

# PLATINUM GROUP METALS LTD

## FORM 6-K (Report of Foreign Issuer)

Filed 04/17/12 for the Period Ending 04/16/12

Telephone	6048995450
CIK	0001095052
Symbol	PLG
SIC Code	1040 - Gold And Silver Ores
Industry	Metal Mining
Sector	Basic Materials
Fiscal Year	08/31

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

**Report of Foreign Private Issuer**  
Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

**For the period of: April 5, 2012 to April 16, 2012**

**PLATINUM GROUP METALS LTD.**

(SEC File No. 001-33562)

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

Address of Principal Executive Office

Indicate by check mark whether the registrant files or will file annual reports under cover: Form 20-F [ ] Form 40-F [X]

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

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

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes [ ] No [X]

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

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

---



PLG:NYSE AMEX  
PTM:TSX

**SUBMITTED HEREWITH**

Exhibits

- 99.1 [Interim Financial Statements for the Period Ended February 29, 2012](#)
  - 99.2 [Management's Discussion and Analysis for the Period Ended February 29, 2012](#)
  - 99.3 [Form 52 109F2 - Certification of Interim Filings Full Certificate - CEO](#)
  - 99.4 [Form 52 109F2 - Certification of Interim Filings Full Certificate - CFO](#)
  - 99.5 [News Release Dated April 16, 2012](#)
-

**SIGNATURES**

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

Date: **April 16, 2012**

*"R. Michael Jones"*

---

**R. MICHAEL JONES**  
**DIRECTOR & CEO**

---



**Platinum Group Metals Ltd.**  
*(Exploration and Development Stage Company)*

Consolidated Financial Statements (unaudited)  
For the quarter ended February 29, 2012

Filed: April 16, 2012

---

**PLATINUM GROUP METALS LTD.**  
(An exploration and development stage company)  
Condensed Consolidated Interim Statements of Financial Position

**(Unaudited)**

(expressed in Canadian dollars)

	<b>Feb 29, 2012</b>	<b>Aug. 31, 2011</b>
		(Note 14)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 47,697,850	\$ 64,118,931
Amounts receivable (Note 4 (a))	3,821,965	1,845,113
Prepaid expenses and other assets (Note 4 (b))	269,553	109,595
<b>Total current assets</b>	<b>51,789,368</b>	<b>66,073,639</b>
Restricted cash (Note 5 (a (iii)))	42,911,155	47,719,829
Prepaid expenses and other assets (Note 4 (b))	877,741	2,598,273
Assets held for sale (Note 7)	919,896	972,819
Performance bonds (Note 5 (a (iv)))	2,042,777	2,161,698
Exploration and evaluation assets (Note 6)	10,851,467	10,728,034
Property, plant and equipment (Note 5)	160,220,045	150,532,791
<b>Total assets</b>	<b>\$ 269,612,449</b>	<b>\$ 280,787,083</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 6,905,448	\$ 5,982,055
<b>Total current liabilities</b>	<b>6,905,448</b>	<b>5,982,055</b>
Deferred income taxes	12,209,078	12,911,493
Asset retirement obligation (Note 8)	1,041,458	645,369
<b>Total liabilities</b>	<b>20,155,984</b>	<b>19,538,917</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	256,312,632	256,312,632
Other reserves	(22,919,646)	(20,221,500)
Contributed surplus	16,868,672	13,816,233
Accumulated other comprehensive income	(15,410,536)	(6,101,192)
Deficit	(18,948,186)	(14,126,263)
<b>Total shareholders' equity attributable to shareholders of the Company</b>	<b>215,902,936</b>	<b>229,679,910</b>
Non-controlling interest (Note 5(a (ii)))	33,553,529	31,568,256
<b>Total Shareholders' equity</b>	<b>249,456,465</b>	<b>261,248,166</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 269,612,449</b>	<b>\$ 280,787,083</b>

CONTINGENCIES AND COMMITMENTS (NOTE 11)

SUBSEQUENT EVENTS (NOTE 15)

Approved by the Board of Directors and authorized for issue on April 13, 2012

**"Iain McLean"**

Iain McLean, Director

**"Eric Carlson"**

Eric Carlson, Director

See accompanying notes to the consolidated financial statements.

**PLATINUM GROUP METALS LTD.****(An exploration and development stage company)****Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)****(Unaudited)**

(expressed in Canadian dollars)

	Three Months Ended February 29, 2012	Three Months Ended February 28, 2011	Six Months Ended February 29, 2012	Six Months Ended February 28, 2011
				(Note 14)
<b>EXPENSES</b>				
General and administrative	\$ 2,132,817	\$ 2,377,351	\$ 3,443,565	\$ 3,622,100
Foreign exchange loss (gain)	(1,729,727)	329,343	1,445,527	140,091
Stock compensation expense	30,422	153,902	1,940,641	3,673,850
	(433,512)	(2,860,596)	(6,829,733)	(7,436,041)
Finance income	1,078,128	730,640	2,161,220	895,577
Income (loss) for the period before income tax	644,616	(2,129,956)	(4,668,513)	(6,540,464)
Deferred income tax recovery	-	(75,300)	-	-
Income (loss) for the period	644,616	(2,205,256)	(4,668,513)	(6,540,464)
Income attributable to non-controlling interest	146,509	77,733	153,410	84,634
Income (loss) attributable to the shareholders of Platinum Group Metals Ltd.	\$ 498,107	\$ (2,282,989)	\$ (4,821,923)	\$ (6,625,098)
Other comprehensive (loss) income				
Foreign currency translation adjustment	9,666,851	5,451,909	(10,175,627)	5,800,994
Comprehensive income (loss) for the period	\$ 10,164,958	\$ 3,168,920	\$ (14,997,550)	\$ (824,104)
Basic and diluted loss per common share	\$ 0.00	\$ (0.01)	\$ (0.03)	\$ (0.04)
Weighted-average number of common shares outstanding - Basic and Diluted	177,584,542	172,134,817	177,584,542	150,663,647

See accompanying notes to the consolidated financial statements.

**PLATINUM GROUP METALS LTD.****(An exploration and development stage company)****Condensed Consolidated Interim Statement of Changes in Equity**

(expressed in Canadian dollars)

(Unaudited)

	<u>Common shares without par value</u>		Contributed surplus	Other reserves	Accumulated other comprehensive income	Deficit	Non- controlling interest	Total
	Shares	Amount						
<b>Balance, September 1, 2010 (Note 14)</b>	93,964,792	\$ 91,794,123	\$ 10,929,202	\$ -	\$ -	\$ (5,234,013)	\$ 11,149,482	\$ 108,638,794
Issuance of common shares for cash	70,150,000	135,365,649	-	-	-	-	-	135,365,649
Issued on exercise of stock options	816,500	1,696,388	(419,088)	-	-	-	-	1,277,300
Issued on exercise of w warrants	12,533,250	27,220,459	(5,287,272)	-	-	-	-	21,933,187
Stock based compensation	-	-	4,113,451	-	-	-	-	4,113,451
Equity attributable to non-controlling interest	-	-	-	(17,709,476)	-	-	17,709,476	-
Income attributable to non-controlling interest	-	-	-	-	-	-	84,634	84,634
Translation difference	-	-	-	-	(5,553,816)	-	(293,371)	(5,847,187)
Net loss	-	-	-	-	-	(6,625,098)	-	(6,625,098)
<b>Balance, February 28, 2011 (Note 14)</b>	177,464,542	256,076,619	9,336,293	(17,709,476)	(5,553,816)	(11,859,111)	28,650,221	258,940,730
Issued on exercise of stock options	120,000	236,013	(49,034)	-	-	-	-	186,979
Stock based compensation	-	-	4,528,974	-	-	-	-	4,528,974
Equity attributable to non-controlling interest	-	-	-	(2,512,024)	-	-	2,512,024	-
Income attributable to non-controlling interest	-	-	-	-	-	-	461,181	461,181
Translation difference	-	-	-	-	(547,376)	-	(55,170)	(602,546)
Net loss	-	-	-	-	-	(2,267,152)	-	(2,267,152)
<b>Balance, August 31, 2011 (Note 14)</b>	177,584,542	256,312,632	13,816,233	(20,221,500)	(6,101,192)	(14,126,263)	31,568,256	261,248,166
Stock based compensation	-	-	3,052,439	-	-	-	-	3,052,439
Equity attributable to non-controlling interest	-	-	-	(2,698,146)	-	-	2,698,146	-
Income attributable to non-controlling interest	-	-	-	-	-	-	153,410	153,410
Translation difference	-	-	-	-	(9,309,344)	-	(866,283)	(10,175,627)
Net loss	-	-	-	-	-	(4,821,923)	-	(4,821,923)
<b>Balance, February 29, 2012</b>	177,584,542	\$ 256,312,632	\$ 16,868,672	\$ (22,919,646)	\$ (15,410,536)	\$ (18,948,186)	\$ 33,553,529	249,456,465

See accompanying notes to the consolidated financial statements.



**PLATINUM GROUP METALS LTD.**  
**(An exploration stage company)**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**(Unaudited)**

(expressed in Canadian dollars)

	Six Months Ended Feb. 29, 2012	Six Months Ended Feb. 29, 2011 (Note 14)
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (4,821,923)	\$ (6,625,098)
Add items not affecting cash:		
Amortization	194,818	71,962
Deferred income tax recovery	-	-
Foreign exchange loss (gain)	1,445,527	140,091
Non-cash stock compensation expense	1,940,641	3,673,850
Net change in non-cash working capital (Note 12)	1,631,259	382,829
	390,322	(2,356,366)
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares	-	158,576,136
	-	158,576,136
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(15,721,518)	(26,306,423)
Exploration expenditures, net of recoveries	(505,218)	(283,491)
South African VAT receivable	(910,425)	(2,721,527)
Performance bonds	-	(1,863,381)
Investment in Mnombo (Note 6)	(158,220)	-
Restricted cash	2,212,605	(50,930,634)
	(15,082,776)	(82,105,456)
Net (decrease) increase in cash and cash equivalents	(14,692,454)	74,114,314
Effect of foreign exchange on cash and cash equivalents	(1,728,627)	(920,262)
Cash and cash equivalents, beginning of year	64,118,931	2,366,136
Cash and cash equivalents, end of period	\$ 47,697,850	\$ 75,560,188

See accompanying notes to the consolidated financial statements.

## **1. NATURE OF OPERATIONS**

Platinum Group Metals Ltd. (the “Company”) is a British Columbia corporation incorporated on February 18, 2002 by an order of the Supreme Court of British Columbia approving an amalgamation between Platinum Group Metals Ltd. and New Millennium Metals Corporation. The Company’s shares are publicly listed on the Toronto Stock Exchange in Canada and the NYSE- Amex in the United States. The Company’s address is Suite 328-550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

The Company is an exploration and development company conducting work on mineral properties it has staked or acquired by way of option agreements in Canada and the Republic of South Africa.

## **2. BASIS OF PRESENTATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in its November 30, 2011 interim consolidated financial statements. In the financial statements, the term Canadian GAAP refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” and IFRS 1, “First- time adoption of International Financial Reporting Standards” using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies followed in these interim financial statements are the same as those applied in the Company’s interim financial statements for the period ended November 30, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. The impact of the transition to IFRS on the comprehensive income for the three and six months ended February 28, 2011 is provided in note 14. This note also includes the nature of significant changes in accounting policies from those used in the Company’s consolidated financial statements for the year ended August 31, 2011.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of April 11, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending August 31, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognised on change-over to IFRS.

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. The Company’s subsidiaries are as follows:

Platinum Group Metals (RSA) (Pty) Ltd. - Johannesburg, RSA (100% ownership)  
Maseve Investments 11 (Pty) Ltd. - Johannesburg, RSA (74% ownership)  
Wesplats Holdings (Pty) Limited - Johannesburg, RSA (100% ownership)  
Platinum Group Metals (Barbados) Ltd., Barbados (100% ownership)

All significant inter-company transactions and balances have been eliminated upon consolidation.

---

**3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and follow the same significant accounting principles as those outlined in the notes to the condensed consolidated financial statements for the three months ended November 30, 2011.

**4. AMOUNTS RECEIVABLE AND PREPAIDS**

a) Amounts receivable

	Feb 29, 2012	Aug. 31, 2011
South African value added tax	\$ 2,081,431	\$ 1,170,978
Interest receivable	100,061	115,646
Sundown Ranch receivable	171,562	87,023
Expenditures advances	1,210,445	344,360
Canadian goods and services tax	108,583	79,828
Due from related parties (Note 10 (a),(c) and (d))	149,883	47,278
<b>Total accounts receivable</b>	<b>\$ 3,821,965</b>	<b>\$ 1,845,113</b>

b) Prepaid expenses and other assets

	Feb 29, 2012	Aug. 31, 2011
<b>Current</b>		
Insurance premiums	\$ 216,532	\$ 86,705
Miscellaneous	53,021	22,890
<b>Total current prepaids</b>	<b>\$ 269,553</b>	<b>\$ 109,595</b>
<b>Non-current</b>		
Investment in Mnombo	\$ 158,520	\$ -
Waterberg commitments	719,221	-
Project 1 - Contractor advances	-	2,598,273
<b>Total non-current prepaids and other</b>	<b>\$ 877,741</b>	<b>\$ 2,598,273</b>

## 5. PROPERTY, PLANT AND EQUIPMENT

	Development assets	Construction work- in- progress	Land	Buildings	Office Equipment	Mining Equipment	Total
<b>Cost</b>							
Balance as at August 31, 2011	\$ 125,779,547	\$ 3,431,534	\$ 15,037,261	\$ 4,338,475	\$ 883,107	\$ 1,812,141	\$ 151,282,065
Additions	15,246,102	1,991,803	-	180,156	54,047	515,789	17,987,897
Disposal	-	-	-	-	-	(41,566)	(41,566)
Foreign exchange movement	(6,628,940)	(186,683)	(818,061)	(236,023)	(16,769)	(98,585)	(7,985,061)
<b>Balance February 29, 2 012</b>	<b>\$ 134,396,709</b>	<b>\$ 5,236,654</b>	<b>\$ 14,219,200</b>	<b>\$ 4,282,608</b>	<b>\$ 920,385</b>	<b>\$ 2,187,779</b>	<b>\$ 161,243,335</b>
<b>Accumulated Depreciation</b>							
Balance as at August 31, 2011	\$ -	\$ -	\$ -	\$ 33,428	\$ 620,078	\$ 95,768	\$ 749,274
Additions	-	-	-	108,739	76,257	114,459	299,455
Foreign exchange movement	-	-	-	(1,819)	(18,721)	(4,899)	(25,439)
<b>Balance February 29, 2 012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 140,348</b>	<b>\$ 677,614</b>	<b>\$ 205,328</b>	<b>\$ 1,023,290</b>
<b>Net book value, August 3 1, 2011</b>	<b>\$ 125,779,547</b>	<b>\$ 3,431,534</b>	<b>\$ 15,037,261</b>	<b>\$ 4,305,047</b>	<b>\$ 263,029</b>	<b>\$ 1,716,373</b>	<b>\$ 150,532,791</b>
<b>Net book value, February 29, 2012</b>	<b>\$ 134,396,709</b>	<b>\$ 5,236,654</b>	<b>\$ 14,219,200</b>	<b>\$ 4,142,260</b>	<b>\$ 242,771</b>	<b>\$ 1,982,451</b>	<b>\$ 160,220,045</b>

a) Projects 1 & 3

On transition to IFRS, Project 1 of the WBJV, now under construction, was re-classified as Property, Plant and Equipment under *IAS 16 Property, Plant and Equipment (PPE)*. However, Project 3 remains classified as Exploration and Evaluation; therefore the costs incurred for Project 3 are included under Exploration and Evaluation (Note 6.)

i. *Initial Joint Venture Agreement – October 26, 2004*

On October 26, 2004 the Company entered into the Western Bushveld Joint Venture (“WBJV”) with a subsidiary of Anglo Platinum Limited (“Anglo”) and Africa Wide Mineral Prospecting and Exploration (Pty) Limited (“Africa Wide”) to pursue platinum exploration and development on combined mineral rights that would eventually cover approximately 72 square kilometres on the Western Bushveld Complex of South Africa. The Company and Anglo Platinum each held a 37% working interest in the WBJV, while Africa Wide held a 26% working interest. The area of the WBJV was comprised of three functional areas described as Project 1 (100% WBJV), Project 2 (50% WBJV: 50% Wesizwe Platinum Ltd. (“Wesizwe”)) and Project 3 (100% WBJV). In April 2007 the shareholders of Africa Wide sold 100% of their company to Wesizwe.

The Company published a Feasibility Study for Project 1 of the WBJV in July 2008 and later an Updated Feasibility Study in October 2009. Based on the resource estimate contained in the July 2008 Feasibility Study, in accordance with the requirements of the 2004 WBJV agreement, each party had an equalization amount due or payable based upon their contribution of measured, indicated, and inferred ounces of combined platinum, palladium, rhodium and gold (“4E”) from their contributed properties. On April 22, 2010 the Company paid an equalization amount to Anglo in the amount of \$ 24.83 million (R 186.26 million).

ii. *Reorganization – April 22, 2010*

Also on April 22, 2010, the partners of the WBJV completed a transaction announced in August 2008 dissolving the WBJV and reorganizing its underlying assets (“Consolidation Transaction.”) Wesizwe acquired all of Anglo’s mineral interests underlying the WBJV, retained Anglo’s interests in Project 2, and then transferred all of Anglo’s interests underlying Projects 1 and 3 into the project operating company, Maseve. The Company transferred its interests in the mineral rights underlying Projects 1 and 3 into Maseve, and rescinded its interests in Project 2 to Wesizwe. As a result Wesizwe obtained 100% of Project 2 and Maseve obtained 100% of Projects 1 and 3.

The rescission of the Company’s 18.5% interest in Project 2 was recorded as a sale for accounting purposes at an estimated fair value of \$65.42 million on April 22, 2010, versus an historic cost of \$19.80 million, for a gain of \$45.62 million. The transfer of the Company’s 37% interest in Projects 1 and 3 into Maseve was accounted for as a reorganization of an existing business and was transferred into Maseve at book cost.

In exchange for its 18.5% interest in Project 2 the Company effectively received a 17.75% interest in Maseve. The Company also received a 37% interest in exchange for its share of Projects 1 and 3, bringing its holdings in Maseve to 54.75%. Wesizwe received a 45.25 % initial interest in Maseve.

iii. *Exercise of Maseve Subscription Right*

Under the terms of the Consolidation Transaction, the Company was entitled to subscribe for a further 19.25% interest in Maseve for subscriptions in the amount of approx. \$59 million (R 408.81 million). The Company exercised this right in January 2011, thereby increasing its shareholding to 74%. The subscription funds are held in escrow for application towards Wesizwe’s capital requirements for Projects 1 and 3. These funds are classified as restricted cash. As of February 29, 2012, the balance of restricted cash is \$42,911,155. For every \$74 spent on project requirements in Maseve, a further \$26 can be removed from the restricted cash to cover Wesizwe’s share of such costs.

---

The Company consolidated the financial statements of Maseve from the effective date of the reorganization. The portion of Maseve not owned by the Company, calculated at \$33.35 million at February 29, 2012, is accounted for as a non-controlling interest.

iv. *Other financial information - Project 1*

At February 29, 2012, the Company recorded an asset retirement obligation of \$1,041,458 (August 31, 2011 - \$645,369) based on the degree of surface disturbance. As of February 29, 2012, the Company has posted \$2.04 million (August 31, 2011 - \$2.16 million) as performance bonds in South Africa against reclamation work, approximately \$1.95 million (August 31, 2011 - \$2.07 million) of which is posted against work on Project 1.

## 6. EXPLORATION AND EVALUATION PROPERTIES

The Company has exploration projects in Canada and South Africa. The total capitalized exploration and evaluation expenditures are as follows:

	Feb 29, 2012	Aug 31, 2011
<b>Canada</b>	\$ 4,204,162	\$ 3,710,224
<b>South Africa</b>	6,647,305	7,018,510
<b>Total exploration</b>	\$ 10,851,467	\$ 10,728,734

### REPUBLIC OF SOUTH AFRICA

<b>SOUTH AFRICA</b>		
	Feb 29, 2012	Aug 31, 2011
<b>Project 3 - see note 5 (a)</b>	\$ 4,097,681	\$ 4,333,430
<b>Waterberg</b>		
Acquisition costs	\$ 11,221	\$ 11,631
Exploration costs	2,235,037	885,881
Recoveries	(2,223,981)	(885,881)
<b>Total Waterberg</b>	\$ 22,277	\$ 11,631
<b>Sable</b>		
Acquisition costs	\$ 10,107	\$ 10,688
Exploration costs	1,099,142	797,420
Recoveries	(1,108,836)	(759,748)
<b>Total Sable</b>	\$ 413	\$ 48,360
<b>Warsprings</b>		
Acquisition costs	\$ 153,609	\$ 153,664
Exploration costs	4,356,642	4,588,154
Recoveries	(2,706,683)	(2,862,404)
<b>Total Warsprings</b>	\$ 1,803,568	\$ 1,879,414
<b>Tweespalk</b>		
Acquisition costs	\$ 83,466	\$ 80,054
Exploration costs	832,363	869,676
Recoveries	(204,712)	(216,490)
<b>Total Tweespalk</b>	\$ 711,117	\$ 733,240
<b>Other</b>	\$ 12,249	\$ 12,435
<b>Total South Africa Exploration</b>	\$ 6,647,305	\$ 7,018,510

**Sable**

During 2009, the Company acquired by application prospecting permits in South Africa which became the Sable Joint Venture project area on the Western Limb of the Bushveld Complex, west of Pretoria. The project is under agreement to a Black Economic Empowerment group for a 26% interest and Sable Platinum Mining (Pty) Limited ("Sable Platinum") as to a 51% interest in exchange for Sable Platinum funding approximately \$6.0 million (R 42.0 million) in work on the project. The Company was the operator of the project until mid-March 2012, after which operatorship was transitioned to Sable Platinum. Total expenditures incurred by Sable Platinum to February 29, 2012 amounted to approximately R 8.4 million (\$1.11 million February 29, 2012).

**Tweespalk and War Springs**

On June 3, 2002, the Company acquired an option to 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. The Company can settle the vendors' residual interests in these mineral rights at any time for US\$690 per hectare. The Company pays annual prospecting fees to the vendors of US\$3.25 per hectare. 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.

Black Economic Empowerment groups Africa Wide, a subsidiary of Wesizwe Platinum Ltd. and Taung Minerals (Pty) Ltd., a subsidiary of Platmin Limited, have each acquired a 15% interest in the Company's rights to the War Springs project carried to bankable feasibility. The Company retains a net 70% project interest. Africa Wide also has a 30% participating interest in the Tweespalk property.

On March 5, 2009 the Company announced an agreement with the Japan Oil, Gas and Metals National Corporation ("JOGMEC"), an incorporated administrative institution of the Government of Japan, whereby JOGMEC could earn up to a 35% interest in the Company's rights to the War Springs project for an optional work commitment of US\$10 million over 5 years. Total expenditures incurred by JOGMEC to February 29, 2012 amounted to approximately R 20.5 million (\$2.7 million at February 29, 2012). In August 2011, JOGMEC notified the Company that it would not fund additional work on the project. JOGMEC retains no interest in the project. The Company is considering future exploration programs or a possible sale of the project.

**Waterberg**

Since September 2009 and into 2011, the Company was granted several adjacent prospecting rights for a 137 square kilometre area named the Waterberg Project north of the known North Limb of the Bushveld Complex. In October 2009, the Company entered an agreement with JOGMEC and Mnombo Wethu Consultants CC ("Mnombo") whereby JOGMEC may earn up to a 37% interest in the Waterberg project for an optional work commitment of \$3.1 million (US\$3.2 million) over 4 years, while at the same time in exchange for matching JOGMEC's expenditures on a 26/74 basis, Mnombo may earn a 26% interest in the project. In November 2011, the Company agreed to acquire a direct 49.9% interest in Mnombo from the shareholders of Mnombo in exchange for R 1.2 million (US\$150,000), which has been paid as of February 29, 2012, and has agreed to fund Mnombo's 26% share of costs on the Waterberg Project to feasibility. At February 29, 2012 an amount of \$719,221 was included in accounts payable by the Company against this commitment. The Company will therefore hold 37% of Waterberg directly and a further 12.97% indirectly, through Mnombo, for a total effective project interest of 49.97%. Total expenditures incurred by JOGMEC to February 29, 2012 amounted to approximately R 16.8 million (\$2.22 million at February 29, 2012).

In addition to the above, since mid-February 2012 the Company and Mnombo have staked and filed claim to approximately 800 square kilometres to the north of the original Waterberg Project area. Ownership of the mineral rights to this new area is subject to approval and grant by the Government of South Africa, and is to be split 74% to the Company and 26% to Mnombo, leaving the Company with an effective 86.97% interest in this new area.

---

**CANADA**

<b>CANADA</b>		
<b>Properties</b>	<b>Feb 29, 2012</b>	<b>Aug 31, 2011</b>
<b>Ontario</b>		
Acquisition costs	\$ 1,269,993	\$ 1,264,417
Exploration and evaluation costs	2,679,421	2,358,391
<b>Total Ontario</b>	<b>\$ 3,949,414</b>	<b>\$ 3,622,808</b>
<b>Providence</b>		
Acquisition costs	\$ 78,216	\$ 78,216
Exploration and evaluation costs	176,532	9,200
<b>Total Providence</b>	<b>\$ 254,748</b>	<b>\$ 87,416</b>
<b>Total Canada Exploration</b>	<b>\$ 4,204,162</b>	<b>\$ 3,710,224</b>

**Thunder Bay**

The Company maintains a large mineral rights position in the Lac des Iles area north of Thunder Bay, Ontario. These holdings include 100% interests in the Lac Des Iles River and Shelby Lake properties and are all subject to a 2.0% NSR royalty. In most cases, the Company may buy back one half of the NSR.

**Bark Lake**

On February 10, 2011 the Company acquired a right to earn up to a 75% interest in Benton Resources Corp's ("Benton") Bark Lake, Ontario platinum-palladium project, comprised of 19 mineral claims totaling 3,884 hectares located approximately 120 km west of Thunder Bay, Ontario. To earn a 70% interest the Company must make staged option payments of \$145,000 in cash (\$35,000 paid) and 215,000 shares (nil issued to date) and complete \$1,625,000 in exploration over a 7 year period. The Company has reviewed the results of the exploration work to date and made the decision not to proceed with further work on this property. During the period ended February 29, 2012, the Company wrote off the \$318,501 incurred to date on the property.

**Providence**

In September 2011, the Company purchased the Providence Nickel, Copper, Cobalt and Platinum Group Metals property located in the Northwest Territories from Arctic Star Exploration ("Arctic Star") for a payment of \$50,000 and a 1.0% NSR royalty. The claims that comprise the Providence property are expected to be brought to lease once a crown survey has been completed in 2012 at an estimated cost of \$100,000. An extension has been granted by the Northwest Territories Mining Recorder for the completion of the survey of the claims to lease until September 28, 2012. To date the first year lease payment and application fees have been paid. Total acquisition costs were \$78,216. As of February 29, 2012, the Company has spent \$176,532 toward exploration.

Camp facilities and an associated Land Use Permit have also been purchased from Arctic Star for an additional \$20,000. The Company has re-activated its corporate registration in the Northwest Territories and the land use permit associated with the camp and exploration work has been transferred into the Company's name. As part of the transfer, a security deposit of \$26,740 was issued to the Aboriginal Affairs and Northern Development Canada.

**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. ASSETS HELD FOR SALE**

During 2008, the Company acquired two rock winders at a cost of R 16.6 million (approx. \$2.3 million). After the purchase, mine designs excluded the use of shafts and winders. During the year ended August 31, 2010 the Company sold one winder for US \$1.28 million (approx. \$1.3 million). The second winder continues to be held for sale.

**8. ASSET RETIREMENT OBLIGATION**

There was a small increase in the net present value of total asset retirement obligations ("ARO") during the period, due mainly to ongoing construction work on Project 1. At February 29, 2012, the ARO is estimated at \$1,041,458 (August 31, 2011 – \$645,369), based on a total future liability of approximately R 13.0 million (August 31, 2011 – R 8.0 million). The estimated future liability does not take into account future salvage or resale values. These payments are expected to be made at the end of the mine life. A discount rate of 7.96% and an inflation rate of 5.3%, which represents South Africa's expected inflation, were used to calculate the present value of the asset retirement obligation.

<b>Balance, August 31, 2011</b>	645,369
Increased estimate future obligation	391,651
Accretion expense	39,548
Foreign exchange (loss) gain	(35,110)
<b>Balance, February 29, 2012</b>	<b>\$ 1,041,458</b>

**9. SHARE CAPITAL**

(a) *Authorized*

Unlimited common shares without par value

(b) *Issued and outstanding*

At February 29, 2012, there were 177,584,542 shares outstanding.

During the six months ended February 29, 2012, there were no changes in the Company's issued and outstanding shares.

(c) *Incentive stock options*

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 a minimum, at the fair value of the common shares at the date of grant. Stock options granted to certain employees, directors and officers of the Company vest on average at an amount of 25% per six month period, while others vest immediately.

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

Exercise Price	Number Outstanding at February 29, 2012	Weighted Average Remaining Contractual Life (Years)	Number Exercisable at February 29, 2012
1.20	100,000	5.00	-
1.28	75,000	5.00	-
1.30	4,094,000	4.75	4,094,000
1.40	957,000	2.20	957,000
1.60	1,017,000	1.63	1,017,000
2.05	4,074,000	4.21	3,999,000
2.10	2,747,500	3.74	2,747,500
2.20	50,000	3.77	50,000
2.30	100,000	1.92	50,000
2.36	250,000	1.86	100,000
2.41	100,000	3.96	100,000
2.57	65,000	1.86	65,000
4.15	150,000	0.65	150,000
4.40	690,000	0.65	690,000
	14,469,500	3.69	14,019,500

	Number of Shares	Average Exercise Price
Options outstanding at August 31, 2010	5,000,500	2.28
Granted	7,691,500	2.04
Exercised	(936,500)	1.56
Forfeited	(505,000)	2.71
Options outstanding at August 31, 2011	11,250,500	2.19
Granted	4,329,000	1.28
Forfeited	(1,110,000)	2.33
Options outstanding at February 29, 2012	14,469,500	\$ 1.91

During the six months ended February 29, 2012, the Company granted 4,329,000 stock options (February 28, 2011 – 3,517,500). The Company recorded \$3,052,439 (\$1,940,641 expensed and \$1,111,798 capitalized to mineral properties) of compensation expense relating to stock options granted in this period (February 28, 2011 - \$3,673,850 expensed and \$439,601 capitalized to mineral properties).

The Company uses the Black-Scholes model to determine the grant date fair value of stock options granted. The following weighted average assumptions were used in valuing stock options granted during the six months ended February 29, 2012:

Risk-free interest rate	1.44%
Expected life of options	3.5
Annualized volatility	83%
Dividend rate	0.00%

**10. RELATED PARTY TRANSACTIONS**

Transactions with related parties are as follows:

- (a) During the six months ended, \$358,198 (February 28, 2011 - \$607,374) was paid to non-independent directors for salary, consulting and bonus. At February 29, 2012, \$27,261 was included in accounts payable (February 28, 2011 - \$Nil) and \$7,995 was included in accounts receivable (February 28, 2011 - \$Nil).
- (b) During the six months ended, \$98,000 (February 28, 2011 - \$6,000) was paid to independent directors for directors fees and services. At February 29, 2012, \$Nil was included in accounts payable (February 28, 2011 - Nil).
- (c) During the six months ended, the Company accrued or received payments of \$51,000 (February 28, 2011 - \$51,000) from West Kirkland Mining Inc. ("WKM"), a company with three directors in common, for administrative services. Amounts receivable at the end of the year includes an amount of \$ 55,596 (February 28, 2011 - \$3,061).
- (d) During the six months ended, the Company accrued or received payments of \$81,300 (February 28, 2011 - \$51,000) from Nextraction Energy Corp. ("NE"), a company with three directors in common, for administrative services. Amounts receivable at the end of the period includes an amount of \$86,292 (February 28, 2011 - \$2,267).
- (e) The Company has an office lease agreement with Anthem Works Ltd. ("Anthem"), a company with a director in common. During the period ended February 29, 2012 the Company accrued or paid Anthem \$44,145 under the office lease agreement (February 28, 2011 - \$43,202).

All amounts in amounts receivable and accounts payable owing to or from related parties are non-interest bearing with no specific terms of repayment.

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.

**11. CONTINGENCIES AND COMMITMENTS**

The Company's remaining minimum payments under its office and equipment lease agreements in Canada and South Africa total approximately \$230,000 to August 31, 2015. The Company also has commitments for Project 1 related insurance coverage totaling approximately \$200,000 over the next 3 years.

The Company's project operating subsidiary, Maseve, entered into a long term electricity supply agreement with South African power utility, Eskom. Under the agreement the Company was provided with a 1.5MVA temporary power supply in July 2011 and is to be provided with a 10 MVA construction power supply in mid calendar 2012 and a total 40 MVA production power supply in late calendar 2013 in exchange for connection fees and guarantees totaling Rand 142.22 million (\$18.79 million at February 29, 2012) to fiscal 2014. The Company has paid R 51.71 million (\$6.83 million at February 29, 2012), therefore R 90.51 million (\$11.96 million at February 29, 2012) of the commitment remains outstanding.

For the fiscal years ending on August 31, the aggregate commitments are as follows:

August 31, 2012	\$	8,265,129
August 31, 2013		4,152,325
August 31, 2014		177,450
August 31, 2015		71,122
August 31, 2016		15,204
	\$	12,681,230

**12. SUPPLEMENTARY CASH FLOW INFORMATION**

*Net change in non-cash working capital*

	Six months ended Feb 29, 2012	Six months ended Feb 29, 2011
Amounts receivable	\$ (1,153,207)	\$ 409,280
Accounts payable and other	2,784,466	(26,451)
	<b>\$ 1,631,259</b>	<b>\$ 382,829</b>

**13. SEGMENTED REPORTING**

The Company operates in one operating segment, that being exploration and development of mineral properties. Segmented information presented on a geographic basis follows:

**Assets**

	February 29, 2012	August 31, 2011
Canada	\$ 13,406,663	\$ 36,527,037
South Africa	256,205,786	244,260,046
	<b>\$ 269,612,449</b>	<b>\$ 280,787,083</b>

Substantially all of the Company's capital expenditures are made in the South African geographical segment; however the Company also has exploration properties in Canada.

**Income (loss) attributable to the shareholders of Platinum Group Metals Ltd.**

	Three months ended Feb 29, 2012	Three months ended Feb 28, 2011	Six months ended Feb 29, 2012	Six months ended Feb 28, 2011
Canada	\$ (364,479)	\$ (2,363,733)	\$ (6,122,235)	\$ (6,274,887)
South Africa	862,586	73,844	1,300,312	(350,211)
	<b>\$ 498,107</b>	<b>\$ (2,289,889)</b>	<b>\$ (4,821,923)</b>	<b>\$ (6,625,098)</b>

**14. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

As outlined in note 2, Basis of Presentation and Principles of Consolidation, the Company adopted IFRS on September 1, 2011 with a transition date of September 1, 2010. Under IFRS 1 'First-time Adoption of International Financial Reporting Standards', the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to accumulated deficit unless certain exemptions are applied. IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

## IFRS exemption options

### *Business combinations*

IFRS 1 permits the Company to apply IFRS 3 Business Combinations on a prospective basis only from the transition date. Therefore, the Company will not restate past business combinations to comply with IFRS 3, where control was obtained before the transition date.

### *Currency translation differences*

Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative currency translation gains and losses to be reset to zero at the Transition Date. The Company elected to reset all cumulative currency translation gains and losses to zero in opening deficit at its transition date. This election resulted in a reversal of historical and cumulative translation adjustment of \$2.2 million on transition.

## Reconciliations

The accounting policies set out in the interim consolidated financial statements for the period ended November 30, 2011 have been applied for the six months ended February 29, 2011, for the year ended August 31, 2011, and in the preparation of an opening IFRS balance sheet at September 1, 2010.

The Canadian GAAP statement of comprehensive loss for the six months ended February 28, 2011 has been reconciled to IFRS as follows:

	Three months ended February 28, 2011	Six months ended February 28, 2011
<b>Net loss and other comprehensive loss attributable to stockholders of Platinum Group Metals under Canadian GAAP</b>	(3,975,728)	(8,321,139)
Increase (decrease) in respect of: Foreign exchange gain	1,692,739	1,696,041
<b>Net loss attributable to stockholders of Platinum Group Metals under IFRS</b>	(2,282,989)	(6,625,098)
Other comprehensive (loss) income under CGAAP: Foreign currency translation reserve	5,451,909	5,800,994
<b>Comprehensive (loss) income for the period under IFRS</b>	3,168,920	(824,104)

The following are explanations of the key differences between Canadian GAAP and IFRS which gave rise to adjustments.

### a) Foreign currency translation

The Company's South African subsidiaries have the South African Rand as their functional currency. Under Canadian GAAP for integrated foreign operations, only monetary items were translated to Canadian dollars at the end of each reporting period at the period end exchange rate. However under IFRS, all assets and liabilities of a foreign subsidiary with a functional currency different from the parent's presentation currency are converted to the parent's presentation currency at the period end rate with the resulting foreign exchange differences recorded in other comprehensive income.

Under Canadian GAAP, the South African subsidiaries were considered to be integrated operations, which effectively meant the entities had Canadian functional currencies. Under IFRS, these South African subsidiaries are considered to have the Rand as their functional currency. As a result, the foreign exchange gain or loss on the intercompany loan to the foreign subsidiaries which is considered the parent company's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment. Under Canadian GAAP, the gain or loss was recognized in the profit or loss.

b) Deferred Income Taxes

Under Canadian GAAP, deferred income taxes were recognized following the acquisition of various assets. Under IFRS, deferred income taxes are not recognized on temporary differences that arise from transactions other than a business combination that at the time of the transaction affected neither the taxable nor accounting profit or loss. As a result of this difference a decrease to the deferred income tax liability and a corresponding decrease to the carrying value of property plant and equipment for 56 million Rand has been made on transition and is applied to all periods.

c) Pre-exploration costs

Under IFRS, expenditures that are capitalized before the Company has the legal right to explore the specific property must be expensed. Canadian GAAP does not have the same restriction; therefore an adjustment is required on transition to expense pre-exploration costs which were capitalized under Canadian GAAP. This accounting policy change resulted in an increase to deficit and a corresponding decrease in the carrying value of resource properties on transition.

d) Reclassification of Project 1 asset

Under Canadian GAAP, all capitalized and deferred costs were classified as mineral properties. Under IFRS, the Project 1 deferred costs have been reclassified under Property, Plant and Equipment.

e) Currency translation differences

This adjustment results from the application of the IFRS 1 election which permits cumulative currency translation gains and losses to be reset to zero at the Transition Date.

f) Non-controlling interest

At the date of transition, the accounting requirement for non-controlling interests differed under IFRS. Under IFRS changes in ownership interest where control is maintained are recorded through equity.

## 15. SUBSEQUENT EVENTS

The following events occurred subsequent to quarter end. These events and other non-material subsequent events may be mentioned elsewhere in these financial statements:

- 1 On March 27, 2012 the Company posted a financial guarantee in the amount of R 58.5 million (\$7.66 million) with Standard Bank of South Africa Limited for the rehabilitation of land to be disturbed by mining in relation to Project 1 of the WBJV. The guarantee is posted with the Department of Mineral Resources in South Africa as beneficiary in accordance with the Mineral and Petroleum Resources Development Act (2002) and the Company's environmental management programme. This financial guarantee is required prior to the formal grant of a Mining Right for Project 1 of the WBJV. In the months ahead the Company expects to place a commercial policy with a third party insurer as an allowable form of financial guarantee for the Mining Right, thereby allowing the Company to bring approximately 80% of the R 58.5 million posted guarantee back into working capital in fiscal 2012. In the months ahead the Company also expects to recover an amount of approximately \$1.95 million which was posted in fiscal 2011 as a financial guarantee for development work being conducted on Project 1 under a Bulk Sample Permit, which permit is superseded upon the grant of a formal Mining Right.
-

**Platinum Group Metals Ltd.**

(An exploration and development stage company)

Notes to the unaudited condensed consolidated financial statements

For the six months ended February 29, 2012

- 1 On April 4, 2012 the Department of Mineral Resources of South Africa confirmed in writing that a Mining Right for the WBJV Project 1 Platinum Mine had been issued in terms of section 23(1) of the Mineral and Petroleum Resources Development Act (2002.)
-



PLG:NYSE AMEX  
PTM:TSX

Platinum Group Metals Ltd.  
(Exploration and Development Stage Company)  
Supplementary Information and MD&A  
For the quarter ended February 29, 2012

This Management's Discussion and Analysis is prepared as of April 13, 2012

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

---



## **MANAGEMENT DISCUSSION AND ANALYSIS**

This management discussion and analysis (“MD&A”) of Platinum Group Metals Ltd. (“Platinum Group”, the “Company” or “PTM”) is dated as of April 13, 2012 and focuses on the Company’s financial condition and results of operations for the six months ended February 29, 2012 and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the six months ended February 29, 2012 together with the notes thereto (the “Financial Statements”).

The Company prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”). The Company adopted IFRS on September 1, 2011 with a transition date of September 1, 2010. A reconciliation of the previously disclosed comparative periods’ financial statements prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) to IFRS is set out in note 14 in the condensed interim consolidated financial statements. All dollar figures included therein and in the following MD&A are quoted in Canadian Dollars unless otherwise noted.

## **PRELIMINARY NOTES**

### **NOTE REGARDING FORWARD-LOOKING STATEMENTS:**

This MD&A and the documents incorporated by reference herein contain “forward-looking information and “forward-looking statements” within the meaning of applicable Canadian and US securities legislation (collectively, “forward-looking statements”). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will, may, could or might occur in the future (including without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flows and costs, estimated project economics, mineral resource and mineral reserve estimates, potential mineralization, potential mineral resources and mineral reserves, projected timing of possible production, the Company’s exploration and development plans and objectives with respect to its projects are forward-looking statements.

These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements in respect of capital costs, operating costs, production rate, grade per tonne and smelter recovery are based upon the estimates in the Updated Feasibility Study (defined below) and the forward-looking statements in respect of metal prices and exchange rate are based upon the three year trailing average prices and the assumptions contained in the Updated Feasibility Study.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual events or results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual events or results were realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events of the Company to differ materially from current expectations include, among other things: metals price volatility; additional financing requirements; economic and political instability; the ability to obtain and maintain necessary permits; fluctuations in the relative values of the Canadian Dollar as compared to the South African Rand and the United States Dollar; the ability of the Company to purchase the necessary surface rights for its mineral properties; property title risks including defective title to mineral claims or property; the mineral exploration industry is extremely competitive; South African foreign exchange controls may limit repatriation of profits; the Company’s designation as a “passive foreign investment company”; discrepancies between actual and estimated reserves and resources, between actual and estimated development and operating costs, between actual and estimated metallurgical recoveries and between estimated and actual production; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, South Africa or other countries in which the Company does or may carry out business in the future; success of exploration activities and permitting timelines; the speculative nature of mineral exploration, development and mining, including the risks of obtaining necessary licenses and permits; exploration, development and mining risks and the inherently dangerous nature of the mining industry, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, mine collapses, cave-ins or flooding and the risk of inadequate insurance or inability to obtain insurance to cover these risks and other risks and uncertainties; the Company’s limited experience with development-stage mining operations; the Company has a history of losses; most of the Company’s properties contain no proven reserves; the ability of the Company to retain its key management employees; conflicts of interest; dilution through the exercise of outstanding options and warrants; share price volatility and no expectation of paying dividends; any disputes or disagreements with the Company’s joint venture partners; socio economic instability in South Africa or regionally; the Company’s land in South Africa could be subject to land restitution claims; any adverse decision in respect of the Company’s prospecting or future mining rights and projects in South Africa; the introduction of South African State royalties where the Company’s current mineral reserves are located; and the other risks disclosed under the heading “Risk Factors” in the Company’s annual information form (“AIF”) dated November 21, 2011 which is available electronically at [www.sedar.com](http://www.sedar.com).

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

#### **NOTE TO U.S. INVESTORS REGARDING RESOURCE ESTIMATES:**

All resource estimates contained in this report have been prepared in accordance with National Instrument 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System in compliance with Canadian securities laws, which differ from the requirements of United States securities laws. Without limiting the foregoing, this report uses the terms “measured resources”, “indicated resources” and “inferred resources”. U.S. investors are advised that, while such terms are recognized and required by Canadian securities laws, the U.S. Securities and Exchange Commission (“SEC”) does not recognize them. Under U.S. standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. U.S. investors are cautioned not to assume that all or any part of the inferred resources exists, or that they can be mined legally or economically. Information concerning descriptions of mineralization and resources contained in this report may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

#### **1. DESCRIPTION OF BUSINESS**

Platinum Group Metals Ltd. is a British Columbia corporation incorporated on February 18, 2002 by an order of the Supreme Court of British Columbia approving an amalgamation between Platinum Group Metals Ltd. and New Millennium Metals Corporation. The Company is an exploration and development company conducting work primarily on mineral properties it has staked or acquired by way of option agreement in the Republic of South Africa and Canada.

The Company’s complement of staff, consultants and casual workers in both Canada and South Africa currently consists of approximately 41 individuals, representing an increase of 11 South African persons in fiscal 2012. A further six people have been appointed as the owner’s team, providing contract project management and oversight to the Company, for the Project 1 Platinum Mine (“Project 1”) in South Africa. Engineering, Procurement and Construction Management (“EPCM”) provider, DRA Mining Pty Ltd. (“DRA”) has assigned approximately 30 people to the project. Civil and underground mining contractors currently have approximately 300 people working on site at Project 1, approximately 30% of whom are from local communities. General office space and support services in Canada and South Africa are unchanged in the six month period. In addition to its general office space, the Company uses facilities at the Company owned Sundown Ranch property for mine site administration, site induction and staff services. An information technology and communication upgrade is also underway in Canada and South Africa to enhance the efficiency of data transmission within the Company. The upgrade is now in the testing stage.

## **2. PROPERTIES**

The Company defers all acquisition, exploration and development costs related to mineral properties. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of the property, and any future profitable production; or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

The Company evaluates the carrying value of its property interests on a regular basis. Any properties management deems to be impaired are written down to their estimated net recoverable amount or written off. During the period, there were no write-offs in deferred costs. For more information on mineral properties, see below and Notes 5 and 6 of the Company's Financial Statements.

### **SOUTH AFRICA PROPERTIES**

The Company conducts all of its South African exploration work through its 100% owned subsidiary, Platinum Group Metals RSA (Pty.) Ltd. ("PTM RSA"). Development of Project 1 is conducted through Maseve Investments 11 (Pty.) Ltd. ("Maseve"), a company owned 74% by PTM RSA and 26% by Black Economic Empowerment company, Africa Wide Mineral Prospecting and Exploration (Pty) Limited ("Africa Wide"), which is in turn owned 100% by Johannesburg Stock Exchange listed Wesizwe Platinum Limited ("Wesizwe").

#### **Project 1 and 3**

##### *Project 1 and 3 - Activities in the six months ended February 29, 2012*

During the six months ended February 29, 2012, the Company incurred \$17.99 million towards the exploration, engineering and development costs of Project 1. In the prior year's comparative period, total Project 1 and 3 expenditures amounted to \$9.6 million. At February 29, 2012, the Company carries total deferred development costs related to Project 1 of \$134.4 million and related to Project 3 of \$4.1 million. During the six months ended February 29, 2012, the Company did not incur any costs on Project 3. Wesizwe's non-controlling 26% interest in Maseve is recorded at \$33.55 million as of February 29, 2012.

In September 2011, civil contracting and construction firm Wilson Bailey Holmes ("WBHO") completed the central box cut excavation, consisting of a concrete ramp, an 18 metre high wall and collars. They also constructed substantial surface infrastructure. In October, WBHO executed the first undercut blasts to commence underground development. Including some change in scope of work, as of February 29, 2012, the Company has incurred R40.0 million (approximately \$5.30 million) for civil construction work against an original commitment of R35.6 million (approximately \$4.70 million). During the first quarter WBHO demobilized and handed over site control to underground mining contractor JIC Mining Services ("JIC") of South Africa. JIC mobilized to site in August 2011 and first constructed maintenance buildings and facilities, then commenced work into the underground on the planned twin barrel decline system. At the time of writing, the larger conveyor belt decline has advanced approximately 185 linear metres while the equipment decline has advanced approximately 166 linear metres. Two cross cuts 10 metres in length have also been completed between the declines, and a third is in progress. One re-muck bay has been installed and sumps, ground support and steel sets have been installed at the collars. Phase 1 is currently 55% to 60% complete, is on budget and approximately within 10 to 12 weeks of being on schedule.

Ancillary servicing for the site at the central decline site, including buildings, piping, cabling, fencing and security, has been completed at the time of writing. A temporary power supply of 1.5MVA has been installed on site and has been energized. A 10 MVA supply line is slated for completion and connection in 2012. Permanent power service for the remaining 30 MVA is being designed and engineered by South African electricity public utility Eskom, to be supplied in late 2013. The Company has paid Eskom R 51.71 million (\$6.83 million at February 29, 2012) of an R 142.22 million (approximately \$18.79 million at February 29, 2012) commitment for delivery of power.

During the six month period geo-technical drilling and survey work was completed at the planned site of the twin southern declines. A tender process has been completed and the Company is now planning to let a contract for earthworks and civil construction at the south decline site. Such work is planned to commence shortly as the mining right has been granted at the time of writing. The south decline box cut is being added to the Phase 1 approved scope for construction and will be paid out of anticipated capital savings and/or deferrals from the Phase 1 budget. The approximate R 30.0 million cost of the south box cut will be offset by the deferral to Phase 2 of a similar sized, Phase 1 budgeted, connection fee deposit to Eskom. The connection fee is not actually due until well into Phase 2. During the period the Company has also been working on design work and preparations for the Phase 2 construction of milling, concentrating and tailings facilities.

During the second quarter the Company added 3 pieces of mobile equipment to the fleet on site, utilizing savings recognized to date out of the Phase 1 budget to make the purchase. An underground dump truck and a load-haul-dump machine were delivered to site in February, 2012. A double boom jumbo drill rig is en route to site at the time of writing. This equipment was acquired to provide back up for existing fleet currently deployed on the development of the central declines, and to ensure equipment is on site ready to commence with the development of the southern declines upon grant of a formal mining right for Project 1. In addition to the above, a 2.2 MVA stand by generator was purchased and delivered to site in March 2012.

Subsequent to the end of the period, the Company was issued a formal mining right by the DMR on April 4, 2012.

#### *Project 1 – Activities in the year ending August 31, 2011*

In December 2010, the Company approved a \$100 million Phase 1 budget for the development of twin central declines into the Project 1 deposit, which is now underway as described above. The Company committed \$74 million against its 74% share of this budget. Phase 1 included the purchase of surface rights and facilities at a cost of R 130.0 million (approximately \$17.17 million at February 29, 2012). The remainder of the Phase 1 budget is being applied for surface and earth works, including pads, lay down areas, a box cut, twin decline access and limited level development. Work completed under the \$100 million Phase 1 budget is a component of the estimated total peak funding to build Project 1.

In December 2010, the Company appointed DRA as EPCM contractor for surface infrastructure and underground development. DRA assigned approximately 30 full time professionals to oversee and plan the execution of the development of surface infrastructure, power delivery, water delivery, civil works and excavations and the development of underground tunnels to access ore during Phase 1 construction. DRA's scope of work included engineering, design, construction management, administration and cost and schedule control.

In March 2011, the Company received a positive record of decision from the Department of Mineral Resources of South Africa ("DMR") for its detailed underground development plans and environmental management program, including the taking of a bulk sample. The consent of the DMR required compliance with underlying regulations related to health, safety and environment. A mining right application and draft social and labour program for Project 1 was filed in April 2011 and was later accepted for processing by the DMR. Application in terms of the National Environmental Management Act (NEMA) was also accepted by the DMR.

During February, March and April 2011, the Company conducted approximately 16,850 metres of infill drilling on the near surface portions of the Project 1 platinum deposit in order to gain more detailed information for metallurgical, geotechnical, mine planning and scheduling purposes. As a result of this work, refinements to the scheduled mining during the first three or four years of the planned Project 1 mine life was undertaken, modeled and implemented. New geo-statistical information resulting from the latest borehole data, combined with the modified modeling, mine planning and scheduling, has resulted in immaterial changes to the reported reserves and resources. During the execution of the development plan, changes to the estimated capital cost for the development of the Project 1 may occur.

In May 2011, civil construction for Phase 1 of Project 1 began, with the mobilization of WBHO, whom was responsible for major surface infrastructure excavation and construction.

In July 2011, JIC was awarded the contract to develop twin 1,200 meter underground decline tunnels into the center of the Project 1 platinum deposit. JIC is operating as one of the underground mining contractors at the producing Bafokeng Rasimone Platinum Mine immediately adjacent to the Project 1 and currently operates as underground mining contractor on another six platinum mines and one chrome mine in South Africa, employing approximately 7,200 people. JIC has a good safety record and has invested in an accredited training facility near Project 1. Total primary underground development cost for Phase 1 based on the JIC contract is estimated at R 206.85 million (approximately \$27.32 million on February 29, 2012), resulting in an estimated cost per unit for underground development below the estimate in our 2009 Updated Feasibility Study. In the period ended August 31, 2011, an initial pre-payment of R 25.0 million (approximately \$3.30 million on February 29, 2012) was released to JIC after JIC provided an appropriate form of performance guarantee. A further retention amount of R 20.69 million (\$2.73 million on February 29, 2012) was released to JIC approximately ten days later. JIC is paid according to progress invoicing as work is completed.

In midyear 2011, the Company entered into an agreement with the State owned regional water supplier, Magalies Water, for a temporary 0.5 ML/day water supply. The construction and connection of a production scale supply pipeline to the existing, nearby Magalies service was completed in 2011. A water off-take agreement for permanent water supply of 6 mega litres per day is being finalized and that water supply is slated to be provided by late 2013. To February 29, 2012 the Company has paid approximately R 2.0 million (approximately \$0.26 million on February 29, 2012) to Magalies for the temporary water supply and the engineering of a permanent supply. To supply 6 mega litres a day to Project 1, and to supply other users as part of a regional expansion, Magalies will need to construct a series of new supply pipelines. The Company will be required to make further payments to Magalies in return for the production scale water supply of 6 mega litres per day.

In June 2011, the Company committed to an industry standard form of "Wrap-around Liability" insurance. In March and September 2011, the Company committed to Course of Construction insurance for Project 1. Three year estimated cost of insurance is approximately \$440,000. Additional insurance will be required for Phase 2 construction and mine operation. During fiscal 2011, the Company completed a comprehensive risk assessment for Project 1 with the assistance of an international insurance broking firm.

#### *Project 1- Financial Overview*

The Company completed a definitive feasibility study ("FS") in July 2008 and an updated feasibility study entitled "Updated Technical Report (Updated Feasibility Study) Western Bushveld Joint Venture (Elandsfontein and Frischgewaagd)" ("UFS") in October 2009 for Project 1, which was at that time a portion of the Western Bushveld Joint Venture ("WBJV") in South Africa. Included in each study is a declaration of four element or "4E" reserve ounces of combined platinum, palladium, rhodium and gold at the time of publication.

The Base Case for the UFS was modeled using 3 year trailing metal prices at September 2009, including US\$1,343 per ounce platinum, an exchange rate of 8 Rand to the US Dollar and a 10% discount rate, resulting in a pre-tax net present value of US \$475 million for the project on a 100% of project basis.

Applying a 5% discount rate resulted in a pre-tax net present value of US \$981 million on a 100% of project basis. The UFS model does not include escalation of costs or metal prices due to inflation. The Base Case also calculated a strong Internal Rate of Return "IRR" (pretax) of 23.54% . At April 6, 2012 the USD was at 7.86 to the Rand and three year trailing basket prices are higher than at the time of the UFS.

The UFS estimated average life-of-mine cash operating costs to produce concentrate at R525 (approximately US\$65.63) per tonne of ore or R4,208 (approximately US\$526) per 4E ounce. The Merensky Reef layer represents the first 15 years of production and the Merensky basket price per 4E ounce is modeled at US\$1,185 (3 year trailing prices to September 2009) and US\$1,025 (prices recent to September 2009). The UG2 layer represents the balance of modeled production. The UG2 basket price per 4E ounce was modeled at US\$1,433 (3 year trailing prices to September 2009) and US\$1,068 (prices recent to September 2009). The model includes a subsequent average 15.16% discount from the metal price to estimate the smelter pay discount.

The project, as described in the 2009 UFS, has an estimated life of 22 years with 9 years at steady state production of 234,000 to 300,000 4E ounces per year. Capital costs for the mine and concentrator were estimated at R3.55 billion or US\$443.13 million for peak funding and R4.76 billion or US\$595.04 million for life of mine funding, both at an exchange rate of 8 Rand to the USD.

Following the completion of the 2009 UFS, the Company completed further drilling, metallurgical work, mine design and cost estimation work. The Company has also gained construction and procurement experience under the Phase 1 development program currently underway. Major contracts, project costing and final scheduling for Phase 2 development are in process of final determination. A revised cost budget estimate for inclusion in the final financial model for the lending banks is currently a work in progress.

Some aspects of the project are currently being costed at or below UFS level, while escalation is being seen in other cost areas, such as consumable inputs, labour, construction and capital equipment. Total peak funding required for Project 1 will likely see escalation of approximately 14% since the 2009 UFS. Operating costs per tonne will likely see an approximate 24% escalation since the 2009 UFS. The current Rand exchange rate is at or near the UFS long term assumption of 8R to the USD. Basket 4E metal prices (platinum, palladium rhodium and gold) are currently approximately 11% higher on the Merensky Reef than at the UFS level assumptions, mostly offsetting the effects of cost escalation. The escalation estimated above is in keeping with inflation rates and industry experience in South Africa since 2009.

On April 1, 2012 the 10% Secondary Tax on Corporations in South Africa was replaced with a new Dividend Tax. Under existing tax treaties with Canada this change had the effect of reducing the Company's effective tax burden at the parent company level by 5%.

In conjunction with ongoing cost estimation work and banking preparations, an updated project schedule for Phase 2 is being completed by the Company. First ore production is currently expected to commence in late 2013, with concentrate sales commencing in mid-2014. The Company is considering several current opportunities for sale of early ore production. The Merensky Reef is scheduled to be mined in the first approximately 10 years of the mine life and current estimates of steady state production are unchanged or slightly higher than estimated in the UFS.

On August 2, 2011 the Company announced the appointment of four international commercial banks to the role of mandated lead arrangers for the placement of a USD \$260 million project finance loan, representing approximately 60% of the estimated Project 1 capital cost requirements. The banks have all received preliminary credit committee approval for the loan and are currently in process of completing loan documentation, legal and technical due diligence. In addition to the loan facility, the project financing is planned to include a USD \$25.0 million working capital facility. Completion of the project financing will be subject to certain items, including the completion of an off take agreement and the issue of a formal mining right from the Government of South Africa (which was issued on April 4, 2012). The Company anticipates the need for the Company to seek additional equity funding in 2012. The Company and Wesizwe will also be required to provide a cost overrun facility for the project, the amount and nature of which is still to be determined.

Phase 2 development for Project 1 will commence upon the grant of a final mining authorization, the completion of a concentrate off-take agreement and the arrangement of a commercial debt facility or other funding for the project. A mining authorization was issued to the Company on April 4, 2012 and the remaining two of these requirements are currently being advanced by the Company.

*Project 1 - Mineral Resources and Reserves*

The Company provided a statement of reserves for Project 1 in the Updated Feasibility Study and an updated statement of resources for Project 1 in a NI 43 101 technical report dated November 20, 2009 entitled “An Independent Technical Report on Project Areas 1 and 1A of the Western Bushveld Joint Venture (WBJV) Located on the Western Limb of the Bushveld Igneous Complex, South Africa” (the “Project 1 Report”). An updated NI 43 101 technical report dated August 31, 2010 entitled “Technical Report on Project 3 Resource Cut Estimation of the Western Bushveld Joint Venture (WBJV) Located on the Western Limb of the Bushveld Igneous Complex, South Africa” (the “Project 3 Report”) was filed with respect to Project 3. Project 1 hosts an estimated 2.801 million measured four element or “4E” ounces of platinum, palladium, rhodium and gold (14.067 million tonnes @ 6.19 g/t), 5.361 million indicated 4E ounces (30.392 million tonnes @ 5.49 g/t) and 0.047 million inferred 4E ounces (0.176 million tonnes @ 8.33 g/t). Project 3 hosts an estimated 1.939 million indicated 4E ounces (11.104 million tonnes @ 5.43 g/t) and 0.076 million inferred 4E ounces (0.443 million tonnes @ 1.47 g/t). Of the resources stated above for Project 1, there are 1.756 million 4E ounces (11.764 million tonnes @ 4.64) categorized as proven reserves and 2.91 million 4E ounces (90.464 million tonnes @ 4.57 g/t) categorized as probable reserves. Reserves and resources reported above are from combined Merensky and UG2 reef tonnes. The Company holds a 74% interest in the 4E ounces attributable to Project 1 and Project 3 as described above. New geo statistical information and ongoing mine design parameters resulting from recent infill borehole data, combined with modified modeling, mine construction steps and scheduling being completed at the time of writing of this MD&A, could result in changes to the reported reserves and resources for Project 1. The Company will report any material change to the published estimates of reserves and resources for Project 1.

Additional information regarding grades, prill splits, sampling and reserve and resource calculations can be found in the technical reports described above as filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov).

**Reserves are a sub-set of measured and indicated resources included in the UFS and take into account mining factors and are not in addition to the resources.**

*Project 1 - Infrastructure and Metal Recovery*

The UFS design for metallurgical extraction utilizes a standard plant design similar to other nearby plants in the Bushveld complex operating on the same reefs. The plant is designed with circuits that can process Merensky Reef, UG2 Reef or a blended feed. The Merensky Reef is the target of initial mining because of its higher grade and low chrome content. The concentrator has been designed and costed in the UFS based on a treatment rate of 160,000 tonnes per month, rather than on 140,000 tonnes per month as in the FS. For the concentrator to treat this increased quantity of reef, the recovery has been reduced with a discount of up to 2.5% for treatment in excess of nominal “name plate” capacity.

Metallurgical testing completed by the Company and the published experience of the adjacent operating mines support a “name plate” capacity plant recovery rate estimate of 87.5% of platinum, palladium, rhodium and gold on the Merensky Reef and 82.5% on the UG2 Reef. Recoveries of 45% for nickel and 70% for copper are also modeled for the Merensky Reef. Ruthenium and Iridium are also included as minor contributors.

The mine infrastructure in the UFS estimates includes the entire required surface infrastructure for a standalone mine including milling, concentrating and tailings facilities, as well as water, power, underground access and ventilation to establish full production.

#### *Project 1 - History of Acquisition*

On October 26, 2004, the Company entered into the WBJV with a subsidiary of Anglo Platinum Limited (“Anglo”) and Africa Wide to pursue platinum exploration and development on combined mineral rights that would eventually cover approximately 72 square kilometres on the Western Bushveld Complex of South Africa. The Company and Anglo Platinum each held a 37% working interest in the WBJV, while Africa Wide held a 26% working interest. The area of the WBJV was comprised of three functional areas described as Project 1 (100% WBJV), Project 2 (50% WBJV: 50% Wesizwe Platinum Ltd.) and Project 3 (100% WBJV). In April 2007, the shareholders of Africa Wide sold 100% of their company to Wesizwe.

Also, in 2004, the Company acquired the surface rights to the 365.64 hectares Elandsfontein farm and its underlying mineral rights. The Elandsfontein mineral titles were transferred to project operating company, Maseve on April 22, 2010 while the surface rights, valued at half of the original acquisition cost, remain under title to the Company.

During 2008, the Company purchased surface rights adjacent to the Project 1 deposit area measuring 216.27 hectares for R 8.0 million (approximately \$1.09 million) and the Company also acquired surface rights directly over a portion of the Project 1 deposit area measuring 358.79 hectares for a total of R 15.69 (approximately \$2.14 million). The rights and title to the above two properties remain with the Company.

Based on the WBJV resource estimate contained in the FS, and under the terms of the original WBJV agreement, on April 22, 2010 the Company paid an equalization amount due to Anglo in the amount of \$24.83 million (R 186.26 million).

Also on April 22, 2010, the partners of the WBJV completed the restructuring, a transaction dissolving the WBJV and reorganizing its underlying assets. Wesizwe acquired all of Anglo’s mineral interests underlying the WBJV, retained Anglo’s interests to Project 2, and then transferred all of Anglo’s interests underlying Projects 1 and 3 into project operating company Maseve. The Company transferred its interests in the mineral rights underlying Projects 1 and 3 into Maseve, and rescinded its interests in Project 2 to Wesizwe. Post transaction Wesizwe retained 100% of Project 2 and Maseve obtained 100% of Projects 1 and 3. Anglo received an approximate 26% interest in the equity, at that time, of Wesizwe.

In exchange for its 18.5% interest in Project 2 the Company effectively received a 17.75% interest in Maseve. The Company also received a 37% interest in exchange for its share of Projects 1 and 3, bringing its holdings at April 22, 2010 in Maseve to 54.75% . Wesizwe received a 45.25 % initial interest in Maseve. The sale of the Company’s 18.5% interest in Project 2 was accounted at an estimated fair value of \$65.42 million on April 22, 2010, versus an historic cost of \$19.80 million, for a gain of \$45.62 million. The transfer of the Company’s 37% interest in Projects 1 and 3 into Maseve was accounted for as a reorganization of existing business and was transferred into Maseve at book cost.

According to the terms of the April 22, 2010 reorganization, the Company acquired a further 19.25% interest in Maseve in exchange for subscriptions totalling R 408.81 million (approximately \$59 million at January 14, 2011), thereby increasing its shareholding to 74%. The subscription funds are held by Maseve in escrow and are being applied towards Wesizwe’s 26% share of expenditures for Projects 1 and 3.

In August 2010 the Company acquired surface rights covering 1,713 hectares overlaying portions of Project 1, including accommodation facilities, for approximately \$18.8 million (R 130.0 million). The Company has assigned these rights to Maseve. The purchase price was part of the Phase 1 development budget for Project 1 as described above. The Company is in process of transferring additional surface rights over the project area, at cost, into Maseve in order to facilitate the development of Project 1.



### **Other South Africa Properties**

Exploration expenditures during the six months ended February 29, 2012 on projects in South Africa other than Project 1 and Project 3 totaled \$1.73 million (February 29, 2011 - \$0.96 million). Cost recoveries during the period in the amount of \$1.77 million (February 29, 2011 - \$0.96 million) were received from joint venture partners.

#### *Northern Limb, Bushveld - War Springs and Tweespalk Properties*

In March 2008, the Company reported an inferred resource on a 100% basis of 1.676 million ounces 3E (platinum, palladium and gold) at a grade of 1.11 g/t with a minor credit for copper and nickel. Additional information regarding grade, prill splits, sampling and resource calculations can be found in NI 43-101 technical report dated June 18, 2009 entitled "Revised Inferred Mineral Resource Declaration War Springs (Oorlogsfontein 45K2), Northern Limb Platinum Property, Limpopo Province, Republic of South Africa" (the "War Springs Report") filed on SEDAR and on EDGAR at [www.sec.gov](http://www.sec.gov).

The War Springs mineral resource is characterised by two distinct reef layers, termed the "B" and "C" reefs. Both reefs are typically greater than 6 metres thick. The reefs outcrop on surface and extend down dip in parallel sheets at a 65 degree angle to a depth of 400 metres, remaining open at depth. Of the 22 boreholes drilled to February 2006, and which were used in the resource calculation, 15 boreholes intersected the "B" Reef and 8 boreholes intersected the "C" Reef. A total of 9,926 samples were taken for analysis. Drilling results from Phase 1 and 2 covering approximately 2,200 metres of strike length on 250 metre spacing, combined with a review of economic cut-off, form the basis of the updated Inferred Mineral Resource estimate reported in the War Springs Report. Since March 2009 a total of 17,222 metres of drilling in 20 boreholes have been completed on the War Springs project with JOGMEC funding. Total expenditures incurred by JOGMEC to February 29, 2012 on War Springs amounted to approximately \$2.7 million. During the first quarter, the 2011 drilling program was completed and JOGMEC indicated that they do not plan to fund further work on this project.

Black Economic Empowerment groups Africa Wide, a subsidiary of Wesizwe, and Taung Minerals (Pty) Ltd., a subsidiary of Platmin Limited, have each acquired a 15% interest in the Company's rights to the War Springs project carried to bankable feasibility. Africa Wide also holds a 30% participating interest in the Tweespalk property. The Company retains a net 70% project interest in both the War Springs and the Tweespalk properties.

#### *Sable Joint Venture, South Africa*

During 2009, the Company acquired by staking various prospecting permits west of Pretoria along the trend of the south eastern part of the Western Limb. The territory, named the Sable Joint Venture project area, is under agreement to a black economic empowerment group for a 26% interest and Sable Platinum Mining (Pty) Limited ("Sable") as to a 51% interest in exchange for Sable funding approximately \$6.0 million (R 42.0 million) in work on the project. To date, exploration work consisting of mapping, soil sampling, geophysical surveys and drilling has been undertaken. Drilling was completed in the fiscal first quarter and will continue in calendar 2012. Results will be released in the months ahead. To January 2012 a total of 6,085 metres had been drilled in 7 boreholes on the project area. The Company served as operator of the project until mid-march 2011, at which time operatorship was transitioned to Sable. The Company wished to step down as operator so that it could focus on its exploration resources on the Waterberg project located on the North Limb. Total cumulative expenditures incurred by Sable Platinum to February 29, 2012 amounted to approximately \$ 1.1 million.

#### *Waterberg Venture, South Africa*

In September 2009 and into 2011, the Company was granted several adjacent prospecting rights for a 137 square kilometre area named the Waterberg Project, north of the known North Limb of the Bushveld Complex. The Company held an initial 74% interest in the project and private South African Black Economic Empowerment firm, Mnombo Wethu Consultants CC ("Mnombo"), holds a 26% interest.

In October 2009, the Company entered an agreement with JOGMEC and Mnombo whereby JOGMEC may earn up to a 37% interest in the project for an optional work commitment of US\$3.2 million over 4 years, while at the same time Mnombo is required to match JOGMEC's expenditures on a 26/74 basis.

On November 7, 2011 the Company entered into an agreement with the existing shareholders of Mnombo whereby the Company will acquire 49.9% of the issued and outstanding shares of Mnombo in exchange for cash payments totalling R 1.2 million (one half paid to date) and paying for Mnombo's 26% share of project costs to feasibility. When combined with the Company's 37% direct interest in the Waterberg Project (after JOGMEC earn-in), the 12.974% indirect interest to be acquired through Mnombo will bring the Company's effective project interest to 49.974% . Mnombo remains over 50% held and controlled by historically disadvantaged South Africans. All of the shareholders of Mnombo have entered into a formal agreement governing the administration of the company.

Total cumulative project expenditures incurred to February 29, 2012 amounted to approximately \$2.24 million, of which JOGMEC has funded approximately \$2.22 million. At February 29, 2012 the Company has accrued a liability in the amount of \$719,221 against its commitment to fund Mnombo's share of expenditures to feasibility.

Magnetic, gravity, and general trends all indicated that the North Limb extends under shallow cover in the Waterberg area. In early 2011, drilling confirmed the presence of BIC sequences and results announced on November 9, 2011 confirmed the presence of two PGE bearing zones or reefs (named T1 and T2) with significant values. Initial drill intercepts returned 3.47 g/t platinum, palladium and gold (2 PGE+Au) over 3.5 meters and 7.00 g/t 2PGE+Au over 5.0 meters at vertical depth of approximately 660 meters.

On February 6, 2012 the Company announced new drill intercepts for the T2 reef in hole WB005 at a depth of 605 metres of 4.75 metres grading at 4.77 g/t 3E (platinum, palladium and gold) and in hole WB008 at a depth of 474 metres of 5.25 metres grading 7.28 g/t. These intercepts are located 250 and 500 metres up the apparent dip from Hole WB003 that intersected 3.50 metres grading 3.47 g/t 3E in the T1 reef and 5.00 metres grading 7.00 g/t 3E in the T2 reef as announced November 09, 2011. These reef layers have clearly identifiable rock types that can be correlated from hole to hole. Hole WB005 has sulphide mineralization immediately below the reported intercept for which assays returned anomalous grades over a significant thickness. In hole WB008 the T1 and T2 reefs have only a 25cm middling which is mineralized and therefore the reported interval is from a rock type point of view a combined T1.2 Reef.

In February of 2012 the Company and Mnombo staked (by filing applications on the South African computerized application system) additional claims for prospecting permits covering approximately 800 square kilometres adjacent to the Waterberg project area. The new applications are based on the potential for a significant area of new Bushveld Complex modelled from geophysics and the Waterburg drill holes to date in the southern end of the project area. Several of these new claims immediately adjacent to the Waterberg project have been added to the joint venture with JOGMEC, while the majority of the new claims are held exclusively by the Company and Mnombo on a 74/26 basis. The filing of these new prospecting permits has been acknowledged by the DMR, but currently remains subject to formal issuance. Directly and indirectly through its holdings in Mnombo, the Company would hold an 86.9% interest in the new permit areas.

At the time of writing 8 drill rigs have been mobilized to the Waterberg project area and additional reef intercepts have been drilled and are awaiting assay results before publication. Geological correlation has been good in the new intercepts.

Drilling through the Waterberg sediments by the joint venture has discovered a previously unrecognized portion of the Bushveld Complex North of the North Limb. Based on the drilling to date and detailed geophysics by Platinum Group and the Joint Venture partners the new area of Bushveld is estimated to cover at least 100 square kilometres.

The current early interpretation of the geology is that in this area the Bushveld intruded into the bottom of the Waterberg sedimentary sequence based on cross cutting relationships. This is thought to be a new geological setting. The T1 reef is a Harzburgite changing to a Troctolite with coarse interstitial copper nickel sulphides. The T2 reef is within a distinctive elongated wispy feldspar norite unit with coarse to very fine grained interstitial sulphides. Hanging wall, middling and footwall units can be correlated in the holes reported above. The intercepts are interpreted to be on an apparent dip of about 20 degrees. Drilling is continuing up the apparent dip along a section following holes 3, 5 and 8 at 250 metre spacing.

The overall orientation and scale of the layered sequence and the Bushveld Complex is not yet known. Holes WB002 and WB004 did not have significant mineralization although the layered and mineralized horizons could be identified in WB002. These holes are located in areas from 1.5 to 2.9 kilometres of the reported closer spaced intercepts in holes 3, 5 and 8. The geological understanding of the Waterberg project is in its early stages.

At the time of writing, assay values for most of the above intercepts for rhodium, copper and nickel remain outstanding. A total of 11,974 metres have been drilled in 3 completed boreholes, while 8 boreholes remain underway on the project area. The Company is the operator of the project.

## **CANADIAN PROPERTIES**

Mineral property acquisition and capital costs deferred during the six months ended on projects in Canada totaled \$5,576 (February 29, 2011- \$ nil). Exploration costs incurred in the period for Canadian properties totaled \$0.81 million (February 29, 2011- \$41,812).

### *Lac des Iles - Thunder Bay North Properties, Ontario*

The Company maintains a large mineral rights position in the Lac des Iles – Thunder Bay North area, Ontario as a strategic holding against increasing prices for palladium and platinum. Included in these holdings are claims staked in early 2011 as well as a continued 100% interest in claim that make up the Lac Des Iles River, Shelby Lake and South Legris properties, 11 claims of which are subject to 2.0% NSR royalties, which the Company may buy back.

The Company's Ontario exploration program was active in the period. During the period the Company held 100% interest in a total of 612.32 square kilometers, within the Lac des Iles – Thunder Bay North region. The majority of the holdings are made up of new properties acquired by staking early in 2011, which were identified utilizing in-house compilation and modeling of geophysics, geochemistry and work completed by the company in the area over the past 10 years. Since the end of period and to date a number of claims totaling 69.44 square kilometres in and around the Lac des Gras area have been dropped. The core 11 claims (with NSR) of the Shelby Lake and South Legris properties have been maintained. Land holdings within the Thunder Bay District presently total 542.88 square kilometres. In addition, the Company retains a majority interest in the 67.04 square kilometre Agnew Lake property, within the Sudbury Mining District.

In the six months ended February 29, 2012, the company terminated the option agreement on Benton Resources Corp's ("Benton") Bark Lake platinum-palladium project. An initial cash payment of \$35,000 was made to Benton and \$283,501 has spent on exploration on the property. Work consisted of a reconnaissance VTEM airborne geophysical survey and the drilling of 1383 metres in 8 diamond drill holes. The Company reviewed the results of the exploration work and made the decision not to proceed with further work on this property.

All of the properties acquired in 2011 within the Thunder Bay District are targeted on a new mineralization type in younger intrusive rocks where contained platinum is equal or greater than palladium. Platinum Group's pre-existing projects are targeted on older intrusive rock types like that at North American Palladium's Lac des Iles Mine where palladium is the dominant platinum group metal, or "PGM". Historically, North American deposits have been dominated by palladium rather than rarer and more valuable platinum. Some new exploration in the Thunder Bay area has demonstrated previously unexplored potential for platinum in pipe like intrusions or conduits.

To date, five of the 100% owned properties and the Bark Lake Option have been drill tested based on airborne geophysics survey results, geological ground work, geochemistry and compilation of historic data. To date, a total of 4,274 metres have been drilled in 17 holes, of which 2,891 metres in 9 holes have been drilled on 100% owned properties.

Two diamond drill holes totaling 753 metres and assays were completed within the Q2 period on the Triangle Property. One diamond drill hole with a total depth of 501 metres tested a chargeability high from the VTEM survey.

To date none of the drilling by the Company has intersected the new type of platinum mineralization found in the district. The Company is considering its potential programs for 2012 in Thunder Bay in context of its other global exploration opportunities.

#### Northwest Territories Property

The Company's Northwest Territories exploration program was active in the period. During the six month period ending February 29, 2012, \$176,532 in exploration costs were incurred. Costs include; research and compilation, camp maintenance, contractor retainer fees and fuel purchase and supply.

In September 2011, the Company purchased the Providence Copper-Nickel-Cobalt-Platinum Group Metals ("Cu-Ni-Co-PGM") Property from Arctic Star Exploration (Arctic Star) for a payment of \$50,000 and a 1.0% NSR royalty. The claims comprising the Providence property will be brought to lease once a crown survey has been completed. To date, the first year lease payment and application fees have been paid. Total acquisition costs to date are \$78,216.

The camp and associated Land Use Permit have been purchased for an additional \$20,000 from Arctic Star. The Company has an active land use permit to conduct exploration on the property and maintain a camp. An extension granted by the Northwest Territories Mining Recorder for the completion of the survey of the claims to lease until September 28, 2012 still stands.

The property is comprised of 13 mineral claims totaling 133.66 square kilometres and is located approximately 70 km west of the Diavik Diamond Mine, NWT. The property covers approximately 20 kilometers of a recently recognized belt of mafic to ultramafic rocks that is host to the first discovery of magmatic Cu-Ni-Co-PGM massive sulphide mineralization in the Slave Craton. The ultra-mafic suite of rocks, known as the Providence Lake Belt, are interpreted to be Komatiitic to ultramafic lavas or intrusive sills. Drilling by Arctic Star has shown that the Cu-Ni-Co-PGM mineralization is hosted within, and at the base of the ultramafic flow/intrusive sill sequence. The ultramafic host to the mineralization is stratiform to a basaltic hanging wall and a metasediment footwall. The hanging wall basaltic flows contain intercalated sulphide-rich units. The dimensions of the massive sulphide mineralization defined to date ranges in thickness from 0.3m to 5.0m and exceeds 450 m strike length and 150 m (vertical) depth. The mineralized horizons remain open along strike in either direction and to depth.

The Company continues to compile and re-interpret the large amount of data supplied by Arctic Star and has secured contractors for the Spring-Summer work programs. The Phase 1, Spring program is currently under way, consisting of camp supply and geophysics to define and test targets derived from compilation and re-interpretation work. A step out drill program to further define the extents of known Cu-Ni-Co-PGM mineralized zone is planned. The Company has established a new \$1.5 million forward budget for this work. Work on the property commenced in mid-March, 2012. After the end of period a geophysical survey over the known mineralization zone was completed and is currently being extended along strike to test for similar responses. Drilling is planned for after ice break up in June-July, 2012.

### **3. DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION**

#### **A) Results of Operations**

##### *Three Months Ended February 29, 2012*

For the three months ended February 29, 2012, the Company incurred income after taxes of \$0.50 million (February 28, 2011 – loss of \$2.28 million). General and administrative expenses totaled \$2.13 million (February 28, 2011 - \$2.38 million). The current period's costs aren't materially different than the comparative period. The Company has seen a modest increase in South African field staffing and maintained a similar level of corporate staffing and consulting services as compared to the same period last year. Stock based compensation expenses totaled \$0.03 million (February 28, 2011 - \$0.15 million). Stock options were granted to employees and consultants in the current and comparative periods. The difference in expense resulted from changes in the number of stock options granted, share price volatility and interest rates. Foreign exchange gain during the period was \$1.73 million (February 28, 2011– loss \$0.33 million). The gain in the current period resulted from the effect of the Rand's increased value on cash balances held in Rand. Interest earned in the quarter totaled \$1.08 million as compared to \$0.73 million in the comparative three month period in 2011. The increase in interest earned is due to higher average cash holdings, including higher Rand balances, which earn at a higher interest rate as compared to dollar balances.

##### *Six Months Ended February 29, 2012*

For the six months ended February 29, 2012, the Company incurred a net loss after taxes of \$4.82 million (February 28, 2011 – loss of \$ 6.62 million.) General and administrative expenses totaled \$3.44 million (February 28, 2011 - \$3.62 million). Costs in the current period aren't materially different than the comparative period. The Company has seen a modest increase in South African field staffing and maintained a similar level of corporate staffing and consulting services as compared to the same period last year. Stock based compensation expenses totaled \$1.94 million (February 28, 2011 - \$3.67 million). Stock options were granted to employees and consultants in the current and comparative periods. The difference in expense resulted from changes in the number of stock options granted, share price volatility and interest rates. Foreign exchange loss during the period was \$1.45 million (February 28, 2011– loss \$0.14 million). The loss in the current period resulted from a weaker Rand, decreasing the value of cash balances held in Rand. Interest earned in the period totaled \$2.16 million as compared to \$0.90 million in the comparative period. The higher interest earned is due to higher cash holdings, including higher Rand balances, which earn a higher interest rate as compared to dollar balances.

**Quarterly Financial Information**

The following table sets forth selected quarterly financial information for each of the last eight quarters.

<b>Quarter Ending <sup>(3)</sup></b>	<b>Interest &amp; Other Income <sup>(1)</sup></b>	<b>Net (Loss) Income <sup>(2)</sup></b>	<b>Basic (Loss) Earnings per Share</b>
February 29, 2012	\$1,078,128	\$498,107	0.00
November 30, 2011	\$1,083,092	(\$5,313,129)	(\$0.03)
August 31, 2011	\$1,805,073	\$352,450	\$0.00
May 31, 2011	\$1,084,648	(\$2,619,602)	(\$0.01)
February 28, 2011	\$730,640	(\$2,289,890)	(\$0.02)
November 30, 2010	\$164,937	(\$4,335,209)	(\$0.03)
August 31, 2010	\$9,352	(\$4,140,280)	(\$0.04)
May 31, 2010	\$220,145	\$31,183,948	\$0.33

Explanatory Notes:

- (1) The Company earned interest income from interest bearing accounts held by the Company. The amount of interest income earned correlates directly to the amount of cash on hand during the period referenced. Quarterly interest income was higher in 2011 and 2012 than in past years due to higher cash balances on hand. The balance of funds held in Rand can also affect the amount of interest earned, as Rand balances earn significantly higher rates of interest than can be earned at present in Canadian dollars.
- (2) Net income (loss) by quarter is often materially affected by the timing and recognition of large non-cash income, expense or write-off charges. The quarter ended November 30, 2011 included a foreign exchange loss of \$3.2 million which as noted above was due to the weakening of the Rand against the Canadian dollar. However, the Rand recovered in the quarter ending February 29, 2012 resulting in a gain on foreign exchange of \$1.73 million. The quarter end November 30, 2011 also included a non-cash expense for stock based compensation of \$1.91 million. The quarter ended August 31, 2011 included a foreign exchange loss of \$3.37 million due to the movement of the Rand against the Canadian dollar and an accrual for a future income tax recovery of \$2.07 million related to mineral property expenditures. The quarter ended May 31, 2011 included a non-cash charge for stock based compensation in the amount of \$2.9 million. The quarter ended November 30, 2010 included a non-cash charge for stock based compensation in the amount of \$3.5 million. The quarter ended May 31, 2010 included a non-cash realized gain on the deemed sale of the Company's 18.5% interest in Project 2 of the WBJV. After adjusting out these non-cash charges, the results for the quarters listed show a more consistent trend, with general growth in expenses over time in accordance with the Company's increased exploration, development and corporate activities.
- (3) Quarters ending in fiscal year 2011 have been restated in accordance with IFRS. Stated quarters prior to the transitional date of September 1, 2010 are based on Canadian Generally Accepted Accounting Principles.

**B) Dividends**

The Company has neither declared nor paid dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

**C) Trend Information**

Other than the financial obligations as set out in the table provided at Item f) below, there are no demands or commitments that will result in, or that are reasonably likely to result in, the Company's liquidity either increasing or decreasing at present or in the foreseeable future. The Company will require additional capital in the future to meet both its contractual and non-contractual project related expenditures. It is unlikely that the Company will generate sufficient operating cash flow to meet all of these expenditures in the foreseeable future. Accordingly, the Company will need to raise additional capital through debt financing, by issuance of securities, or by a sale or partnering of project interests in order to meet its ongoing cash requirements. See discussions at item 3. a) "Results of Operations" above and at item f). "Liquidity and Capital Resources" below.

#### **D) Related Party Transactions**

During the period, \$358,198 (February 28, 2011 - \$607,374) was paid to non-independent directors for salary, consulting and bonus. At February 29, 2012, \$27,261 was included in accounts payable (February 28, 2011 - \$Nil) and \$7,995 was included in accounts receivable (February 28, 2011 - \$Nil).

During the period, \$98,000 (February 28, 2011 - \$6,000) was paid to independent directors for directors fees and services. At February 29, 2012, \$Nil was included in accounts payable (February 28, 2011 - \$Nil).

During the period, the Company provided accounting, secretarial and reception services at market rates for day-to-day administration and accounting to Nextraction Energy Corp. ("Nextraction"), a company with three directors in common (R. Michael Jones, Frank Hallam and Eric Carlson). Fees received have been credited by the Company against its own administrative costs. The Company received service fees of \$81,300 (2011 - \$51,000) during the period from Nextraction.

During the period, the Company provided accounting, secretarial and reception services at market rates for day-to-day administration and accounting to West Kirkland Mining ("WKM"), a company with three directors in common (R. Michael Jones, Frank Hallam and Eric Carlson) and two common officers (R. Michael Jones and Frank Hallam). Fees received have been credited by the Company against its own administrative costs. The Company received service fees of \$51,000 (2011 - \$51,000) during the period from WKM.

During the year ended August 31, 2005, the Company entered into an office lease agreement with Anthem Works Ltd. ("Anthem"), a company with a director in common (Eric Carlson). During the period, the Company accrued or paid Anthem \$44,145 under the office lease agreement (2011 - \$43,202).

All of the above transactions are in the normal course of business and were completed and measured at estimated market rates.

#### **E) Off-Balance Sheet Arrangements**

The Company does not have any special purpose entities nor is it party to any arrangements that are excluded from the balance sheet.

#### **F) Liquidity and Capital Resources**

Accounts receivable at period end totaled \$3.82 million (2011 - \$1.84 million) being comprised mainly of value added taxes refundable in South Africa. Accounts payable at period end totaled \$6.90 million (2011 - \$5.98 million).

Apart from net interest earned on cash deposits during the six months ended February 29, 2012 of \$2.16 million (2011 - \$0.90 million), the Company had no sources of income. The Company's primary source of capital has been from the issuance of equity. At February 29, 2012 the Company had cash and cash equivalents on hand of \$47.70 million compared to \$75.56 million at February 28, 2011. The decrease in cash since the comparative period is primarily due to the Company's expenditures on Project 1 and to ongoing overhead and administration costs. At February 29, 2012 exchange rates, and including interest earned, an additional cash balance of \$42.91 million (August 31, 2011 - \$47.72) remained in escrow in a restricted cash account on behalf of Wesizwe. To February 29, 2012, a total of \$13.79 million (August 31, 2011 - \$11 million) has been withdrawn from escrow against Wesizwe's 26% share of project expenditures.

During the six months ended February 29, 2012, the Company issued a total of Nil (February 28, 2011 – 83,499,750) common shares, therefore cash proceeds during the period were Nil (February 28, 2011 - \$158.58 million). The proceeds in the period ended February 28, 2011 resulted primarily from a bought deal financing, including an over-allotment, for gross proceeds of \$143.81 million on the issue of 70.15 million shares. Issue costs, including a 5.5% commission to the Agents and their legal costs, totaled \$8.44 million. Cash proceeds from equity issuances are primarily spent on mineral property and surface right acquisitions, exploration and development as well as for general working capital purposes. The balance of cash outflows is made up of management and consulting fees and salaries, and other general and administrative expenses. Proceeds from the 2010 financing were also used to acquire a further 19.25% interest in Maseve for subscriptions in the amount of R 408.8 million (approximately \$59 million as of January 14, 2011), thereby increasing the Company's shareholding in Maseve to 74%. According to the terms of the April 22, 2010 re-organization of the WBJV, as noted above, this subscription amount was placed into escrow in Maseve in order to fund Wesizwe's 26% ongoing share of project costs. The Company is also funding its 74% share of a Phase 1 development budget for Project 1 of \$100 million into Maseve.

The Company receives lump sum cash advances at various times as laid out in agreed budgets from its partners to cover the costs of joint venture projects.

The following table discloses the Company's continual obligations for optional mineral property acquisition payments and contracted office and equipment lease obligations. Apart from a possible buy-out of the War Springs and Tweespalk projects, which optional acquisition payments are included in explanatory notes to the following table, the Company has no other property acquisition payments due to vendors under mineral property option agreements. The Company has no long term debt or loan obligations.

**Payments by period in Canadian Dollars**

	<b>Total</b>	<b>&lt; 1 Year</b>	<b>1 – 3 Years</b>	<b>3 – 5 Years</b>	<b>&gt; 5 Years</b>
Payments (War Springs & Tweespalk) <sup>(1)</sup>	\$ 76,020	\$ 15,204	\$ 30,408	\$ 30,408	\$ -
Lease Obligations	332,743	72,279	204,546	55,918	-
Eskom–Power <sup>(2)</sup>	11,956,240	7,994,642	3,961,598	-	-
Insurance contracts	205,889	72,666	133,223	-	-
Other miscellaneous	110,338	110,338	-	-	-
<b>Totals</b>	<b>\$ 12,681,230</b>	<b>\$ 8,265,129</b>	<b>\$ 4,329,775</b>	<b>\$ 86,326</b>	<b>\$ -</b>

Explanatory Notes:

(1) The Company pays annual prospecting fees to the vendors of US\$3.25 per hectare. The Company has the option to settle the vendors' residual interests in these mineral rights at any time for US\$690 per hectare.

(2) The Company's project operating subsidiary Maseve has entered into a long term electricity supply agreement with South African power utility Eskom. Under the agreement the Company is scheduled to receive connection and service for a 10 MVA construction power supply in 2012 and a total 40 MVA production power supply in later calendar 2013 in exchange for remaining connection fees and guarantees totaling Rand 90,508,735 (\$11,956,240 at February 29, 2012). An amount of R 51.71 million (approximately \$6.83 million at February 29, 2012) has already been paid to Eskom.

Cash at February 29, 2012 is sufficient to fund the estimated general and development operations of the Company for calendar 2012 and into the first calendar quarter of 2013, but will be insufficient to complete construction of the mine at Project 1. On August 2, 2011 the Company announced the appointment of four international commercial banks to the role of mandated lead arrangers for the placement of a USD \$260 million project finance loan, representing approximately 60% of the estimated Project 1 capital cost requirements. In addition to the loan facility, the project financing is planned to include a USD \$25.0 million working capital facility. Depending on USD to Rand exchange rates and the actual costs to complete Phase 1 of Project 1, the Company anticipates the need for the Company to seek additional equity funding sometime in mid to late 2012. The Company and Wesizwe will also be required to provide a cost overrun facility for the project, the amount and nature of which is still to be determined.



## **G) Outstanding Share Data**

The Company has an unlimited number of common shares authorized for issuance without par value. At February 29, 2012, there were 177,584,542 common shares outstanding, 14,469,500 incentive stock options outstanding at exercise prices of \$1.30 to \$4.40. At April 13, 2012, there were 177,584,542 common shares outstanding and 14,469,500 incentive stock options outstanding. Subsequent to February 29, 2012, nil common share purchase options were exercised. During the period ending February 29, 2012, the Company made no changes to the exercise price of outstanding options through cancellation and reissuance or otherwise.

## **4. RISK FACTORS**

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian and U.S. regulatory filings prior to making an investment in the Company. For a discussion of risk factors applicable to the Company, see the section entitled "Risk Factors" in the Company's most recent annual information form filed with Canadian provincial securities regulators, which was also filed as part of the Company's most recent annual report on Form 40-F with the U.S. Securities & Exchange Commission.

Without limiting the foregoing, the most significant risks and uncertainties faced by the Company are: the inherent risk associated with mineral exploration and development activities; the uncertainty of mineral resources and their development into mineable reserves; uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks; political risks; risks associated with fluctuations in foreign exchange rates; risks associated with fluctuations in metal prices; risks associated with joint venture agreements and the possible failure to obtain mining licenses and/or to obtain the capital required for project and mine development.

## **5. OUTLOOK**

At April 13, 2012, the Company's cash position was approximately \$75 million.

Preparation of detailed banking documents for the senior loan facility with the mandated syndicate of banks is ongoing. The completion of this documentation, due diligence, hedging establishment and off take negotiations are expected to be completed in Q2 of calendar 2012.

In September 2011, a joint engineering study on potential synergies with the Jinchuan-Wesizwe platinum mine adjacent to the Project 1 mine site was commenced. The preliminary findings of this work are now known to the Company and Jinchuan-Wesizwe. Technical analysis from the independent engineers highlights the complementary production profiles of the Company's Project 1 and the Frischgewaagd-Ledig Project of Jinchuan-Wesizwe. The production profile of the Company's shallow Project 1 mine is scheduled to ramp up in 2014, while the Jinchuan-Wesizwe mine is scheduled to ramp-up from vertical shafts in 2018-2020. The synergy study specifically examined the sequencing and optimal plant utilization of both Merensky and UG2 ore types from both mine areas at one location and found potential savings in terms of capital and operating costs. Several scenarios were examined, including one large plant for both operations, and an installation of three plants in sequence. Other areas of examination for a combined operation included the efficient use of surface rights, tailings areas and production infrastructure and bulk services. The findings of the synergy engineering study are under consideration by the Company and Jinchuan-Wesizwe.

Commencement of Phase 2 development at Project 1 will begin after complete project financing is in place and off take agreements are executed. Phase 2 will include a second decline access south of the current twin decline development, underground lateral development, a milling and concentrating facility and tailings impoundment area.

Metallurgical studies have been completed and negotiations with several parties regarding concentrate off-take arrangements are underway. Anglo Platinum retains a 60 day right of first refusal to match the terms of any off take agreement which the Company intends to execute. The Company estimates that the completion of off take arrangements, including Anglo's 60 day right of first refusal, will be completed by the end of Q2 of calendar 2012.

Following the completion of the 2009 UFS, the Company completed further drilling, metallurgical work, mine design and cost estimation work. The Company has also gained construction and procurement experience under the Phase 1 development program currently underway. Major contracts, project costing and final scheduling for Phase 2 development are in process of final determination. A revised cost budget estimate for inclusion in the final financial model for the lending banks is currently a work in progress.

Some aspects of the project are currently being costed at or below UFS level, while escalation is being seen in other cost areas, such as consumable inputs, labour, construction and capital equipment. Total peak funding required for Project 1 will likely see escalation of approximately 14% since the 2009 UFS. Operating costs per tonne will likely see an approximate 24% escalation since the 2009 UFS. The current Rand exchange rate is at or near the UFS long term assumption of 8R to the USD. Basket 4E metal prices (platinum, palladium rhodium and gold) are currently approximately 11% higher on the Merensky Reef than at the UFS level assumptions, mostly offsetting the effects of cost escalation. The escalation estimated above is in keeping with inflation rates and industry experience in South Africa since 2009.

On April 1, 2012 the 10% Secondary Tax on Corporations in South Africa was replaced with a new Dividend Tax. Under existing tax treaties with Canada this change had the effect of reducing the Company's effective tax burden at the parent company level by 5%.

In conjunction with ongoing cost estimation work and banking preparations, an updated project schedule for Phase 2 is being completed by the Company. First ore production is currently expected to commence in late 2013, with concentrate sales commencing in mid-2014. The Company is considering several current opportunities for sale of early ore production. The Merensky Reef is scheduled to be mined in the first approximately 10 years of the mine life and current estimates of steady state production are unchanged or slightly higher than estimated in the UFS.

The Company plans to continue working with joint venture partner funding to conduct exploration on the Waterberg and Sable projects. On November 9, 2011, the Company announced the discovery of new PGE bearing reefs at Waterberg. Exploration has since been accelerated by the Company and joint venture partner JOGMEC with 8 drilling rigs now active on the project.

In April the Company established a new \$1.5 million forward budget for 2012 exploration on the newly acquired Providence nickel, copper, and platinum group metals property in the Northwest Territories. Compilation work, modeling, budgeting and exploration planning is underway. Supply and logistics work for the field camp at Providence were undertaken in March of 2012. A gravity survey was also undertaken at that time over areas of interest. Further work on the ground at Providence, including drilling, will commence in the Northwest Territories as soon as weather conditions allow and drilling crews and equipment can be mobilized.

## 6. CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements in conformity with IFRS requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, as well as income and expenses. Our accounting policies are described in note 3 of our February 29, 2012 unaudited quarterly condensed consolidated financial statements.

### *Review of asset carrying values and impairment*

In accordance with the Company's accounting policy, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production, commodity prices, reserves, operating costs, closure and rehabilitation costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the income statement.

### *Stock-based compensation*

We provide compensation benefits to our employees, directors, officers and consultants through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of our share price. The risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

### *Asset Retirement Obligations*

The amounts recorded for asset retirement costs are based on estimates included in closure and remediation plans. These estimates are based on engineering studies of the work that is required by environmental laws. These estimates include an assumption on the rate at which costs may inflate in future periods. Actual costs and the timing of expenditures could differ from these estimates.

### *Income and Resource Taxes*

The determination of our future tax liabilities and assets involves significant management estimation and judgment involving a number of assumptions. In determining these amounts we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of future tax assets and liabilities. We also make estimates of our future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessment by various taxation authorities, which may interpret tax legislation in a manner different from our view. These differences may affect the final amount or the timing of the payment of taxes. When such differences arise we make provision for such items based on our best estimate of the final outcome of these matters.

### *Determination of ore reserve and mineral resource estimates*

The Company estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined by NI 43-101. Reserves determined in this way are used in the calculation of depreciation, amortization and impairment charges, and for forecasting the timing of the payment of close down and restoration costs. In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves being restated. Such changes in reserves could impact on depreciation and amortization rates, asset carrying values and provisions for close down and restoration costs.

#### *Determination of useful lives of property, plant and equipment*

The Company uses the straight line method to depreciate property, plant and equipment, whereby depreciation is calculated using expected life of the asset or the life of mine. As noted above there are numerous uncertainties inherent in estimating ore reserves which is fundamental to the calculation of the life of mine.

## **7. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

### **Transition to IFRS from GAAP**

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards (“IFRS”) for financial periods beginning on and after January 1, 2011. The Company has adopted IFRS with an adoption date of September 1, 2011 and a transition date of September 1, 2010.

The Company has now completed its IFRS changeover plan. The following discussion outlines the Company’s transition project and IFRS transitional impacts. Notes 2 and 16 to the consolidated interim financial statements provide more detail on key Canadian GAAP to IFRS differences and accounting policy decisions.

### **IFRS Conversion Plan Completion**

The Company’s IFRS conversion plan addressed matters including changes in accounting policies, IT and data systems, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the conversion is understood and managed reasonably, the accounting staff attended several training courses on the adoption and implementation of IFRS. Through in-depth training and detailed analysis of IFRS standards, the Company’s accounting personnel obtained a thorough understanding of IFRS and possesses sufficient financial reporting expertise to support the Company’s needs. The Company has also reviewed its internal and disclosure control processes and they did not need significant modification as a result of the conversion to IFRS. Further, the Company assessed the impact on IT and data systems and concluded there were no significant impact to applications arising from the transition to IFRS.

### **IFRS 1 First-Time Adoption of International Financial Reporting Standards**

Under IFRS 1 First-time Adoption of International Financial Reporting Standards, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit unless certain exemptions are applied. IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters. Set forth below are the applicable IFRS 1 optional exemptions the Company applied in the conversion from Canadian GAAP to IFRS.

#### a) Business Combinations

IFRS 1 permits the Company to apply IFRS 3 Business Combinations on a prospective basis only from the transition date. Therefore, the Company has not restated past business combinations to comply with IFRS 3, where control was obtained before the transition date.

b) Currency translation differences

Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative currency translation gains and losses to be reset to zero at the Transition Date. The Company elected to reset all cumulative currency translation gains and losses to zero in opening retained earnings at its Transition Date. This election has resulted in a reversal of historical cumulative translation adjustment of \$2.2 million on transition.

**Significant Accounting Policy Changes on Transition to IFRS**

IFRS employs a conceptual framework that is similar to Canadian GAAP; however significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS has not changed the cash flows of the Company, the adoption resulted in changes to the reported financial position and results of operations of the Company. A summary of the significant accounting policy changes on transition to IFRS is provided below.

a) Foreign currency translation

The Company's South African subsidiaries have the South African Rand as their functional currency. Under Canadian GAAP for integrated foreign operations, only monetary items were translated to Canadian dollars at the end of each reporting period at the period end exchange rate. However under IFRS, all assets and liabilities of a foreign subsidiary with a functional currency different from the parent's presentation currency are converted to the parent's presentation currency at the period end rate with the resulting foreign exchange differences recorded in other comprehensive income.

Under Canadian GAAP, the South African subsidiaries were considered to be integrated operations, which effectively meant the entities had Canadian functional currencies. Under IFRS, these South African subsidiaries are considered to have the Rand as their functional currency. As a result, the foreign exchange gain or loss on the intercompany loan to the foreign subsidiaries which is considered the parent company's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment. Under Canadian GAAP, the gain or loss was recognized in the profit or loss.

b) Deferred Income Taxes

Under Canadian GAAP, deferred income taxes were recognized following the acquisition of various assets. Under IFRS, deferred income taxes are not recognized on temporary differences that arise from transactions other than a business combination that at the time of the transaction affected neither the taxable nor accounting profit or loss. As a result of this difference a decrease to the deferred income tax liability and a corresponding decrease to the carrying value of property plant and equipment for 56 million Rand has been made on transition and is applied to all periods.

c) Pre-exploration costs

Under IFRS, expenditures that are capitalized before the company has the legal right to explore the specific property must be expensed. CGAAP does not have the same restriction; therefore an adjustment is required on transition to expense pre-exploration costs which were capitalized under CGAAP. This accounting policy change resulted in an increase to deficit and a corresponding decrease in the carrying value of resource properties on transition.

e) Reclassification of Project 1 asset

Under Canadian GAAP, all capitalized and deferred costs were classified as mineral properties. Under IFRS, the Project 1 deferred costs have been reclassified as Property, Plant and Equipment.

f) Non-controlling interest

At the date of transition, the accounting requirement for non-controlling interests differed under IFRS. Under IFRS changes in ownership interest where control is maintained are recorded through equity.

### **Post-Implementation**

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. It has been noted that the standard-setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that the Company has selected. The International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact the financial statements of the Company primarily in the areas of capitalization of exploration costs and disclosures. Processes are in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRSs and IFRIC Interpretations will be evaluated as they are drafted and published.

## **8. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

### ***Changes in Internal Controls over Financial Reporting***

During the six months ended February 29, 2012, management assessed internal controls over financial reporting as a step in their IFRS Transition Plan, however no changes were required.

## **9. NYSE AMEX LLC CORPORATE GOVERNANCE**

The Company's common shares are listed on the NYSE Amex LLC (formerly the American Stock Exchange) ("NYSE- Amex"). Section 110 of the NYSE- Amex company guide permits NYSE- Amex to consider the laws, customs and practices of foreign issuers in relaxing certain NYSE- Amex listing criteria, and to grant exemptions from NYSE- Amex listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to NYSE- Amex standards is posted on the Company's website at [www.platinumgroupmetals.net](http://www.platinumgroupmetals.net) and a copy of such description is available by written request made to the Company.

## **10. OTHER INFORMATION**

Additional information relating to the Company for the period ending August 31, 2011 may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov). Readers are encouraged to review the Company's audited annual consolidated financial statements for the year ended August 31, 2011 together with the notes thereto as well as the Annual Information Form for the Company's financial year ended August 31, 2011.

## **11. SUBSEQUENT EVENTS**

The following events occurred subsequent to quarter end. These events and other non-material subsequent events may be mentioned elsewhere in this MD&A:

- 1 On March 27, 2012 the Company posted a financial guarantee in the amount of R 58.5 million (\$7.66 million) with Standard Bank of South Africa Limited for the rehabilitation of land to be disturbed by mining in relation to Project 1 of the WBJV. The guarantee is posted with the Department of Mineral Resources in South Africa as beneficiary in accordance with the Mineral and Petroleum Resources Development Act (2002) and the Company's environmental management programme. This financial guarantee is required prior to the formal grant of a mining right for Project 1 of the WBJV. In the months ahead the Company expects to place a commercial policy with a third party insurer as an allowable form of financial guarantee for the mining right, thereby allowing the Company to bring approximately 80% of the R 58.5 million posted guarantee back into working capital in fiscal 2012. In the months ahead the Company also expects to recover an amount of approximately \$1.95 million which was posted in fiscal 2011 as a financial guarantee for development work being conducted on Project 1 under a Bulk Sample Permit, which permit is superseded upon the grant of a formal mining right.



- i On April 4, 2012 the Department of Mineral Resources of South Africa confirmed in writing that a mining right for the WBJV Project 1 Platinum Mine had been issued in terms of section 23(1) of the Mineral and Petroleum Resources Development Act (2002). A formal documentation and registration process will follow. With the issue of the formal mining right the Company will be able to advance its finance and construction objectives and is now in a legal position to produce and sell minerals from the WBJV project area.

## 12. LIST OF DIRECTORS AND OFFICERS

*a) Directors:*

R. Michael Jones  
Frank R. Hallam (Secretary)  
Iain McLean  
Eric Carlson  
Barry W. Smee  
Timothy Marlow

*b) Officers:*

R. Michael Jones (Chief Executive Officer)  
Frank R. Hallam (Chief Financial Officer)  
Peter C. Busse (Chief Operating Officer)  
Kris Begic (VP, Corporate Development)



---

**FORM 52-109F2**  
**CERTIFICATION OF INTERIM FILINGS**  
**FULL CERTIFICATE**

**I, R. Michael Jones, President and Chief Executive Officer of Platinum Group Metals Ltd.** , certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Platinum Group Metals Ltd.** (the “issuer”) for the interim period ended **February 29, 2012**.
  2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
  3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
  4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* , for the issuer.
  5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
    - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
      - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
      - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
    - (b) designed ICFR, or caused it 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 the issuer’s GAAP.
  - 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO Framework) prepared by the **Committee of Sponsoring Organizations of the Treadway Commission (“COSO”)** .
-

5.2 **ICFR - material weakness relating to design** : N/A

5.3 **Limitation on scope of design**: N/A

6. **Reporting changes in ICFR**: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **December 1, 2011** and ended on **February 29, 2012** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **April 16, 2012**

//signed//

---

R. Michael Jones

President and Chief Executive Officer

---

---

**FORM 52-109F2**  
**CERTIFICATION OF INTERIM FILINGS**  
**FULL CERTIFICATE**

I, **Frank R. Hallam, Chief Financial Officer of Platinum Group Metals Ltd.** , certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Platinum Group Metals Ltd.** (the “issuer”) for the interim period ended **February 29, 2012** .
  2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
  3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
  4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* , for the issuer.
  5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
    - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
      - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
      - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
    - (b) designed ICFR, or caused it 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 the issuer’s GAAP.
  - 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO Framework) prepared by the **Committee of Sponsoring Organizations of the Treadway Commission (“COSO”)** .
-

5.2 **ICFR - material weakness relating to design** : N/A

5.3 **Limitation on scope of design**: N/A

6. **Reporting changes in ICFR**: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **December 1, 2011** and ended on **February 29, 2012** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **April 16, 2012**

//signed//

---

Frank R. Hallam

Chief Financial Officer

---



PLG:NYSE AMEX  
PTM:TSX

328 – 550 Burrard Street  
Vancouver, BC V6C 2B5  
P: 604-899-5450  
F: 604-484-4710

---

## News Release

No. 12-223  
April 16, 2012

### Platinum Group Reports Q2 2012 Financial Results

(Vancouver/Johannesburg) **Platinum Group Metals Ltd.** (PTM-TSX; PLG-NYSE AMEX) (“Platinum Group” or the “Company”) reports the Company’s financial results for the six months ending February 29, 2012. For details of the February 29, 2012 Condensed Consolidated Interim Financial Statements and Management’s Discussion and Analysis please see the Company’s filings on SEDAR ( [www.sedar.com](http://www.sedar.com) ) or on EDGAR ( [www.sec.gov](http://www.sec.gov) ). Shareholders are encouraged to visit the Company’s website at [www.platinumgroupmetals.net](http://www.platinumgroupmetals.net) . Shareholders may request a copy of the complete February 29, 2012 Condensed Consolidated Interim Financial Statements from the Company free of charge.

The Company has adopted International Financial Reporting Standards as at September 1, 2011 with a transition date of September 1, 2010.

The Company’s cash position at February 29, 2012 was \$90.61 million, including \$42.91 million in restricted cash held in South African operating company Maseve Investments 11 (pty) Ltd. (“Maseve”). At April 11, 2012 the Company’s cash position was approximately \$75.51 million, including restricted cash, but not including approximately \$7.31 million in performance bonds posted in early April, 2012 with the Government of South Africa. All amounts herein are reported in Canadian dollars unless otherwise specified.

#### Highlights For The Period

- | In September 2011 a box cut excavation at the WBJV Project 1 Platinum Mine (“Project 1”) in South Africa was completed and underground development commenced shortly thereafter. Development of a twin barrel decline system into the central portion of the Project 1 deposit is now well underway. Site establishment and Phase 1 infrastructure were also completed during the reporting period. On site safety performance to date has been very good with only one minor lost time injury to report in over 500,000 man-hours worked to date.
- | In November 2011 and in February 2012 the Company reported high grade, shallow and wide drill intercepts in a newly discovered extension of the North Limb on the Waterberg project. Drilling is continuing on the project at present with eight drill rigs and multiple intercepts are being assayed at present. In addition to the T1 and T2 Reefs reported to date, the Company has observed and logged additional layers or reefs of sulphide mineralization which correlate from borehole to borehole. Drilling is ongoing both up dip and on strike of the original discovery holes on a roughly 250 metre spaced grid. Waterberg is a joint venture project between Platinum Group (37%), the Japan Oil, Gas and Metals National Corporation (“JOGMEC”) (37%) and Black Economic Empowerment Company Mnombo Wethu Consultants (Pty) 2012 Ltd. (“Mnombo”) (26%).

- | In November 2011 the Company acquired 49.9% of Mnombo for payments of 1.2 million Rand (US\$150,000) and funding of Mnombo's 26% share of costs on the Waterberg joint venture to feasibility, thereby increasing Platinum Group's effective interest in the Waterberg joint venture to 49.97% (a direct 37% plus 49.9% of Mnombo's direct 26%).
- | In February 2012 the Company utilized the new computer based "cadastral" staking system in South Africa to file applications for prospecting permits on an area of approximately 800 square kilometres adjacent to the Waterberg project. These applications have been accepted for filing by the Government of South Africa. Based on the interpretation of geophysical surveys, drilling and field observations, it appears that a previously unrecognized lobe of the Bushveld Igneous Complex may exist under cover rock on the applied for territory. The new permits will be held, upon grant by the Government of South Africa, on a 74/26 basis by the Company and Mnombo. Given the Company's holdings in Mnombo, the Company will hold an effective 87% interest in most of this new ground.
- | In March 2012 a joint engineering study on potential synergies with the Jinchuan-Wesizwe platinum mine adjacent to the Project 1 mine site was substantially completed. The study indicates significant potential for savings in terms of capital and operations. The Company and Wesizwe are in discussions on how the synergies may be achieved.
- | Subsequent to period end, on April 4, 2012, the Government of South Africa issued a formal mining right to the Company for the Project 1 Platinum Mine in terms of section 23(1) of the Mineral and Petroleum Resources Development Act (2002). Mining will be subject to Environmental Authorizations, Water Use Licenses and compliance to other legislation on an ongoing basis. The Company is now able to advance on many aspects of the project and plans to move into full scale development in the months ahead.

### Results For The Period

During the six months ended February 29, 2012, the Company incurred a net loss of \$4.82 million (February 28, 2011 – net loss of \$6.62 million). General and administrative expenses during the period amounted to \$3.44 million (February 28, 2011 - \$3.62 million), losses on foreign exchange were \$1.45 million (February 28, 2011 – loss \$0.14 million), while stock based compensation expense, a non-cash item, totalled \$1.94 million (February 28, 2011 - \$3.67 million). Finance income consisting of interest earned and property rental fees in the six months amounted to \$2.16 million (February 28, 2011- \$0.90 million). Loss per share for the period amounted to \$0.03 per share, as compared to a loss of \$0.04 per share for the comparative period of fiscal 2011.

Accounts receivable at February 29, 2012 totalled \$3.82 million while accounts payable and accrued liabilities amounted to \$6.91 million. Accounts receivable were comprised primarily of value added taxes repayable to the Company in South Africa. Accounts payable included accrued professional fees, contract construction fees, drilling expenses, engineering fees and regular trade payables for ongoing exploration and development costs and administration.

---

Total expenditures by the Company for development and purchases of property and equipment for Project 1 during the period totaled \$17.99 million, before including the effects of foreign currency exchange rate fluctuations. Expenditures by the Company during the six month period for exploration on Sable and Waterberg of approximately \$1.73 million were funded primarily by joint venture partners. Mineral property acquisition and exploration expenditures in Canada during the period totaled \$0.81 million, of which \$0.49 was capitalized.

Phase 1 development at Project 1, budgeted at USD \$100 million for infrastructure and underground development, is approximately half way through its budget at present. Phase 1 is on budget and approximately 10 to 12 weeks behind its planned schedule. Phase 1 will continue into Q4 of calendar 2012. Preparations for commencement of Phase 2 are now underway.

## **Outlook**

Preparation of detailed banking documents for a senior loan facility with a mandated syndicate of banks is ongoing. The completion of this documentation, due diligence, account structuring and off take negotiations are expected to be completed in Q2 of calendar 2012.

With the issuance of a formal mining right for Project 1 on April 4, 2012, the Company can now initiate certain aspects of Phase 2 development. Phase 2 development at Project 1 will fully commence subject to completion of project financing and execution of formal off-take agreements. Phase 2 will include a second twin decline access south of the current twin decline development, underground lateral development, a milling and concentrating facility and a tailings impoundment area. Based on capital savings in Phase 1 and the rescheduling of some non-critical items to Phase 2, the south decline box cut excavation has been added to the Phase 1 scope of work. A contract for civil work to excavate the south decline box cut has been put to tender and adjudicated, and is now in process to be awarded.

Following the completion of an Updated Feasibility Study (“UFS”) for Project 1 in October 2009, the Company completed further drilling, metallurgical work, mine design and cost estimation work. The Company has also gained construction and procurement experience under the Phase 1 development program currently underway. Major contracts, project costing and final scheduling for Phase 2 development are in process of final determination. A revised cost budget estimate for inclusion in the final financial model for the lending banks is currently a work in progress.

Some aspects of the project are currently being costed at or below UFS level, while escalation is being seen in other cost areas, such as consumable inputs, labour, construction and capital equipment. Total peak funding required for Project 1 will likely see escalation of approximately 14% since the 2009 UFS. Operating costs per tonne will likely see an approximate 24% escalation since the 2009 UFS. The current Rand exchange rate is at or near the UFS long term assumption of 8R to the USD. Basket 4E metal prices (platinum, palladium rhodium and gold) are currently approximately 11% higher on the Merensky Reef than at the UFS level assumptions, mostly offsetting the effects of cost escalation. The escalation estimated above is in keeping with inflation rates and industry experience in South Africa since 2009.

In conjunction with ongoing cost estimation work and banking preparations, an updated project schedule for Phase 2 is being completed by the Company. First ore production is currently scheduled for late 2013, with concentrate sales commencing in mid-2014. The Company is considering several current opportunities for sale of early ore production. The Merensky Reef is scheduled to be mined in the first approximately 10 years of the mine life and current estimates of steady state production are unchanged or slightly higher than estimated in the UFS.

---

On April 1, 2012 the 10% Secondary Tax on Corporations in South Africa was replaced with a new Dividend Tax. Under existing tax treaties with Canada this change had the effect of reducing the Company's effective tax burden at the parent company level by 5%.

The Company will continue working with joint venture partner funding to conduct exploration on the Waterberg and Sable projects. Exploration drilling is underway at Waterberg with 8 rigs and at Sable with 2 rigs. Waterberg assay results are pending.

In April the Company established a new \$1.5 million forward budget for 2012 exploration on the newly acquired Providence nickel, copper, and platinum group metals Property in the Northwest Territories. Compilation work, modeling, budgeting and exploration planning is underway. Supply and logistics work for the field camp at Providence were undertaken in March of 2012. A gravity survey was also undertaken at that time over areas of interest. Further work on the ground at Providence, including drilling, will commence in the Northwest Territories as soon as weather conditions allow and drilling crews and equipment can be mobilized.

#### **About Platinum Group Metals Ltd.**

Platinum Group Metals is based in Johannesburg, South Africa and Vancouver, Canada. The Company's main asset is a 74% interest in the Project 1 Platinum Mine near Rustenburg, South Africa, where an initial construction budget of USD \$100 million is in progress, including underground development. Project 1 has estimated steady state production of 275,000 ounces per year of platinum group metals based on an October 2009 Updated Feasibility Study. Platinum Group also has active exploration programs with drilling at the Sable Joint Venture and Waterberg Joint Ventures in South Africa and active exploration in Canada for platinum and palladium.

#### **Qualified Person**

Gordon Cunningham of Turnberry Projects (Pty) Ltd. (FSAIMM and ECSA) is the independent Qualified Person for the technical disclosure relating to WBJV Project 1 contained in this news release. He is a fellow with the South African Institute of Mining and Metallurgy ("SAIMM"), has had extensive experience in the assessment of mines including platinum mines and has been responsible for the mine designs and related investigations related to the Company's 2009 Updated Feasibility Study and later implementation work. He has over 30 years' experience in project operation, project evaluation, design and feasibility work and is supported by a team of experienced engineers. Turnberry Projects has extensive experience with the design and evaluation of platinum projects and mines with past assignments including investigations ranging from metallurgical design to feasibility mine evaluation and project management.

#### **On behalf of the Board of Platinum Group Metals Ltd.**

*"Frank R. Hallam"*  
CFO and Director



For further information contact:

R. Michael Jones, President  
or Kris Begic, VP, Corporate Development  
Platinum Group Metals Ltd., Vancouver  
Tel: (604) 899-5450 / Toll Free: (866) 899-5450

*The Toronto Stock Exchange and the New York Stock Exchange - AMEX have not reviewed and do not accept responsibility for the accuracy or adequacy of this news release, which has been prepared by management.*

*This press release contains forward-looking information within the meaning of Canadian securities laws and forward-looking statements within the meaning of U.S. securities laws ("forward-looking statements"). Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, plans, postulate and similar expressions, or are those, which, by their nature, refer to future events. All statements that are not statements of historical fact are forward-looking statements. Forward-looking statements in this press release include, without limitation, statements regarding the Company's plans to move into full scale development in the months ahead, the timing of any debt/financing for Project 1, the completion of account structuring and off-take negotiations in Q2 of calendar 2012, the amount of increase in the peak funding estimate for Project 1, the timing of first ore production and concentrate sales, and further exploration on the Company's properties. In addition, the results of the UFS may constitute forward-looking statements to the extent that they reflect estimates of mineralization, capital and operating expenses, metal prices and other factors. Although the Company believes the forward-looking statements in this press release are reasonable, it can give no assurance that the expectations and assumptions in such statements will prove to be correct. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in market conditions; the nature, quality and quantity of any mineral deposits that may be locate; the Company's ability to obtain any necessary permits, consents or authorizations required for its activities; the Company's ability to successfully complete hedging establishment and off-take negotiations; the Company's ability to produce minerals from its properties successfully or profitably, to continue its projected growth, or to be fully able to implement its business strategies and other risk factors described in he Company's Form 40-F annual report, annual information form and other filings with the SEC and Canadian securities regulators, which may be viewed at [www.sec.gov](http://www.sec.gov) and [www.sedar.com](http://www.sedar.com), respectively.*

---