, if any; or
- (5) if there are no vice-presidents, or if all vice-president are absent or are all unwilling to act as chair of the meeting, a director.

**11.10 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board, chief executive officer, president, vice-president or director present within 15 minutes after the time set for holding the meeting, or if the chair of the board, the chief executive officer, president and all vice-presidents and all directors are unwilling to act as chair of the meeting, or if the chair of the board, the chief executive officer, the president and all vice-presidents and directors have advised the secretary, if any, or the solicitor for the Company, that they will not be present at the meeting, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

**11.11 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

**11.12 Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

**11.13 Decisions by Show of Hands or Poll**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

**11.14 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

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**11.15 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

**11.16 Casting Vote**

In case of an equality of votes, the chair of a meeting of shareholders, on a show of hands and on a poll, has a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

**11.17 Manner of Taking Poll**

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
  - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

**11.18 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

**11.19 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

**11.20 Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

**11.21 Demand for Poll**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

**11.22 Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

**11.23 Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep at its records office each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three-month period, the Company may destroy such ballots and proxies.

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**12. Votes of Shareholders**

**12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder, or a duly appointed representative of a corporate shareholder pursuant to Article 12.5, entitled to vote on the matter has one vote. Shareholders represented by proxy are not entitled to vote on a show of hands; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

**12.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

**12.3 Votes by Joint Holders**

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

**12.4 Legal Personal Representatives as Joint Shareholders**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

**12.5 Representative of a Corporate Shareholder**

If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
    - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
    - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting; and
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- (2) if a representative is appointed under this Article 12.5:
- (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

**12.6 Proxy Provisions Do Not Apply to All Companies**

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.15 apply only insofar as they are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

**12.7 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy including, if provided in the proxy, the full power of substitution.

**12.8 Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

**12.9 When Proxy Holder Need Not Be Shareholder**

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
  - (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
  - (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.
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**12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company, or at any other place specified in the notice calling the meeting for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

**12.11 Validity of Proxy Vote**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) by the chair of the meeting, before the vote is taken.

**12.12 Form of Proxy**

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*[name of company]*  
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]* , as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): \_\_\_\_\_

Signed *[month, day, year]*

\_\_\_\_\_  
*[Signature of shareholder]*

\_\_\_\_\_  
*[Name of shareholder—printed]*

**12.13 Revocation of Proxy**

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or



- (2) provided, at the meeting, to the chair of the meeting.

**12.14 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

**12.15 Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote. The acceptance or rejection of any proxy, or appointment of a representative by a corporate shareholder, made by the chairman in good faith is final and conclusive.

**13. Directors**

**13.1 Number of Directors**

The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) if the Company is a public company, the greater of three and the most recently set of:
- (a) the number of directors set by resolution of the directors; and
  - (b) the number of directors set under Article 14.4;
- (2) if the Company is or becomes a company which is not a public company, the most recently set of:
- (a) the number of directors set by ordinary resolution (whether or not previous notice was given); and
  - (b) the number of directors set under Article 14.4.

**13.2 Change in Number of Directors**

If the number of directors is set under Articles 13.1(1)(a) or 13.1(2)(a), subject to Article 14.1:

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number then the directors may appoint directors to fill those vacancies.

**13.3 Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

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**13.4 Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

**13.5 Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time by resolution determine or, at the option of the directors, as may be fixed by ordinary resolution. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company, as such, who is also a director.

**13.6 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

**13.7 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

**13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

**14. Election and Removal of Directors**

**14.1 Election at Annual General Meeting**

- (1) At each annual general meeting of the Company all the directors whose term of office expire at such annual general meeting shall cease to hold office immediately before the election of directors at such annual general meeting and the shareholders entitled to vote thereat shall elect to the board of directors, directors as otherwise permitted by any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and all regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation as set out below. A retiring director shall be eligible for re-election;
  - (2) Each director may be elected for a term of office of one or more years of office as may be specified by ordinary resolution at the time he is elected. In the absence of any such ordinary resolution, a director's term of office shall be one year of office. No director shall be elected for a term of office exceeding five years of office. The shareholders may, by resolution of not less than  $\frac{3}{4}$  of the votes cast on the resolution, vary the term of office of any director; and
  - (3) A director elected or appointed to fill a vacancy shall be elected or appointed for a term expiring immediately before the election of directors at the annual general meeting of the Company when the term of the director whose position he is filling would expire.
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**14.2 Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act* ;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act* .

**14.3 Failure to Elect or Appoint Directors**

**If:**

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act* ; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

**14.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

**14.5 Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the directors, but a vacancy created by an increase in the number of directors pursuant to a resolution of the directors in accordance with Article 13.1(1)(a) is not a casual vacancy.

**14.6 Remaining Directors Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act* , for any other purpose.

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**14.7 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, and the directors do not act to appoint additional directors pursuant to Article 14.6, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

**14.8 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8. Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

**14.9 Ceasing to be a Director**

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

**14.10 Removal of Director by Shareholders**

The shareholders may remove any director before the expiration of his or her term of office by a resolution of not less than three quarters (3/4) of the votes cast on such resolution. In that event, the shareholders may elect, by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect a director to fill the resulting vacancy contemporaneously with the removal, then the directors may subsequently appoint or, if the directors do not do so, the shareholders may elect by ordinary resolution, a director to fill that vacancy.

**14.11 Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if:

- (1) the director is convicted of an indictable offence, or
- (2) if the director ceases to be qualified to act as a director of a company and does not promptly resign,

and the directors may appoint a director to fill the resulting vacancy.

**15. Alternate Directors**

**15.1 Appointment of Alternate Director**

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director pursuant to the *Business Corporations Act* to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within

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a reasonable time after the notice of appointment is received by the Company. Every alternate director shall have a direct and personal duty to the Company arising from his alternate directorship, independent of the duties of the director who appointed him.

**15.2 Notice of Meetings**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

**15.3 Alternate for More Than One Director Attending Meetings**

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

**15.4 Consent Resolutions**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

**15.5 Alternate Director Not an Agent**

Every alternate director is deemed not to be the agent of his or her appointor and shall be deemed not to have any conflict arising out of any interest, property or office held by the appointor. An alternate director shall be deemed to be a director for all purposes of these Articles, with full power to act as a director, subject to any limitations in the instrument appointing him, and an alternate director shall be entitled to all of the indemnities and similar protections afforded directors by the *Business Corporations Act* and under these Articles. A director shall have no liability arising out of any act or omission by his alternate director to which the appointor was not a party, nor shall an alternate director have liability for any such act or omission by the appointor. Without limiting the foregoing, no duty to account to the Company shall be imposed upon an alternate director merely because he voted in respect of a contract or transaction in which the appointor was interested or which the appointor failed to disclose, nor shall any such duty be imposed upon an appointor merely because he voted in respect of a contract or transaction in which his alternate director was interested or which such alternate director failed to disclose.

**15.6 Revocation of Appointment of Alternate Director**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

**15.7 Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

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- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

**15.8 Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

**16. Powers and Duties of Directors**

**16.1 Powers of Management**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

**16.2 Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

**16.3 Remuneration of Auditor**

The directors may set the remuneration of the auditor of the Company.

**17. Disclosure of Interest of Directors**

**17.1 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act* ) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act* .

**17.2 Restrictions on Voting by Reason of Interest**

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

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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.

**17.3 Interested Director Counted in Quorum**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

**17.4 Disclosure of Conflict of Interest or Property**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

**17.5 Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

**17.6 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

**17.7 Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

**17.8 Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

**18. Proceedings of Directors**

**18.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

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**18.2 Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

**18.3 Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) if there is no chair of the board or in the absence of the chair of the board, the chief executive officer, if any, if the chief executive officer is a director;
- (3) if there is no chief executive officer or in the absence of the chief executive officer, the president, if any, if the president is a director; or
- (4) any other director chosen by the directors (in such manner as they may determine) if:
  - (a) none of the chair of the board (if any), the chief executive officer (if any and if a director) or the president (if any and if a director), is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (b) none of the chair of the board (if any), the chief executive officer (if any and if a directors) or the president (if any and if a director), is willing to chair the meeting; or
  - (c) all of the chair of the board, the chief executive officer (if any and if a director) and the president (if any and if a director), have advised the secretary, if any, any other director or the lawyer for the Company, that they will not be present at the meeting.

**18.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors:

- (1) in person;
- (2) by telephone if all directors participating in the meeting, whether in person or by telephone, are able to communicate with each other; or
- (3) by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation.

A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

**18.5 Calling of Meetings**

A director may, and the chief executive officer, president, secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

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**18.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

**18.7 When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed;
- (2) the director or alternate director, as the case may be, has waived notice of the meeting; or
- (3) the director or alternate director, as the case may be, is not, at the time, in the province of British Columbia.

**18.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

**18.9 Waiver of Notice of Meetings**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

**18.10 Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and:

- (1) if not so set, is deemed to be set at two of the directors then in office or, if the number of directors then in office is not an even number, then is deemed to be set at a majority of the directors then in office; or
- (2) if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

**18.11 Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

**18.12 Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
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- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consent to it in writing.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts, which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **19. Executive and Other Committees**

### **19.1 Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **19.2 Appointment and Powers of Other Committees**

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - (a) the power to fill vacancies in the board of directors;
  - (b) the power to remove a director;
  - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
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- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

#### **19.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

#### **19.5 Committee Meetings**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting has a second or casting vote.

### **20. Officers**

#### **20.1 Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

#### **20.2 Functions, Duties and Powers of Officers**

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit (except for those powers referred to in paragraphs (1) – (4) of Article 19.1); and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

#### **20.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

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#### **20.4 Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

#### **21. Indemnification**

##### **21.1 Definitions**

In this Article 21:

- (1) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) “expenses” has the meaning set out in the *Business Corporations Act*.

##### **21.2 Mandatory Indemnification of Directors and Former Directors**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director, alternate director, officer or former officer of the Company or of any affiliate of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director, alternate director and officer of the Company or of any affiliate of the Company is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

##### **21.3 Indemnification of Other Persons**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

##### **21.4 Non-Compliance with *Business Corporations Act***

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

##### **21.5 Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
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- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **22. Dividends**

### **22.1 Payment of Dividends Subject to Special Rights**

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **22.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

### **22.3 No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

### **22.4 Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is the day on which the directors pass the resolution declaring the dividend.

### **22.5 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

### **22.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
  - (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
  - (3) vest any such specific assets in trustees for the persons entitled to the dividend.
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**22.7 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

**22.8 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

**22.9 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

**22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

**22.11 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

**22.12 Payment of Dividends**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

**22.13 Capitalization of Surplus**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

**23. Documents, Records and Reports**

**23.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

**23.2 Inspection of Accounting Records**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

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**24. Notices**

**24.1 Method of Giving Notice**

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
  - (a) for a record mailed to a shareholder, the shareholder's registered address;
  - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
  - (a) for a record delivered to a shareholder, the shareholder's registered address;
  - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient; or
- (6) as otherwise permitted by any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and all regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

**24.2 Deemed Receipt of Mailing**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

**24.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

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**24.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

**24.5 Notice to Trustees**

The Company may provide a notice, statement, report or other record to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

**25. Seal**

**25.1 Who May Attest Seal**

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) any two officers;
- (4) if the Company only has one director, that director; or
- (5) any one or more directors or officers or persons as may be determined by the directors by resolution.

**25.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

**25.3 Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be

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impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.



1205 – 675 West Hastings Street,  
Vancouver, BC V6B 1N2  
Tel.: 604.687.4951 | Fax.: 604.687.4991

October 27, 2003

Platinum Group Metals Ltd.  
Suite 800 – 409 Granville Street  
Vancouver, BC V6C 1T2

Attention: R. Michael Jones

### Letter Agreement

**Between: Western Prospector Group Ltd. (“Western”)**

**And Platinum Group Metals Ltd. (“PGM”)**

Dear Mike:

This Letter Agreement (the “Agreement”) contains the principal terms under which Western grants to PGM during the period (the “Option Period”) as set forth on Sections 2 and 3 hereof, the sole and exclusive option (the “Option”) to earn up to a 51% interest in the Lakemount Property located near Wawa, Ontario (the “Property”) upon which the parties will enter into a joint venture agreement to jointly develop the Property (the “Joint Venture”).

The Agreement is binding but does not contain all of the detail that would be expected in a definitive agreement, and will be replaced by a more formal and comprehensive definitive agreement as contemplated below.

#### 1. Due Diligence Period

Western and PGM acknowledge that a due diligence period has commenced, during which period PGM will have the exclusive right to enter into the Agreement at any time on or before 5:00 PM October 27, 2003.

#### 2. Option Payments

	<u>Cash</u>	<u>Shares</u>
On signing Letter of Agreement:	\$ 25,000 (firm)	0
October 30, 2004	\$ 25,000 (optional)	25,000 (optional)
October 30, 2005	\$ 25,000 (optional)	25,000 (optional)
October 30, 2006	\$ 35,000 (optional)	25,000 (optional)
Sub-Total	<b>\$110,000</b>	<b>75,000</b>
October 30, 2007	\$ 40,000 (optional)	25,000 (optional)
December 31, 2008		50,000 (optional)

**Grand Total     \$ 150,000**

**150,000 shares**

“Shares” will be free trading common shares in the capital of PGM, which Shares, contingent to Regulatory Approval, may be subject to a four-month hold period.

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### 3. Exploration Expenditures

	<u>cumulative</u>
On or before: December 31, 2003 (Firm)	\$ 100,000
December 31, 2004 (Optional)	400,000
December 31, 2005 (Optional)	800,000
December 31, 2006 (Optional)	1,500,000
December 31, 2008 (Optional)	2,500,000

Exploration Expenditures to be defined as all "Property-related expenditures", which expenditures will include all costs related to mineral exploration, mineral titles maintenance including lease fees and property taxes and Operator's Management Fees as defined hereunder.

Regardless of minimum cumulative Exploration Expenditures having been met in any one year, PGM acknowledges that lease fees and taxes must be paid on an annual basis.

### 4. Interest Earned

Upon PGM making Exploration Expenditures in the amount of \$1,500,000, cash payments totaling \$110,000 and share payments totaling 75,000 Shares, in accordance with the schedules above, PGM will earn a 25% interest in the Property and have the right to make an additional \$1,000,000 Exploration Expenditure, a cash payment of \$ 40,000 and share payments of 75,000 shares in accordance with the schedules above thereby earning an additional 26% interest in the Property, bringing PGM's total interest to 51%.

### 5. Joint Venture

After PGM earns a 25% interest in the Property, PGM will have the right to elect to earn an additional 26% interest in the Property or to form a Joint Venture. If PGM earns a 51% interest in the Property, then Western and PGM will form a Joint Venture.

The Joint Venture will provide, among other things, that either party will be responsible for its pro-rata funding of ongoing work. Non-contribution by either party to the Joint Venture will result in pro-rata dilution of interest, which if reduced to 15% or less will then be convertible to a 1.0% NSR for metals and a 2% NSAR for precious stones, which royalties will remain in effect until the holder has recouped 200% of its Deemed Expenditures.

The Joint Venture Agreement shall be in accordance with terms standard to the industry. If the parties are unable to reach agreement on the standard industry terms for the joint venture, the matter will be referred to arbitration referred to in paragraph 16.

### 6. Property

Property, generally known as the Lakemount Property, is defined in accordance with Schedule A attached.

### 7. Royalties

Net Smelter Return Royalty ("NSR") and Net Sales Return Royalty ("NSAR") are defined within Schedule B attached.

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## 8. Underlying Property Interests

Western warrants that the Property is comprised of the following underlying interests, hereafter defined as (“Underlying Interest”) more particularly described in Schedule A, and that those agreements related to such Underlying Interests are in full force and effect with all payments paid in full. Western also warrants that Western will keep the Western / Tidal Agreement in full force and effect during the Option Period.

- a) Tidal 2017 Lease (“Algoma / Tidal Agreement”)
- b) Wagner License (“Nova Scotia / Tidal Agreement”)
- c) Tidal Agreement (“Western / Tidal Agreement”)  
(For status of Crown Claims, see notes to Schedule A)

Western and PGM, in proportion to their interests then held, will hold the first right to buy out any Underlying Interests including potential royalty buy-downs.

Specifically, the respective buy-out interests are summarized, including the Tidal 20% interest:

	Joint Venture Interest	Proportion of Underlying Interests Available for Buy-out	Proportion of 20% Tidal Interest
a) Western	49%	49%	9%
PGM	51%	51%	11%
b) Western	75%	75%	15%
PGM	25%	25%	5%

## 9. Operator

PGM will be the Operator during the Option Period and will charge an Operator’s Management Fee not to exceed 10% of actual Exploration Expenditures incurred.

## 10. Assessment Work

During the Option Period, all work performed on any staked mineral claims comprising the Property shall, to the extent possible, be filed as assessment work and all work performed on the Wagner License shall be conducted and filed to the amounts as prescribed in the Underlying Agreements.

## 11. Postponement of Option

During the Option Period, annual exploration expenditures, other than taxes, lease fees and minimal work requirements as stipulated in underlying Agreements, may be deferred for one year in lieu of making a cash payment to Western in the amount of \$50,000.

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## **12. Assignment**

Either party has the right to assign interests to a third party as long as the incoming third party interest will be maintained in accordance with this Agreement.

## **13. Results and Reporting**

At all times, representatives of Western will have access to the Property, receive copies of all exploration results on an annual basis and receive copies of all Property-related information disseminated to PGM shareholders. News releases by either party regarding the Property will be subject to reasonable consultation with the other party.

## **14. Termination of Option**

The Option will terminate within 30 days of PGM having received notice from Western advising that PGM is delinquent in the making of any payments and exploration expenditures as scheduled above. Upon termination, the Property will be returned to Western for a minimum of 3 months in good standing and all exploration data will be delivered to Western. Western will apply all available 2003 expenditures to the extent possible for assessment credit on the Wagner License.

## **15. Definitive Agreement**

The terms and conditions of this Letter Agreement will remain in force and effect unless, at the request of either party, a formal and definitive agreement is entered into.

## **16. Arbitration**

Disputes arising from this Agreement are to be resolved and shall be submitted for binding arbitration in Vancouver, British Columbia in an arbitration proceeding that shall be conducted in accordance with applicable local arbitration rules.

## **17. Approval**

Upon signing, this Agreement will be submitted for filing within 30 days of the effective date.

## **18. Property Reduction**

PGM reserves the right to reduce portions of the Property.

## **19. Representations**

Western represents to the best of its belief and knowledge that it has supplied all material information on the Property without limitation including exploration data, property agreements, title information and any known encumbrances to PGM and Western acknowledges that PGM has relied on this in entering into this agreement.

## **20. Election of Payment**

PGM has the right at its election to make required payments that are Western's responsibility in order to keep all Property titles and agreements in good standing and deduct such payments from scheduled payments due to Western.

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## 21. Governing Laws

This Agreement shall be governed by the laws of British Columbia.

## 22. Notices

Any notice, direction or other communication required or permitted to be given under this Agreement shall be in writing and may be given by personal delivery or by mail (first class postage prepaid) or by sending it by facsimile transfer or other similar form of telecommunication (if one has been provided), in each case addressed as follows:

### If to Western :

Western Prospector Group Ltd.  
1205 – 675 West Hastings St.  
Vancouver, BC V6B 1N2  
Tel.: 604-687-4951  
Fax: 604-687-4991  
Attention: John S. Brock, President

### If to PGM :

Platinum Group Metals  
800 – 409 Granville St.  
Vancouver, BC V6C 1T2  
Tel.: 604-899-5450  
Fax: 604-484-4710  
Attention: R. Michael Jones, President

Acknowledged and agreed this 28th day of October, 2003 (the "Effective Date")

“Wayne J. Roberts”

**Western Prospector Group Ltd.**

“R. Michael Jones”

**Platinum Group Metals Ltd.**

## SUBLEASE

BETWEEN:

ANTHEM WORKS LTD.  
#300, 550 Burrard Street  
Vancouver, BC V6C 2B5

(the "Sublandlord")

AND:

#328, 550 Burrard Street  
Vancouver, BC V6C 2B5

(the "Subtenant")

WHEREAS:

A. By a lease made as of November 15, 2002 and amended by a lease expansion and amending agreement dated March 31, 2004 (collectively, the "Head Lease"), BTC Properties II Ltd. (the "Head Landlord") leased to the Sublandlord upon and subject to the terms of the Head Lease, certain premises located on the third (3<sup>rd</sup>) floor in the building municipally known as 550 Burrard

Street, Vancouver, British Columbia (the "Building"), which premises (the "Leased Premises") are more particularly described in the Head Lease and as approximately shown on Schedule A.

B. The Sublandlord and the Subtenant have agreed to enter into this Sublease for a portion of the Leased Premises (the "Sublet Premises") containing, subject to final survey adjustment, one-third of approximately **5,500** square feet of Rentable Area as shown cross-hatched on the floor plan of the Leased Premises attached as Schedule B, on the terms hereinafter set forth.

NOW THEREFORE in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties, the parties agree as follows:

(1) **Capitalized Terms.**

Capitalized terms used in this Sublease will have the meanings ascribed therein in the Head Lease unless otherwise defined herein.

(2) **Grant of Sublease.**

Subject to the consent of the Head Landlord, the Sublandlord subleases the Sublet Premises to the Subtenant and the Subtenant subleases the Sublet Premises from the Sublandlord, for a term (the "Sublease Term") commencing on October 1, 2004 (the "Commencement Date") and terminating on September 30, 2007 upon and subject to the terms of this Sublease.

(3) **Basic Rent.**

The Subtenant covenants to pay as basic rent ("Sublease Basic Rent") for the whole period of the Sublease Term commencing on the Commencement Date and ending on September 30, 2007 the sum of \$12.58 per

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square foot of Rentable Area per annum and, subject to clauses 5 and 6 below, in equal monthly instalments payable in advance on the first day of each and every month.

**(4)(i) Additional Rent.**

The Subtenant covenants to pay as Additional Rent during the Sublease Term the following amounts:

- (a) the Subtenant's Proportionate Share of Operating Costs payable by the Sublandlord under the Head Lease, as amended from time to time;
- (b) the Subtenant's Proportionate Share of the Taxes payable by the Sublandlord under the Head Lease as amended; and
- (c) all other costs, damages, or other amounts which are the responsibility of the Sublandlord under the Head Lease as amended, to the extent such costs relate to the Sublet Premises.

The Subtenant's "Proportionate Share" means a fraction having as its numerator the Rentable Area of the Sublet Premises and as its denominator the Rentable Area of the Leased Premises (including the Sublet Premises) which the parties agree to be 20,404 square feet as per survey measurement. The Subtenant will pay to the Sublandlord its Proportionate Share of any Operating Costs, Taxes, or other amounts payable by the Sublandlord pursuant to estimates of such amounts made by the Head Landlord as and when such amounts are due under the Head Lease, provided that the Subtenant has received at least Ten (10) days' prior written notice of such amounts, and the Subtenant will be entitled to and responsible for any adjustments payable upon any recalculation of such amounts as and when the same are payable or received by the Sublandlord as tenant under the Head Lease. Additional Rent is estimated to be \$15.93 per square foot of Rentable Area for the Year 2004.

**(4)(ii) Reimbursement of Sublandlord's Costs**

Notwithstanding the foregoing, the Subtenant shall pay to the Sublandlord as Additional Rent for the Term \$5.49 per square foot of Rentable Area per annum representing the Subtenant's reimbursement of the Sublandlord's improvements and fixturing cost to the Sublet Premises.

**(5) Adjustments to Rent.**

Upon completion of the Sublandlord's Work, as defined below, the Rentable Area of the Sublet Premises will be determined by the architect or surveyor of the Sublandlord, whose determination in this regard will be binding, absent manifest error, whereupon the Subtenant's Proportionate Share, together with Sublease Basic Rent and Additional Rent (collectively, "Rent"), will be adjusted accordingly.

**(6) Apportionment of Rent.**

Rent will be considered as accruing from day to day hereunder. If it is necessary to calculate Rent for a period of less than one year or less than one calendar month, an appropriate apportionment and adjustment on a pro rata daily basis will be made. Where the calculation of Additional Rent cannot be made until after the expiration or earlier termination of this Sublease, the obligation of the Subtenant to pay such Additional Rent will survive the expiration or earlier termination hereof, and such amounts will be paid by the Subtenant to the Sublandlord forthwith upon demand. If the Sublease Term commences on any day other than the first day of the month or expires on any day other than the last day of the month, Rent for such fraction of a month will be adjusted, as aforesaid, and paid by the Subtenant on the Commencement Date of the Sublease Term.

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**(7) Net Rent.**

Rent payable under this Sublease will be net and care free to the Sublandlord, and will be payable without deduction or set-off by the Subtenant throughout the Sublease Term. All costs incurred by the Sublandlord in collecting any amounts payable hereunder or enforcing any right or obligation of the Subtenant under this Sublease will be payable by the Subtenant on demand and will be deemed to be Rent for all purposes from the date demand therefor is made. In addition to Rent hereunder, the Subtenant will remit to the Sublandlord any goods and services tax or other tax or imposition collectible by the Sublandlord for the use of the Sublet Premises by the Subtenant or goods or services provided to the Subtenant, and the Sublandlord will be entitled to exercise all remedies in respect of any failure by the Subtenant to pay such amounts as if they were Rent in arrears. From the date any Rent or other amounts payable under this Sublease are due until they are actually paid, they will bear interest at the same rate set out in the Head Lease.

**(8) Subtenant's Work.**

- (a) The Subtenant shall be responsible for the installation of any special equipment required by its occupancy, including special communication equipment, subject to the Head Landlord's written consent to this Sublease and approval by the Sublandlord and the Head Landlord of the plans and specifications for the Subtenant's Work if required by the Head Landlord.
- (b) If the Subtenant does not go into possession of the Sublet Premises by October 1, 2004 for any reason other than the default of the Sublandlord, the Subtenant agrees to indemnify the Sublandlord for all costs incurred to restore the Sublet Premises to the state that the Sublet Premises were in immediately prior to the Subtenant occupying the Sublet Premises.

**(9) Sublandlord's Work.**

The Sublandlord will be responsible to delivery the Sublet Premises in a turn-key condition with similar furnishings and finishes to the space occupied by the Sublandlord as per the attached Schedule "C". (the "Sublandlord's Work") The Schedule of Specialty equipment and finishes shall be shared in common with other subtenants of the Premises.

**(10) Delay.**

The Sublandlord will not be deemed to be in default in the performance of any of its obligations herein during any period when the Sublandlord is prevented from performance by reason of being unable, using reasonable efforts (without expenditure of any funds other than reimbursement of the Head Landlord's legal costs) to obtain the consent of the Head Landlord, and neither the Sublandlord nor the Subtenant will be deemed to be in default of their respective obligations during any period when such party is prevented from performance by reason of the default of the other party, or by reason of being unable to obtain the materials, goods, equipment, service, or labour required by reason of any statute, law, bylaw, ordinance, or regulation, or by reason of any strikes, lockouts, slowdowns, or other combined action of workmen or shortages of material or any other cause beyond its control, and the time for the performance of any such obligation will be extended accordingly. The inability to perform an obligation due to lack of financial resources will not be deemed to be beyond a party's control.

**(11) Liens. [DELETED INTENTIONALLY]**

**(12) Subtenant's Covenants.**

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The Subtenant covenants and agrees with the Sublandlord:

- (a) to perform all of the obligations of the Tenant under the Head Lease;
- (b) to abide by any rules and regulations governing the use of the Premises and the Building appended to the Head Lease and attached as Schedule "D", as the same may be amended from time to time;
- (c) to pay Rent and perform all of the obligations of the Subtenant under this Sublease;
- (d) not to do or omit to do any act in or around the Sublet Premises which would cause a breach of the Sublandlord's obligations as Tenant under the Head Lease;
- (e) to promptly pay when due to the authorities having jurisdiction all Taxes (whether imposed upon the Subtenant or otherwise) attributable to the personal property, trade fixtures, business, income, or occupancy of the Subtenant or any other occupant of the Sublet Premises and to any leasehold improvements or fixtures within the Sublet Premises, and to the use by the Subtenant or its officers, employees, and invitees of any of the Common Facilities; and
- (f) to indemnify and save harmless the Sublandlord against and from any and all expenses, costs, damages, suits, actions, or liabilities arising or growing out of the failure of the Subtenant to perform any of its obligations hereunder and from all claims and demands of every kind and nature made by any person or persons to or against the Sublandlord for all and every manner of costs, damages, or expenses incurred by or injury or damage to such person or persons or his, her, or their property, to the extent that such claims or demands arise out of the use and occupation of the Sublet Premises by the Subtenant or its officers, employees, or any other person authorized or permitted by the Subtenant to be on the Sublet Premises or in or about the Building or any of the above-mentioned, and from all costs, counsel fees, expenses, and liabilities incurred by reason of any such claim or any action or proceeding brought thereon.

(13) **Subtenant's Breach.**

If the Subtenant fails to perform any of its obligations herein, the Sublandlord will have all of the remedies against the Subtenant which the Head Landlord has under the Head Lease for a breach thereof, whether expressly set out in the Head Lease or arising in law or equity.

(14) **Sublandlord's Covenants.**

Subject to the Head Landlord first consenting to this Sublease and the due performance by the Subtenant of its obligations herein, the Sublandlord covenants and agrees with the Subtenant:

- (a) for quiet enjoyment of the Sublet Premises;
  - (b) to enforce against the Head Landlord for the benefit of the Subtenant the obligations of the Head Landlord under the Head Lease which materially affect the Sublet Premises;
  - (c) to perform all of the obligations of the Sublandlord under this Sublease; and
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- (d) to perform all of the obligations of the Sublandlord under the Head Lease which materially affect the Sublet Premises, including without limitation the payment of Rent pursuant to the Head Lease.

(15) **Use.**

The Sublet Premises will be used by the Subtenant solely for the purpose of *general business* offices and for no other purpose.

(16) **Insurance.**

The Sublandlord will take out and maintain on behalf of the Subtenant, from the date the Subtenant takes possession of the Premises and throughout the Sublease Term, insurance with respect to the Sublet Premises providing for the coverages and upon the terms required in the Head Lease. The Subtenant will be shown as additional insured on all liability policies, with a cross liability and severability of interest endorsement, and each property insurance policy will contain a waiver of subrogation with respect to the Head.

The Subtenant agrees that it will not keep or use in or upon the Premises any article which is prohibited by the form of insurance policy in force from time to time covering the Premises. If the Subtenant's occupancy of, or conduct of business in the Premises, or any activity carried on or permitted to be carried on by the Subtenant whether or not the Sublandlord has consented to same or any claim of loss regardless of cause, causes any increase in premiums for the insurance carried from time to time by the Sublandlord for the Shopping Centre, the Subtenant shall pay any such increase in premiums as additional rent within ten (10) days after bills for such additional premiums shall be rendered by the Sublandlord.

(17) **Removal of Tenant's Alterations and Trade Fixtures**

If the Tenant is not then in default under this Lease, the Tenant may remove trade fixtures and personal property which the Tenant has installed in but which are not affixed to the Premises:

- (a) from time to time in the ordinary course of the Tenant's business or in the course of permitted reconstruction, renovation or alteration of the Premises by the Tenant; and
- (b) during a reasonable period prior to the expiry of the Term;

provided that the Tenant promptly repairs, at its cost, any damage to the Premises resulting from such installation or removal. In no case will such trade fixtures or personal property include the ceiling or ceiling panels, electric light fixtures, carpeting where laid, doors, store front, plumbing fixtures and fittings or any permanently affixed cabinets, shelves, hardware or decorative items in or upon the Premises.

If the Tenant abandons the Premises or if this Lease is terminated before the expiry of the Term due to a default on the part of the Tenant, then as of the moment of default by the Tenant, all trade fixtures and furnishings of the Tenant shall become and be deemed to be the property of the Landlord without indemnity to the Tenant and without prejudice to any other right or remedy of the Landlord.

The Tenant shall, if required to do so by written notice from the Landlord, at the expiration of the Term remove any trade fixtures, furnishings, alterations, additions, improvements or fixtures of the Tenant and shall make good any damage caused to the Premises resulting from the installation or removal thereof, all at the Tenant's expense.

(18) **Exercise of Rights.**

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The determination of any state of facts, the promulgation of any rules or regulations, or the taking of any other action or exercise of any other rights under the Head Lease which is permitted to the Head Landlord will, upon written notice to the Subtenant of such action or exercise, be binding upon the Subtenant and the Sublet Premises.

(19) **Paramourncy of Head Lease.**

The Subtenant acknowledges and agrees that it has no greater interest in the Sublet Premises than the Sublandlord under the Head Lease. To the extent that any right or benefit conferred by this Sublease contravenes or is incompatible with the Head Lease, such right or benefit will be amended or modified so as not to contravene or be incompatible with the Head Lease.

(20) **Notices.**

All notices, consents, and approvals permitted or required to be given hereunder will be in writing and will be delivered to the Sublandlord or the Subtenant, as the case may be, as follows:

- (a) to the Sublandlord at the Leased Premises  
#300, 550 Burrard Street  
Vancouver, BC V6C 2B5  
Attention: President
- (b) to the Subtenant at the Sublet Premises  
#328, 550 Burrard Street  
Vancouver, BC V6C 2B5  
Attention: President

Any notice so made will be deemed to have been given and received on the date of delivery on a business day to an adult person on the Leased Premises or the Sublet Premises, as applicable, and if no adult person is present, by posting the notice prominently at the entrance of the Leased Premises or Sublet Premises, as applicable.

(21) **Successors and Assigns.**

Except as otherwise provided herein, all of the rights and obligations of a party enure to the benefit of and are binding upon the successors and assigns of that party.

(22) **Further Assurances.**

Each party agrees to execute such further assurances as may be reasonably required from time to time by any other party to more fully effect the true intent of this Sublease.

(23) **Directory Boards.**

Subject to the Head Landlord's consent and pursuant to the terms of the Head Lease, where applicable, the Subtenant will have the right to include the name of its firm on the Building directory board, in the main Building lobby, and on the third (3<sup>rd</sup>) floor of the Building at the Sublandlord's expense.

(24) **Entire Agreement and "As Is".**

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This Sublease merges and supersedes all prior negotiations, representations, and agreements between the parties relating in any way to the Sublet Premises. The parties agree that there are no representations, covenants, agreements, warranties, or conditions in any way relating to the subject matter of this Sublease or the occupation or use of the Sublet Premises, whether express or implied or otherwise, except as set forth in this Sublease. In particular, and without limiting the generality of the foregoing, the Subtenant acknowledges having inspected the Sublet Premises, and sublets the Sublet Premises on an “as is” basis, subject only to the performance of the Sublandlord’s Work. Save for the Sublandlord’s Work, the Sublandlord will not be responsible for any alteration or improvement required or desired by the Subtenant to the Sublet Premises. The Subtenant acknowledges that the Sublandlord has made no representations as to the condition of the Sublet Premises or the fitness of the Sublet Premises for any purpose not expressly set out in this Sublease.

**(25) Waiver.**

No waiver by the Sublandlord of a condition or the performance of an obligation of the Subtenant hereunder binds the Sublandlord unless in writing and executed by it, and no waiver given by the Sublandlord will constitute a waiver of any other condition or performance by the Subtenant of its obligations hereunder in any other case.

**(26) Sublease Execution and Head Landlord’s Consent Required.**

This Sublease and all subsequent amendments thereto are only binding on the Sublandlord and the Subtenant respectively, if in writing and executed by authorized signatories for the Sublandlord and the Subtenant and if executed copies thereof have been delivered to each party. It is a condition precedent to this Sublease and all obligations of the Sublandlord and Subtenant hereunder that the Head Landlord consents to this Sublease. The parties agree to use their commercially reasonable best efforts to obtain the consent of the Head Landlord to this Sublease, and to provide all such information and assurances (other than third-party guarantees or covenants or additional security) as the Head Landlord may reasonably require in this regard.

**(27) Governing Law.**

This Sublease will be governed in accordance with laws applicable in the province of British Columbia, and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of British Columbia.

IN WITNESS WHEREOF the parties have duly executed this Sublease as of the date set out above.

**ANTHEM WORKS LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

Per: \_\_\_\_\_  
Authorized Signatory

**PLATINUM GROUP METALS LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

Per: \_\_\_\_\_  
Authorized Signatory

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**Schedule A**  
**Plan of Leased Premises**

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**Schedule B**  
**Plan of Sublet Premises**

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## **Schedule C Sublandlord's Work**

The Sublandlord shall deliver the Sublet Premises on a "turn-key" with quality and standard similar to the space of the Sublandlord's Leased Premises. The detail office layout shall be agreed upon between the Sublandlord and Subtenant, both acting reasonably, in addition, in accordance with the following schedule of specialty and schedule of exclusions.

### **Schedule of Specialty equipment and finishes to be provided:**

- building standard electrical and lighting distribution
- low-voltage electrical/data distribution per floor layout
- standard non-electronic whiteboard in boardroom
- refrigerator, dishwasher, microwave
- Teknion reception desk with transaction counter
- One custom millwork map storage unit
- Telephone system equipment

### **Schedule of Exclusions:**

- Office machines/equipment (e.g. photocopiers, postage machines)
- Audio Visual equipment
  - - Kitchenware/coffee equipment/water cooler
- Custom-built reception desk
- plan file cabinets
- custom wall coverings
- custom floor finishes
- custom hard ceiling
- satellite service (option to connect and purchase from landlord)
- internet service
- custom wall finishes, book cases, cabinets, wire display grids/boards, and signage

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**End of Filing**

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