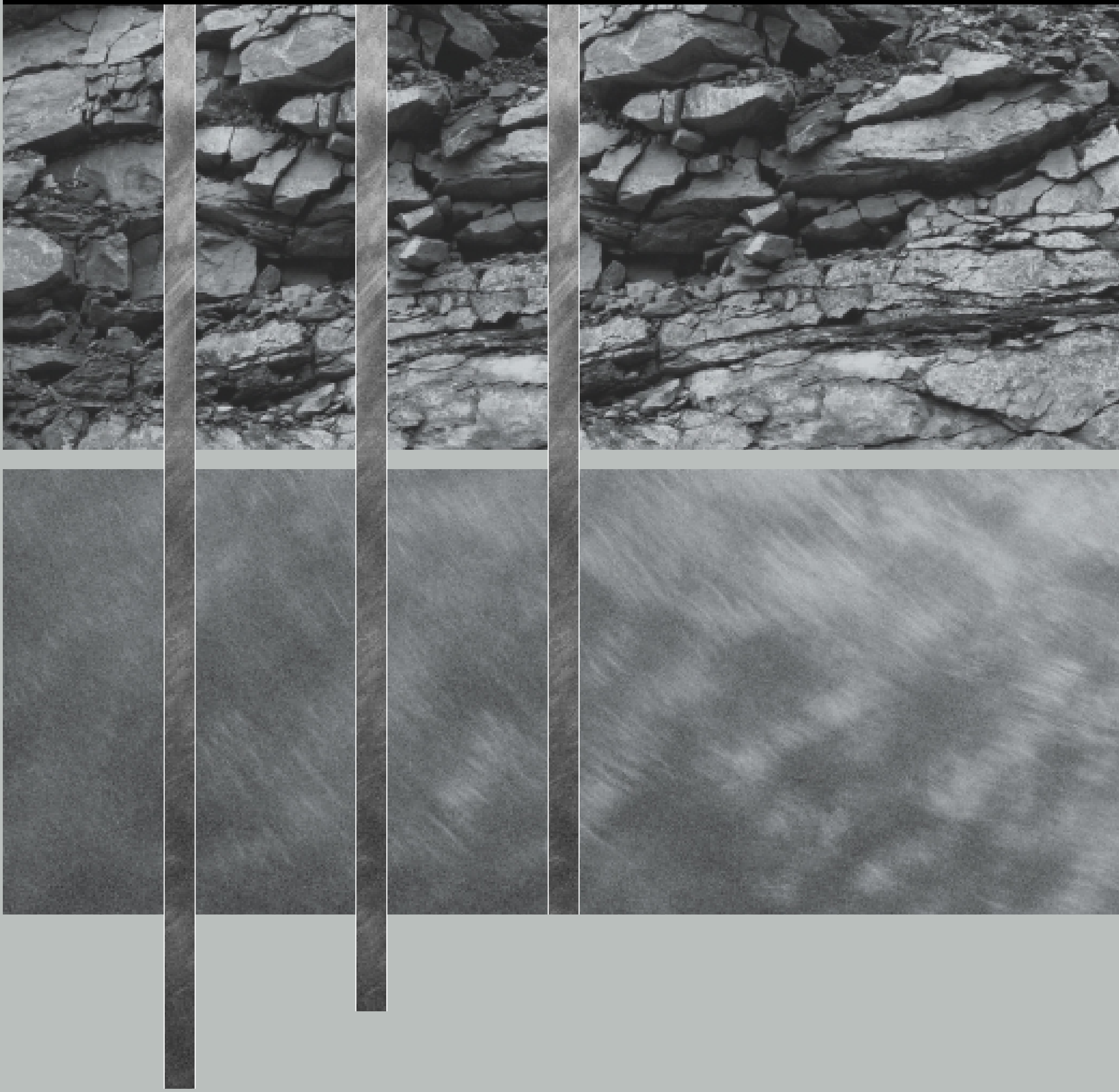
PLATINUM GROUP METALS LTD.

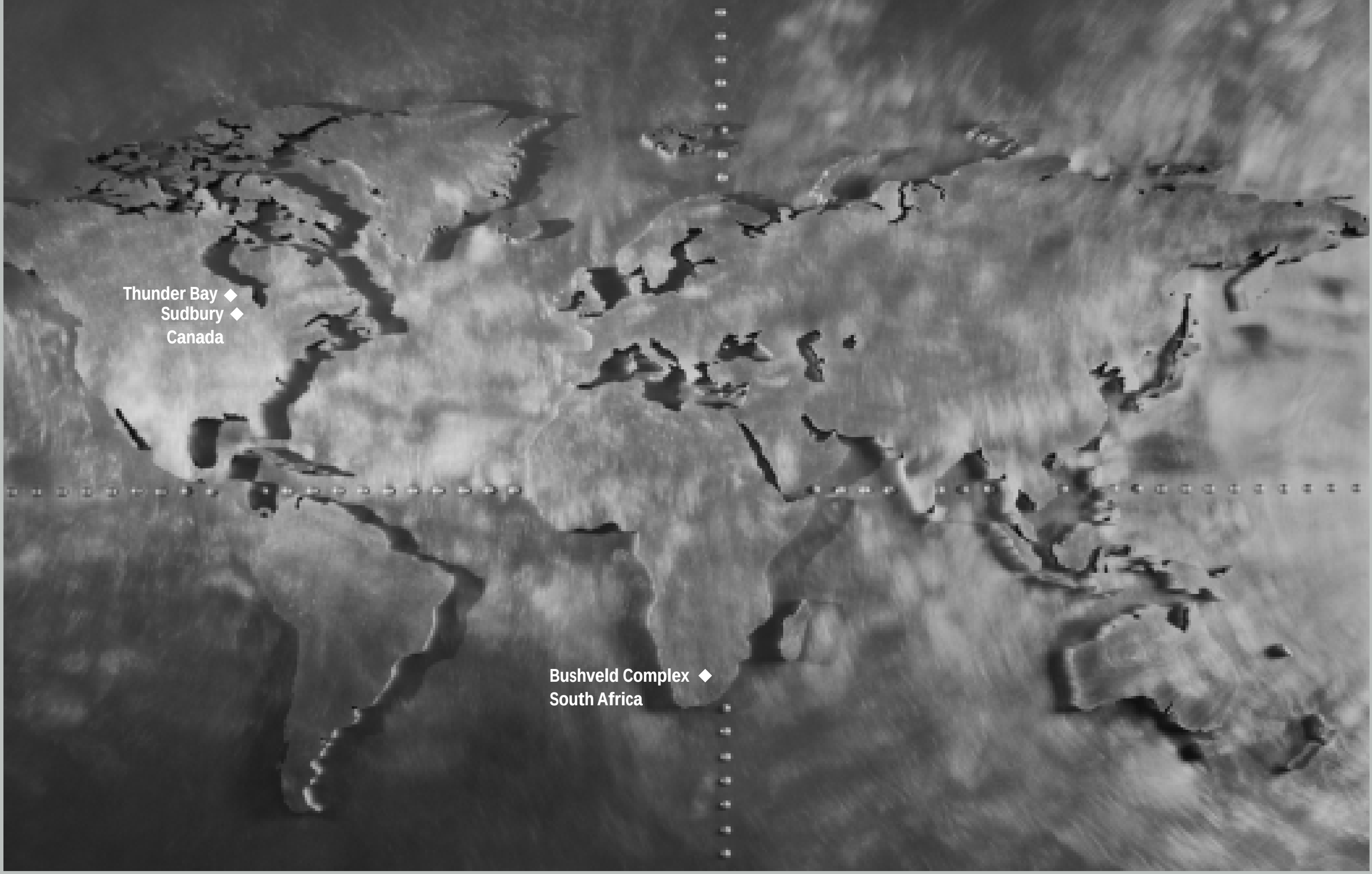


2002 Annual Report

DIVERSIFICATION

VISION

RESULTS



PLATINUM GROUP METALS MARKET

Platinum Group Metals or PGMs include platinum, palladium, rhodium, ruthenium, osmium and iridium. Platinum and palladium have the largest markets and the production of the other metals is usually as by-products. Platinum supply is dominated by South Africa and palladium supply is dominated by Russia. Platinum enjoys a dual market with both jewelry and catalytic uses while palladium's use is dominated by auto catalytic converter usage.

Acquisitions by Platinum Group Metals Ltd. ("PTM") in South Africa diversify the Company across both geography and metals as Canada is dominated by palladium-rich occurrences and South African occurrences have platinum as the dominant metal.

The Company was founded in 2000 with a vision to acquire and discover PGM assets in advance of extremely tight physical markets for platinum and palladium as we approach 2005. We are approximately halfway through this time line, and all indications are that our vision is becoming a reality. The platinum price has performed well and although the palladium price is weak we remain positive on the outlook for this metal as well. Further we believe that the Company is extremely well positioned to take advantage of steadily increasing investment interest in the sector.

"The platinum market is in chronic structural shortage . . . there is mounting risk of platinum prices spiking far higher."

Stephen Briggs
Economic Research, Socgen
London, December 18, 2002

HIGHLIGHTS

A carefully assembled portfolio of projects – with a vision of tightening physical markets for PGMs

- **A DIVERSIFIED** portfolio of properties carefully assembled over the past two years in Canada and South Africa focused across the PGM sector.

- **RETAINING** GeoActiv Dynamic Geological Services (Pty.) Ltd. ("GeoActiv") in early 2002 was a critical step in the growth of PTM. Through GeoActiv's contacts and local infrastructure we have been able to establish PTM's positions in South Africa during the year and look forward to expanding our activities into drilling in 2003.

- **PTM IS THE RESULT** of merging two companies to consolidate strategic positions in Canada's only primary producing PGM area – Thunder Bay, Ontario. PTM's mineral rights dominate this camp and, based on drilling success in early 2002, a second drilling campaign was underway at the end of 2002.

- **PTM'S DIVERSIFICATION** into several projects provides shareholders with a greater opportunity for discovery of a significant resource while offering reduced risk.

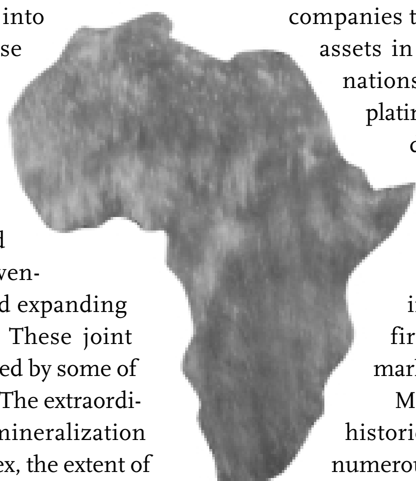
- **THE VISION** of the Company was for tight physical markets towards 2005 and this is on track.

- **THE COMPANY ANTICIPATES** that 2003 will be the year of transition from acquisitions in South Africa into the drilling phase on several properties adjoining or on strike from existing platinum mines.

TO OUR SHAREHOLDERS

We believe that 2003 will be an extremely important year for the Company as we strive to meet our goal of improving shareholder value by making a significant PGM discovery. During 2002 we satisfied many of our objectives for the year. We expanded our size and exposure to PGM exploration through our amalgamation with New Millennium Metals Corporation and through our strategic entry into the PGM fields of South Africa.

In South Africa we gained access to the expert services of GeoActiv Dynamic Geological Services (Pty.) Ltd. through a contractual arrangement that appointed GeoActiv as our primary operating consultants. In the six months following GeoActiv's appointment we signed four important option agreements to acquire properties projected on the main "reefs" or productive layers of the Bushveld Complex. We are now ready to advance into the drilling phase on these properties and, with continued success, the resource definition stage on many of our properties.



PTM's land positions in South Africa are surrounded by active exploration joint ventures or adjoin producing and expanding large-scale platinum mines. These joint ventures and mines are operated by some of the world's largest producers. The extraordinary continuity of platinum mineralization found in the Bushveld Complex, the extent of this mineralization and its strategic importance in the world are factors that are often not well understood by the investment market in North America. The productive and mined layers of the Bushveld Complex can be traced for literally hundreds of kilometers through approximately 20 mine properties. The Bushveld Complex is the world's largest source of platinum and boasts virtually all of the world's primary platinum production. Hence PTM's initial property acquisitions in South Africa are both very prospective and strategic.

In late 2002 South Africa enacted new mining legislation and promulgated a new Mining Charter. PTM's view is that this new legislation has provided an extraordinary new opportunity for progressive exploration companies to acquire previously unavailable mineral assets in one of the most well endowed mineral nations on earth. Certainly, in terms of gold and platinum, there is no question that South Africa dominates the world's resources. The new legislation provides change in the mineral title system to a "use it or lose it" system, not unlike the Canadian mineral ownership regime. This change in legislation essentially brought all of our first four South African properties to the marketplace and, ultimately, to our Company.

Many South African mineral properties have historically fragmented mineral rights held by numerous private interests. In our case the heirs to various estates brought their interests together in order to form more attractive, unified land packages. In doing so they were able to create opportunity and activity on their lands, thereby preserving their rights. In this way the new mining law has done exactly what was intended: to stimulate mineral exploration and development activity. The Mining Charter has also provided

In addition to our excellent growth in South Africa, we have also been very active in Canada. We were able to create a dominant consolidated land position in the important Lac des Iles PGM area near Thunder Bay, Ontario.

direction for companies to involve historically disadvantaged people and to facilitate black empowerment. Mineral rights dominated by the larger companies will have some portion of their interests transferred to black empowerment companies. As a result of the new legislation and Mining Charter, some portion of South Africa's extraordinary mineral wealth will require capital

funding to facilitate this new activity and the transfer of ownership. We see the business of assisting and facilitating these changes as a core part of our growth and on-going business beyond our current property positions.

PTM has already partnered with Africa Wide Investments (Pty.) Ltd., an empowerment company, on the War Springs and Tweespalk properties in the Northern Bushveld. As a participating 30% partner, Africa Wide brings an important financial contribution to the exploration and development of these projects. In addition, they also bring strong legal, business and environmental experience to the joint venture. We see good potential for expanding our relationship with Africa Wide over 2003 to mutual advantage.

Also during 2002 we created Active Gold Group Ltd. ("AGG"), an independent exploration and development company 26% owned by PTM. AGG is focused on advanced gold projects with defined resources in South Africa. In a matter of a few months we created the company, and its South African wholly owned subsidiary, and acquired three gold property mineral options. We also obtained $500,000 of independent seed capital financing for the company. The development of AGG's business with an independent management team offers substantial potential benefits to PTM shareholders.

In addition to our excellent growth in South Africa, we have also been very active in Canada. Shareholders ratified, almost unanimously, the proposed merger with New Millennium Metals Corporation that was completed in February 2002. By completing the amalgamation we were able to create a dominant, consolidated land position in the important Lac des Iles PGM area near Thunder Bay, Ontario. In December 2002 we were busy at Lac des Iles with a second phase drilling program at the Stinger Zone and were also drilling a new and exciting platinum target in the eastern part of the Thunder Bay Camp. By way of the amalgamation PTM also acquired an interest in the Agnew Joint Venture with Anglo American Platinum Corporation Limited and Pacific Northwest Capital Corporation. The Agnew Lake intrusive complex is located near Sudbury, Ontario and the 2002/2003 budget for this project is $1.25 million. Drilling has been ongoing on the project and we look forward to the result in early 2003.

PTM sees 2003 as a pivotal year for the growth of our Company. The Company is well positioned to meet its goals with diverse and highly prospective land packages in Canada and South Africa, and a strong worldwide institutional shareholder base that has demonstrated its willingness to support our vision.

On behalf of the Board of Directors,

R. Michael Jones
President and CEO
December 27, 2002

The Bushveld Complex

Geological Wonder of the World

PTM's properties in South Africa are all located on the Bushveld Intrusive Complex. This massive body of rock intruded in molten state approximately two billion years ago into the surrounding rocks, forming a geological feature more than 350 kilometers in diameter. The Bushveld Complex is one of the geological wonders of the world. It accounts for almost all of the world's primary platinum production and most of the chrome and vanadium as well. Theories of exactly how it formed and became so rich in valuable and rare minerals are still debated, even though it has been mined for more than 80 years.

One feature that all agree on is that the large body, some 350 kilometers across and 300 kilometers north-south, has impressive continuity of internal layers. In fact 1 cm markers on the Eastern Limb of the Bushveld Complex can be traced 350 kilometers away in the Western Limb. The mechanisms that formed the layers and concentrated the minerals are not agreed on by all, but the importance of the layers and the continuity of the position of the layers is clear across both the Eastern and Western limbs of the Complex. The Merensky Reef, named after Hans Merensky, who first identified the importance of the continuity of the layering, and the UG2, are the productive layers mined for platinum in approximately 20 mines around the Complex.

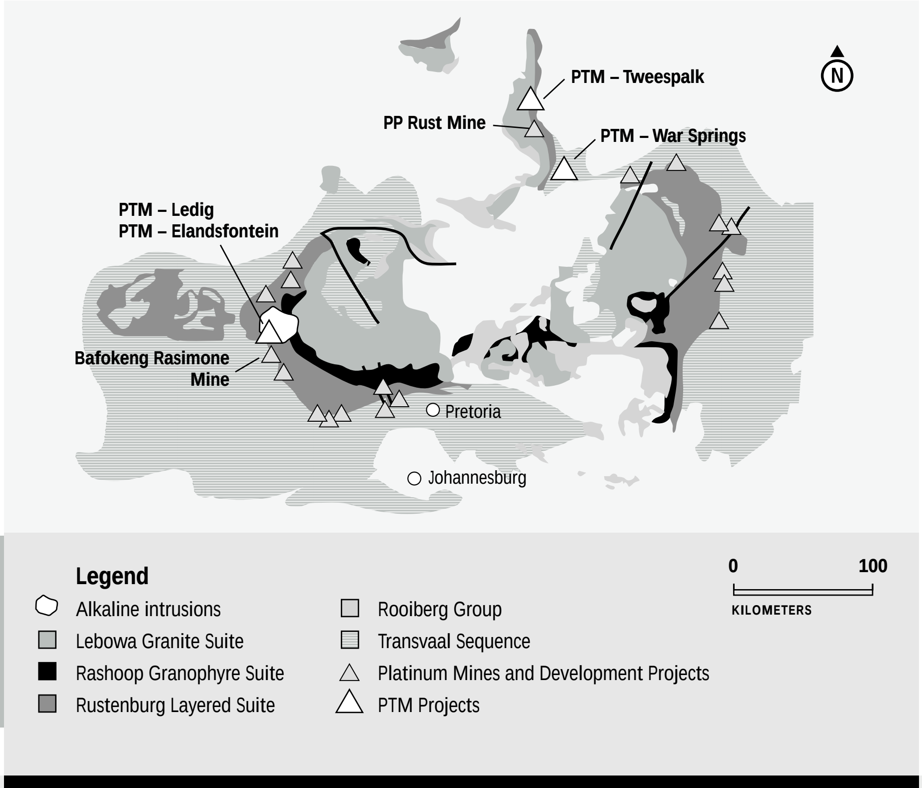
PTM's Ledig and Elandsfontein properties are located adjacent to mine developments at Styldrift and Bafokeng Rasimone respectively. Although extensive drilling has yet to be completed on PTM's properties, the extraordinary continuity of the layers within the Bushveld Complex is an important positive factor in considering the potential and the rewards versus the risks of these properties.

New Models for Bulk Deposits

Although the Northern Limb of the Bushveld Complex contains part of the main layered sequence of the Complex, it is different in many respects. Firstly, the portion of the layered intrusion that contains the Merensky and UG2 layers is not present in the Northern Limb. Secondly, there is platinum concentrated along the floor of the once molten intrusion (this is not known to occur in the other parts of the Bushveld) and platinum also occurs in the floor rocks as they interacted with the molten intrusion. The interesting part of this style of platinum concentration is that it is not restricted to a single layer. In the PPRust Mine owned by Anglo Platinum it is mineralized up to 250 meters into the floor rocks, creating a bulk minable open pit mine.

The style of mineralization and the potential for very large-scale open pit deposits amenable to modern bulk mining with large equipment in the Northern Limb has been recognized by only a few companies in the world, and PTM is one of them.

The Bushveld Complex has impressive continuity – and almost all of the world's primary platinum production



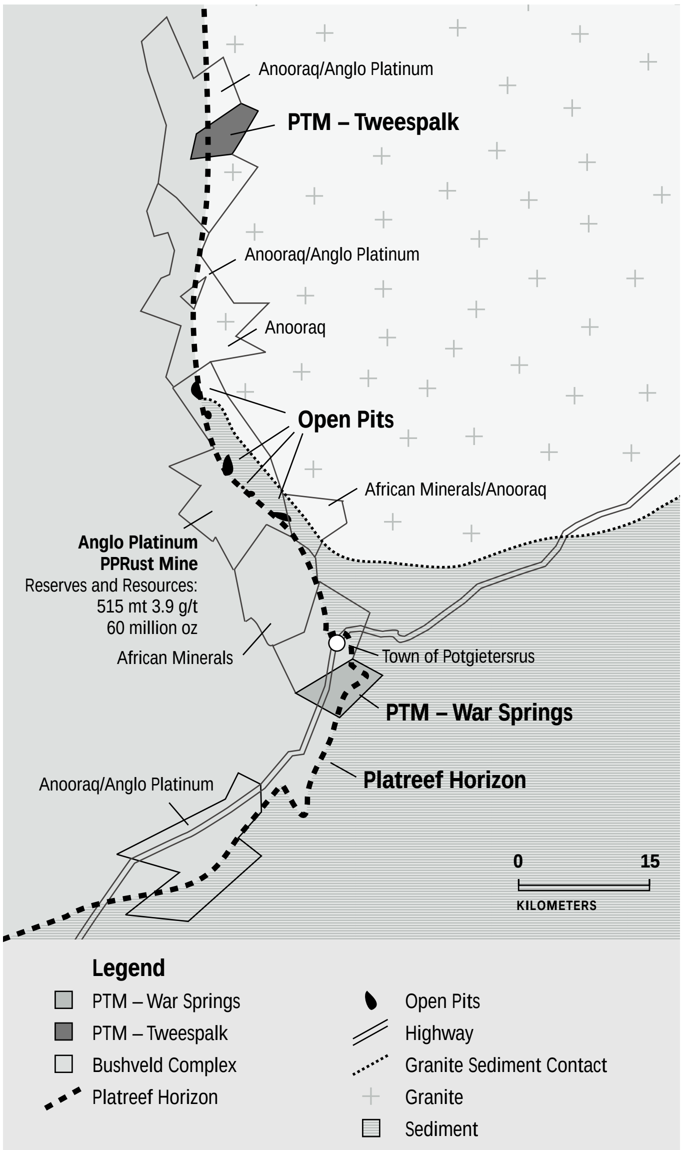
Bushveld Complex, South Africa

War Springs Property

Northern Limb, Bushveld Complex

The War Springs Property was acquired by PTM due to its geological potential on the Northern Limb of the Bushveld Complex, 17 kilometers south of the PPRust open pit platinum mine and 10 kilometers south of the African Minerals large-scale drilling program. The property covers approximately 5 kilometers of the target Bushveld contact interaction with the footwall sedimentary rocks. The War Springs Property covers approximately the same strike length that African Minerals Ltd. has been working on with 10 drills during 2002. The target at War Springs is obvious from the mapped geology.

PTM plans to drill at War Springs as soon as the required permits are granted. Anglo Platinum and Pan Palladium/African Minerals both hold properties to the north and south of War Springs.



Platreef Projects – Bushveld Complex

The War Springs Property was acquired through an Option Agreement to purchase 100% of the mineral rights in June 2002. The Company has the option to purchase the mineral rights at any time up to three years from the commencement of the Agreement for US$1.6 million.

Tweespalk Property

Northern Limb, Bushveld Complex

The Tweespalk Property is located 25 kilometers north of the Anglo PPRust Mine in the middle of the Anglo-Anoraaq Joint Venture land position. The property was acquired from the same family vendors as the War Springs Property. The contact of the Bushveld Intrusion crosses the property for approximately 3 kilometers. Regional magnetic surveys and mapping have clearly identified the target for drilling. Drilling is planned as soon as the permits are granted.

The geological setting of the property is different from the nearby PPRust Mine in that the sedimentary floor rocks at PPRust are not anticipated to be present at Tweespalk. However, platinum mineralization has been found in the PPRust area in several settings including locations well up into the body of the intrusion. Therefore Tweespalk is a sound exploration drilling target.

The Bushveld Complex accounts for almost all of the world's primary platinum production and most of the chrome and vanadium as well.

Ledig Property

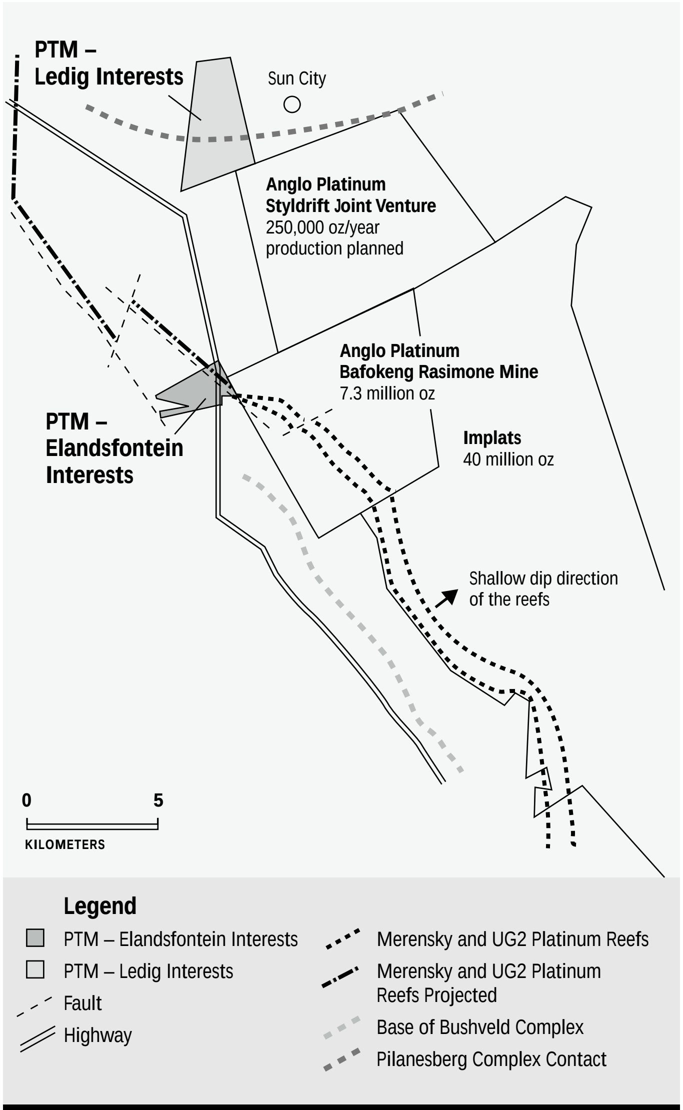
Western Bushveld Complex, South Africa

The Ledig Property is located adjoining the Styldrift Joint Venture near Sun City and 40 kilometers northwest of Rustenberg. The property is situated geologically on trend from the world's largest and most established platinum mines. The Styldrift Joint Venture is a US$250 million mine expansion of the Bafokeng Rasimone Mine owned by Anglo Platinum and the Bafokeng Royal Nation. The Styldrift block is scheduled to come into production in approximately 2006 at 250,000 ounces of platinum per year.

The platinum mineralization in the eastern and western Bushveld Complex occurs in two specific layers: the UG2 and Merensky reefs. These reefs are consistent in their thickness and PGM grade for hundreds of kilometers. There is no known geological barrier that prevents the reefs from continuing from the Styldrift Joint Venture across the boundary to the Ledig Property, but it will require drilling to confirm this. This drilling is planned for 2003.

PTM holds an Option to acquire a 55% interest in the holdings of Ledig MineraleRegate 909JQ. These interests are 90% of portions 5 and 6, 70% of portion 4 and 50% of portion 2. Ledig Minerale Regate 909JQ is obligated under the Agreement to acquire certain minority interests to bring PTM to approximately 50% in all of the portions. PTM will be required under the full agreement to make payments of R40 million (approximately US$4 million) and complete R30 million (approximately US$3 million) of exploration.

The Ledig Property has excellent potential for large-scale underground platinum resources at accessible depths.



Elandsfontein and Ledig Properties – Western Bushveld Complex

Elandsfontein Property – Western Bushveld Complex, South Africa

Elandsfontein Property

Western Bushveld Complex, South Africa

The Elandsfontein Property is located on the western Bushveld Complex adjoining the Anglo Bafokeng Rasimone Platinum Mine near Rustenberg. The mine started full production in 2000 and has a target of 250,000 ounces of platinum per year. Elandsfontein has excellent potential to quickly advance with shallow drilling. Open pit mining on the UG2 Reef has taken place up to the Elandsfontein boundary. A drill hole across the property boundary on Elandsfontein, within sight of the open pit mining area, is interpreted to have intersected the UG2 and assays are pending at this time.

The Elandsfontein Property is smaller in size than Ledig (296 hectares versus 1,400 hectares) and therefore has less overall potential. However, Elandsfontein has immediate potential for at-surface material as a direct extension of a mined pit. This makes it an important project for PTM. The property is interpreted to cover approximately 1.8 kilometers of potential UG2 strike length. The Merensky Reef is also projected to cross the property.

Drilling is planned on this property in January 2003 with the objective of applying for a mining authorization by the end of June 2003.

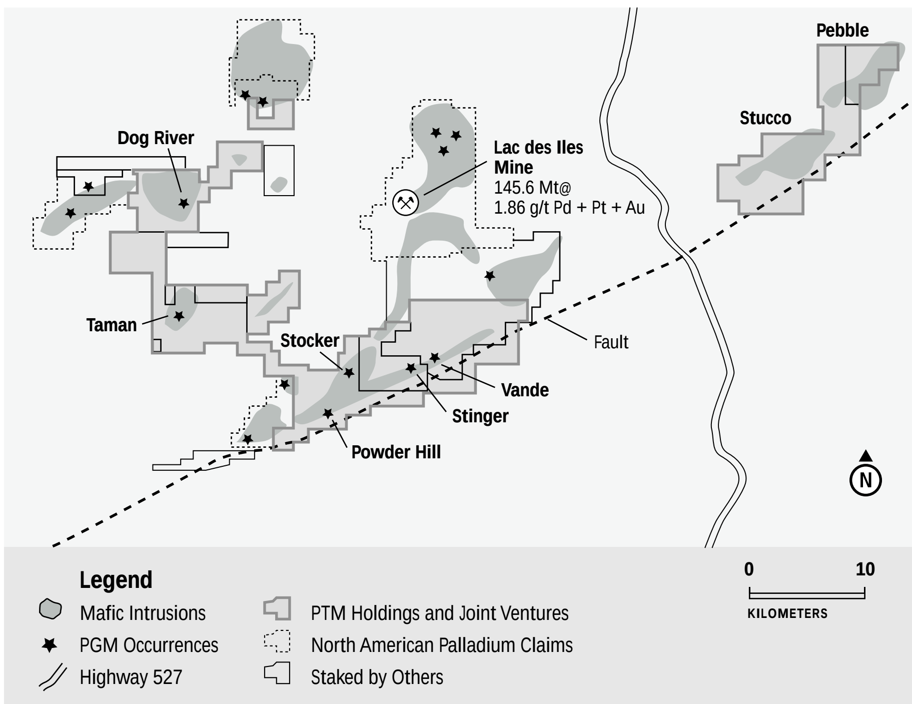
Elandsfontein has immediate potential for at-surface material as a direct extension of a mined pit. This makes it an important project for PTM.

All of PTM's exploration is of the highest technical standards from geological and geophysical modeling to geochemical analytical quality control.

We see 2003 as a pivotal year for the growth of our Company. The Company is well positioned to meet its goals with diverse and highly prospective land packages in Canada and South Africa, and a strong worldwide institutional shareholder base that has demonstrated its willingness to support our vision.

PTM is in a unique position to be able to capitalize on its exploration and geological modeling experience from these two distant PGM camps, in Canada and South Africa.

Thunder Bay Area, Ontario



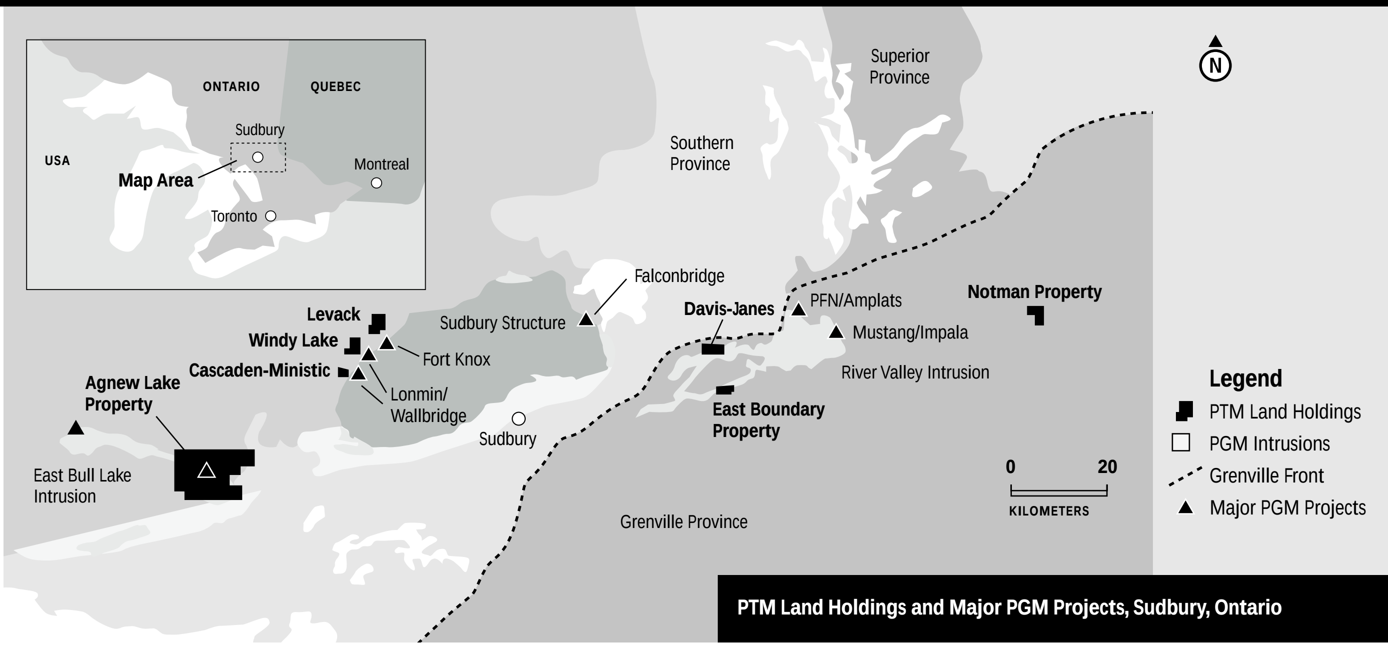
Lac des Iles PGM District, Thunder Bay Area, Ontario

PTM dominates the Thunder Bay PGM exploration camp with over 290 square kilometers of controlled mineral properties and two years of systematic exploration work. The land position was assembled through the amalgamation in 2002 of PTM and New Millennium Metals Corporation.

The Thunder Bay area hosts Canada's only primary producing PGM mine. The Lac des Iles Mine, owned by North American Palladium, is a large low grade open pit mine hosted in an unusual intrusive complex. The settings of this mine and the mineralized occurrences in the district have some geological similarities to the platinum mineralization in the Northern Limb of the Bushveld Complex. The PGMs appear to be related to fluid interactions as the intrusives cooled as well as a molten crystallization layering process. PTM is in a unique position to be able to capitalize on its exploration and geological modeling experience from these two distant PGM camps, in Canada and South Africa.

In the summer of 2001 PTM made the important discovery of the Stinger Zone in trenching. The discovery was confirmed by drilling in 2002. This discovery was important because of its high grades, including 7 g/t PGMs, and because of its style of occurrence being associated with a specific layer. This layered type of PGM mineralization has the potential to extend along the known 17 kilometer strike length of the Towle Lake Intrusion. Stinger is located approximately 15 kilometers south of the Lac des Iles Mine and logging roads link the area. The mine's proximity creates the possibility of shipping Stinger material to the mill if the grade is sufficient to lead to an agreement between the owners.

PTM's agreement on the property covering the Stinger Zone is an Option to acquire a 60% interest by making payments of



PTM Land Holdings and Major PGM Projects, Sudbury, Ontario

$10,000 and 30,000 shares, which have been paid, and completing $1 million of exploration and development on the property.

The Powder Hill, Stocker and Vande PGM mineralized zones have all demonstrated potential in initial drilling and the Company plans to continue their evaluation in 2003. Other areas of the Company's large land position have yet to be drill tested.

Based on the exploration results thus far and the number, size and widespread distribution of PGM occurrences in the district, PTM considers the potential in the area excellent.

Sudbury, Ontario

Agnew Lake

The large Agnew Lake Intrusion is located approximately 70 kilometers west of Sudbury and is similar to the River Valley Intrusion approximately the same distance east of Sudbury. Both the Agnew and the River Valley intrusions are the subjects of multi-million dollar exploration programs funded by Anglo Platinum.

The rare layered and PGM concentrating nature of these two bodies has attracted Anglo Platinum from South Africa. Exploration completed in 2002 at Agnew included 5,104 meters of drilling and 2,018 surface assays. Anglo and operator Pacific Northwest Capital ("PFN") were part way through a $1.25 million exploration program including 10,000 meters of drilling at the end of the calendar year. Included in the exploration is the drilling of a deep hole of more than 2,000 meters looking for a concentrated zone at depth.

Under the agreements with Anglo's subsidiary Kaymin and PFN, the Company potentially holds a 19.5% interest through and including production financing. Also a total of $170,000 and 300,000 shares of PFN are payable in order for the Agreement to be completed over four years.

River Valley

The Company holds mineral claims on the River Valley Intrusion near the large-scale drill program conducted by PFN and Anglo Platinum. The budget for Anglo-PFN is $5.3 million for 2003. We monitor this program closely as the results may provide information on the potential of our properties. PTM elected to reduce its holdings in the River Valley in order to focus on its Thunder Bay and South African activities.

West Sudbury Basin

The Sudbury Basin has been the source of most of North America's nickel for decades and PGMs have been produced as a by-product of the nickel mining. New discoveries by Falconbridge and Fort Knox in the past two years have highlighted the very high PGM grades that can be associated with smaller deposits in the footwall of the intrusion. This new focus for footwall deposits has attracted Lonmin of South Africa, the world's third largest platinum producer, in joint venture with Wallbridge. The West Sudbury Basin is one of the most active exploration areas in the world with major drilling programs underway.

PTM's land position is 2 kilometers from Fort Knox and the Lonmin-Wallbridge Joint Venture surrounds one of the PTM blocks.

In October 2002 PTM entered into an Agreement with Arcata Resources whereby Arcata can earn a 60% interest in the West Sudbury properties by making $135,000 cash payments and completing $1 million in exploration.

Description of Business

The Company was incorporated on February 18, 2002 by an order of the Supreme Court of British Columbia approving an amalgamation by plan of arrangement between Platinum Group Metals Ltd. and New Millennium Metals Corporation. Platinum Group Metals Ltd. was incorporated on January 10, 2000 as 599141 B.C. Ltd. and changed its name to Platinum Group Metals Ltd. on March 16, 2000, at which time it commenced operations. New Millennium Metals Corporation was incorporated in British Columbia on March 11, 1983 under the name Harvey Creek Gold Placers Ltd. Later, on March 22, 1999 the company was renamed New Millennium Metals Corporation. As a result of the amalgamation both New Millennium Metals Corporation and Platinum Group Metals Ltd. ceased to exist as of February 18, 2002. However, as a result of the amalgamation, a new company also named Platinum Group Metals Ltd. was formed and it assumed all of the rights and obligations of the two predecessor corporations.

In exchange for 100% of the issued and outstanding shares of New Millennium, the shareholders of New Millennium each received one share of the new company for each 1.65 shares of New Millennium. The new Platinum Group Metals Ltd. issued and delivered 5,468,421 shares to the shareholders of New Millennium. Shareholders of the old Platinum Group Metals Ltd. each received one share of the new company in exchange for every one share of the old company. All of the continuing obligations of New Millennium with regard to share purchase options, warrants and share payments were converted according to a ratio of 1.65:1.

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 Ontario and the Republic of South Africa. The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company defers all acquisition, exploration and development costs related to mineral properties. The recoverability of these amounts is 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.

a) Results of Operations

During the year the Company incurred a loss of $1,501,620 (2001 – $482,687). Included were mineral property write down expenses of $1,090,871 (2001 – $7,325) and a provision for future income tax recoveries of $453,600 (2001 – nil). General and administrative expenses totaled $835,540 (2001 – $486,269) before interest and other income of $23,028 (2001 – $60,582).

b) Exploration Programs and Expenditures

During 2002 the Company focused its Canadian exploration efforts on detailed geology, geochemistry and drilling work on its properties located near Thunder Bay, Ontario. The focus of attention has been the Shelby Lake and the Lac des Iles River properties. The exploration and drilling programs were completed on time and on budget. Exploration results have been positive and further work is recommended. On the Company's Agnew Lake Property located west of Sudbury, Ontario, Joint Venture partners Pacific Northwest Capital and Kaymin Resources Limited, a subsidiary of Anglo American Platinum Corporation Limited, are conducting a $1.25 million year two exploration program.

The Company acquired many of its Ontario properties through its amalgamation with New Millennium Metals Corporation. At February 18, 2002 these properties had a net acquisition cost to the Company of $1,930,444. Including the New Millennium properties, acquisition costs deferred during the year totaled $2,195,517 (2001 – $171,722). Exploration and development costs deferred totaled $977,795 (2001 – $783,590). Of that amount approximately $721,000 was incurred on the Company's Thunder Bay properties, approximately $112,000 was incurred on the properties near Sudbury and approximately $114,000 was incurred on the Company's new South African properties. Approximately $31,000 was spent in the Northwest Territories. Cost recoveries on mineral properties during the year amounted to $198,709 (2001 – $300,000). During the year $1,090,871 (2001 – $7,325) in net deferred costs relating to mineral properties were written off. See Note 5 of the Company's annual Audited Financial Statements.

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

On June 3, 2002, the Company acquired a right to earn a 100% interest in two properties located in the Northern Limb or Platreef area of the Bushveld Complex near Johannesburg. The properties are comprised of the 2,396 hectare War Springs Property and the 2,177 hectare Tweespalk Property, both located on the postulated extension of the Platreef near the PPRust Platinum Mine operated by Anglo American Platinum Corporation Limited. Costs of investigation and acquisition amounting to $141,450 were incurred prior to year-end and these costs have been deferred. The Company may purchase 100% of these mineral rights at any time over the next three years for US$475 per hectare in year one, or US$570 per hectare in year two, or US$690 per hectare in year three. The Company has also agreed to pay prospecting fees to the vendors of US$2.50 per hectare in year one, US$2.75 per hectare in year two and US$3.25 per hectare in year three. The vendors retain a 1% NSR Royalty on the property, subject to the Company's right to purchase the NSR at any time for US$1.4 million. A 5% finders fee on payments made to the vendors is payable to GeoActiv Dynamic Geological Services.

Subsequent to year-end the Company entered into an option agreement with Ledig Minerale Regte 909 JQ (Pty.) Ltd. ("Ledig Minerale") whereby the Company may earn a 55% interest in Ledig Minerale's holdings on the Ledig Farm property located in the Western Bushveld area near Sun City, RSA, approximately 100 km northwest of Johannesburg. At August 31, 2002 the Company had incurred $25,578 in costs relating to the property and these costs have been deferred. To earn its interests under the option agreement, the Company must make cash payments to the vendors of SAR40,000,000 (approximately C$5.9 million) spread over two years. The initial payment of SAR1,000,000 (C$157,000) was paid on September 20, 2002. The Company must also incur exploration and development expenditures of SAR30,000,000 (approximately C$4.4 million) over three years. Further payments by the Company are contingent upon completion of certain title confirmation procedures by Ledig Minerale and the granting of a valid prospecting license by the Government of the Republic of South Africa.

c) Administration Expenses

Administration expenses and professional fees in 2002 were $835,540 (2001 – $486,269). Increased costs in 2002 relate to the increased level of activity in 2002. The Company was still private during half of 2001. During the year 2002 the Company grew substantially through its amalgamation with New Millennium Metals Corporation and its expansion into the Republic of South Africa. An amount of $47,391 in expenses relate to Part XII.6 tax applied by the Federal government on unspent flow-through funds which were rescinded to shareholders for the previous year under the look-back provisions of the flow-through tax regulations. An amount of $30,467 was expensed for new property investigations during the period. Interest and other income for the year totaled $23,028.

d) Related Party Transactions
Management and consulting fees of $163,229 (2001 – $98,974) were incurred with five directors during the year ended August 31, 2002. Approximately $112,000 is related to fees for the Company's President. At August 31, 2002 fees totaling $4,858 (2001 – $4,371) were owing and included in accounts payable. Accounting services of $22,500 (2001 – $41,100) were incurred for accounting services with a partnership in which an officer has an interest. Geological fees of $64,025 (2001 – $57,790) were incurred with an officer during the year, of which $6,260 (2001 – $9,425) was owing and included in accounts payable.

e) Shareholder Relations' Expenses
Shareholder relations' services were incurred during the year in accordance with approved contracts with Roth Investor Relations and Defero Corporate Communications. For the year the Company incurred shareholder relations' expenses totaling $203,138 (2001 – $74,452). Such expenses in 2001 were lower than in 2002 as the Company was private for half of that year. During 2002 the Company was active in raising its profile with both retail and institutional investors. As of April 2001 Roth Investor Relations are paid a retainer fee of US$4,000 per month, plus expenses. They provide distribution of the Company's information primarily to US institutions and other international analysts and money managers. Roth has offices in New Jersey, USA and affiliated offices in London and Johannesburg. Mr. Larry Roth is the Company's primary contact with the firm. The Roth contract had an original term of one year and since April 2002 has been continued on a month-to-month basis.

Defero Corporate communications was contracted in February 2002 to increase retail investor awareness of the Company in Canada. The Defero contract included a $10,000 signing bonus and a $5,000 monthly fee. In June 2002 the contract was extended for a one-year term and Defero's fee has been paid in advance. Mr. Jason Leikam is the contact for Defero.

f) Travel and Promotion Expenses
Travel and Promotion expenses for the year amounted to $40,966 (2001 – $55,710). These activities relate to the supervision of ongoing operations, new property investigations and meetings with potential institutional and sophisticated investors. During the year an amount of $27,350 was removed from travel costs and reclassified into new property investigations.

g) Property Acquisition Expenses
Property acquisition expenditures during the year totaled $2,195,517 in cash and shares. Of this amount the Company recorded acquisition costs upon amalgamation for the mineral properties of New Millennium Metals Corporation of $1,930,444. The amount represents consideration paid in shares, cash and the assumption of future liabilities and transaction costs of $231,325. Cash and share payments for other properties during the year include $43,250 to acquire the interest in the Stucco Property, $29,000 for the Dog River Property, $25,000 for the Agnew Lake Property, $27,273 for the Taman Property, $29,874 for the War Springs Property, $17,826 for the Ledig Property and $5,000 for Tweespalk.

The sum of all payments required to perfect all of the Company's mineral rights are greater than its currently available working capital. The Company evaluates its property interests on an ongoing basis and intends to abandon properties that fail to remain prospective. The Company is confident that it will be able to meet its earn-in obligations on those properties which management considers to be of merit. At the time of writing the Company was incurring further property acquisition expenses through its activities in the Republic of South Africa.

Liquidity and Capital Resources

The Company issued a total of 12,435,150 (2001 – 8,395,481) common shares during the year. Of this 6,864,001 shares were issued for cash proceeds of $1,951,135. A further 102,728 shares were issued for mineral properties for a value of $36,509. In February 2002 a total of 5,486,421 shares was issued to acquire New Millennium Metals Corporation. These shares were valued at $1,310,385. Details of the amalgamation may be found in Note 3 of the Company's annual Audited Financial Statements. Cash proceeds are to be spent on mineral property acquisitions, exploration and development as well as for general working capital purposes. See Subsequent Events for further planned equity issuances.

The primary source of capital has been from the sale of equity. As at August 31, 2002 the Company had cash and cash equivalents on hand of $898,907 compared to cash and cash equivalents of $1,544,546 at August 31, 2001. The primary use of cash during the period was for the costs of acquisition and exploration expenditures, being approximately $1,242,868, management fees and expenses of $154,562 and other general and administrative expenses of $680,978. Subsequent to the period the Company completed private placements for net proceeds of approximately $2,100,000.

Subsequent Events

On December 18, 2002 the Company closed a private placement for 1,000,000 Units at a price of $0.50 each. Each Unit consisted of one common share and one half common share purchase warrant. Each full warrant may be exercised into one common share at a price of $0.75 each. Shares issued are subject to a hold period expiring April 18, 2003. The warrants will expire December 17, 2004.

On December 23, 2002 the Company closed financings totaling $1,799,125 from the sale of 1,181,346 Flow Through Units at $0.65 per Flow Through Unit and the sale of 2,062,500 Non-Flow Through Units, at $0.50 per Unit. Pacific International Securities Inc. and Haywood Securities Inc. were co-agents. A total of $100,000 of the Non-Flow Through placement was non-brokered. Each Flow Through Unit consisted of one Flow-Through common share and one non-flow through common share purchase warrant exercisable into one additional non-flow through common share for a period of 12 months from closing at an exercise price of $0.85. Each Non-Flow Through Unit consisted of one Non-Flow Through common share and one half of a common share purchase warrant (the "Common Warrant"). Each whole Common Warrant is exercisable into one additional common share for a period of 24 months from the closing at an exercise price of $0.75. Commission on the brokered offerings was 7% cash on gross proceeds and Agent's Warrants for 10% of the number of Units sold of both offerings. The Agent's Warrants are exercisable at $0.75 for a common share for a period of two years from the closing date or December 23, 2004. All of the shares issued pursuant to the above closing will bear a hold period restricting resale, which will expire April 24, 2002.

To the Directors of Platinum Group Metals Ltd.
An exploration stage company

We have audited the consolidated balance sheets of Platinum Group Metals Ltd. (an exploration stage company) as at August 31, 2002 and 2001 and the consolidated statements of operations, shareholders' equity and cash flows for each of the years then ended, the period from March 16, 2000 to August 31, 2000 and the cumulative period from March 16, 2000 to August 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2002 and 2001 and the results of its operations and its cash flows for each of the years then ended, the period from March 16, 2000 to August 31, 2000 and the cumulative period from March 16, 2000 to August 31, 2002 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
October 25, 2002

Comments by Auditors on Canada-United States of America Reporting Differences

In the United States of America, reporting standards for auditors require the addition of an explanatory paragraph for the following:

(a) When financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the consolidated financial statements.

(b) To outline changes in accounting policies that have been implemented in the consolidated financial statements. Effective September 1, 2001, the Company retroactively adopted the treasury stock method for the calculation of fully diluted earnings per share. As a result of this change, fully diluted earnings per share are computed using the weighted-average number of common and common equivalent shares outstanding during the year. The impact of this change in accounting policy is set out in Note 2(h) to the consolidated financial statements.

Although we conducted our audits in accordance with both Canadian generally accepted auditing standards and auditing standards generally accepted in the United States of America, our report to the Board of Directors dated October 25, 2002 is expressed in accordance with Canadian reporting standards which do not permit a reference to such conditions and events in the auditors' report when these are adequately disclosed in the consolidated financial statements.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
October 25, 2002

As at August 31	**2002**	2001
Assets		
Current		
Cash and cash equivalents	**$ 898,907**	$ 1,544,546
Marketable securities (market value – $93,500)	**93,500**	–
Amounts receivable *(Note 4)*	**345,442**	115,909
Prepaid expenses	**58,498**	16,897
Total current assets	**1,396,347**	1,677,352
Mineral Properties *(Note 5)*	**2,951,089**	1,067,357
Capital Assets *(Note 6)*	**25,611**	18,255
Total assets	**$ 4,373,047**	$ 2,762,964
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 111,428**	$ 150,554
Total current liabilities	**111,428**	150,554
Future income taxes *(Note 9)*	**431,400**	310,000
Total liabilities	**542,828**	460,554
Shareholders' Equity		
Share capital *(Note 7)*	**6,430,482**	3,132,453
Obligation to issue shares *(Note 7)*	**–**	2,600
Deficit accumulated during the exploration stage	**(2,600,263)**	(832,643)
Total shareholders' equity	**3,830,219**	2,302,410
Total liabilities and shareholders' equity	**$ 4,373,047**	$ 2,762,964

Continuing Operations *(Note 1)*

Approved by the Directors

R. Michael Jones, Director

Frank Hallam, Director

See accompanying notes to the consolidated financial statements

Consolidated Statements of Operations

Platinum Group Metals Ltd.
An exploration stage company

	Year ended August 31 2002	Year ended August 31 2001	Period from commencement of operations March 16, 2000 to August 31 2000	Cumulative amount from March 16, 2000 to August 31 2002
Expenses				
Amortization	**$ 10,256**	$ 7,071	$ 2,260	$ 19,587
Annual general meeting	**3,717**	–	–	3,717
Corporate finance fees	**–**	25,000	–	25,000
Filing and transfer agent fees	**28,277**	27,353	–	55,630
Insurance	**7,863**	3,403	–	11,266
Management fees	**154,562**	86,453	5,475	246,490
Office and miscellaneous	**43,585**	47,523	3,349	94,457
Professional fees	**184,209**	130,311	22,171	336,691
Rent	**18,870**	9,160	4,250	32,280
Salaries and benefits	**75,584**	12,201	–	87,785
Shareholder relations	**203,138**	74,452	–	277,590
Telephone	**17,122**	7,632	1,898	26,652
Travel and promotion	**40,966**	55,710	2,115	98,791
Other taxes	**47,391**	–	–	47,391
	(835,540)	(486,269)	(41,518)	(1,363,327)
Less interest and other income	**23,028**	60,582	1,562	85,172
Loss before other items	**(812,512)**	(425,687)	(39,956)	(1,278,155)
Other items				
Property investigations	**30,467**	49,675	–	80,142
Mineral property costs written off	**1,090,871**	7,325	–	1,098,196
Write-down and loss on sale of marketable securities	**21,370**	–	–	21,370
	1,142,708	57,000	–	1,19ß9,708
Loss for the period before income taxes	**(1,955,220)**	(482,687)	(39,956)	(2,477,863)
Future income tax recovery	**453,600**	–	–	453,600
Loss for the period	**$ (1,501,620)**	$ (482,687)	$ (39,956)	$ (2,024,263)
Basic and diluted loss per share	**$ (0.10)**	$ (0.09)	$ (0.03)	–
Weighted-average number of common shares outstanding	**14,821,633**	5,544,487	448,375	–

See accompanying notes to the consolidated financial statements

From commencement of operations, March 16, 2000 to August 31, 2002	Common shares without par value Shares	Amount	Obligation to issue shares	Flow-through special warrants Number	Amount	Deficit accumulated during exploration stage	Total Shareholders' Equity
Issued for cash	1,395,001	$ 89,000	$ –	2,605,000	$ 521,000	$ –	$ 3,215,000
Issued for mineral properties	–	–	20,000	–	–	–	20,000
Net loss	–	–	–	–	–	(39,956)	(39,956)
Balance, August 31, 2000	1,395,001	89,000	20,000	2,605,000	521,000	(39,956)	3,195,044
Issued for cash	3,197,391	1,357,632	–	2,383,090	1,107,771	–	4,848,493
Issued for mineral properties	210,000	57,050	(17,400)	–	–	–	39,650
Issued upon exercise of special warrants	2,605,000	521,000	–	(2,605,000)	(521,000)	–	(2,605,000)
Issued upon exercise of flow-through special warrants	2,383,090	1,107,771	–	(2,383,090)	(1,107,771)	–	(2,383,090)
Future income taxes relating to exploration expenditures applicable to flow-through shares	–	–	–	–	–	(310,000)	(310,000)
Net loss	–	–	–	–	–	(482,687)	(482,687)
Balance at August 31, 2001	9,790,482	3,132,453	2,600	–	–	(832,643)	2,302,410
Issued for cash	6,864,001	1,951,135	–	–	–	–	1,951,135
Issued for mineral properties	102,728	36,509	(2,600)	–	–	–	33,909
Issued to acquire New Millennium Metals	5,468,421	1,310,385	–	–	–	–	1,310,385
Future income taxes relating to exploration expenditures applicable to flow-through shares	–	–	–	–	–	(266,000)	(266,000)
Net loss	–	–	–	–	–	(1,501,620)	(1,501,620)
Balance, August 31, 2002	22,225,632	$ 6,430,482	$ –	–	$ –	$ (2,600,263)	$ 3,830,219

See accompanying notes to the consolidated financial statements

Platinum Group Metals Ltd.
An exploration stage company

	Year ended August 31 2002	Year ended August 31 2001	Period from commencement of operations March 16, 2000 to August 31 2000	Cumulative amount from March 16, 2000 to August 31 2002
Operating Activities				
Loss for the period	**$ (1,501,620)**	$ (482,687)	$ (39,956)	$ (2,024,263)
Add items not affecting cash				
Amortization	**10,256**	7,071	2,260	19,587
Future income tax recovery	**(453,600)**	–	–	(453,600)
Write-down and loss on disposal of marketable securities	**21,370**	–	–	21,370
Mineral property costs written-off	**1,090,871**	7,325	–	1,098,196
Net change in non-cash working capital *(Note 11)*	**(202,266)**	(156,848)	67,240	(291,874)
	(1,034,989)	(625,139)	29,544	(1,630,584)
Financing Activities				
Issuance of common shares	**1,683,461**	1,357,632	89,000	3,130,093
Issuance of flow-through special warrants	**–**	1,107,771	–	1,107,771
Issuance of special warrants	**–**	–	521,000	521,000
	1,683,461	2,465,403	610,000	4,758,864
Investing Activities				
Costs to acquire New Millennium Minerals	**(231,325)**	–	–	(231,325)
Acquisition of capital assets	**(13,915)**	(9,160)	(18,426)	(41,501)
Acquisition cost of mineral properties	**(111,488)**	(139,072)	(168,891)	(419,451)
Exploration costs recovered *(Note 5(d))*	**–**	300,000	–	300,000
Exploration and development expenditures	**(954,263)**	(669,234)	(230,479)	(1,853,976)
Proceeds on sale of marketable securities	**16,880**	–	–	16,880
	(1,294,111)	(517,466)	(417,796)	(2,229,373)
Net increase in cash and cash equivalents	**(645,639)**	1,322,798	221,748	898,907
Cash, beginning of period	**1,544,546**	221,748	–	–
Cash, end of period	**$ 898,907**	$ 1,544,546	$ 221,748	$ 898,907

Supplementary Information on Non-Cash Investing and Financing Activities:

During the year ended August 31, 2002, the Company issued 102,728 common shares with a value of $36,509 (2001 – $57,050) in connection with the acquisition of mineral properties.

During the year ended August 31, 2002, the Company issued 5,468,421 common shares with a value of $1,310,385 in connection with the amalgamation *(Note 3)*.

During the year ended August 31, 2002, the Company received marketable securities with a fair value of $55,500 relating to the recovery of mineral properties.

During the year ended August 31, 2001, the Company issued 2,605,000 common shares with a value of $521,000 on conversion of previously issued special warrants *(Note 6(b))*.

Supplementary Information on Cash Flows:

During the period no interest or income tax expenses were paid.

See accompanying notes to the consolidated financial statements

1. Continuing Operations

The Company was incorporated on February 18, 2002 by an order by the Supreme Court of British Columbia approving an amalgamation by plan of arrangement between Platinum Group Metals Ltd. ("Old Platinum") and New Millennium Metals Corporation ("New Millennium"). Old Platinum was incorporated on January 10, 2000 as 599141 B.C. Ltd. and changed its name to Platinum Group Metals Ltd. on March 16, 2000, at which time it commenced operations. New Millennium Metals Corporation was incorporated in British Columbia on March 11, 1983 under the name Harvey Creek Gold Placers Ltd. Later, on March 22, 1999 the Company was renamed New Millennium Metals Corporation. As a result of the amalgamation both New Millennium and Old Platinum ceased to exist as of February 18, 2002. However, as a result of the amalgamation, a new company also named Platinum Group Metals Ltd. was formed as of February 18, 2002 and it assumed all of the rights and obligations of the two predecessor corporations. As described in Note 3, Old Platinum was identified as the acquirer and the business combination was recorded as a purchase of New Millennium by Old Platinum.

The Company is an exploration and development company conducting work on mineral properties it has staked or acquired by way of option agreement principally in Ontario and the Republic of South Africa. The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company defers all acquisition, exploration and development costs related to mineral properties. The recoverability of these amounts is 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.

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

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

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. ■

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the following significant policies outlined below. These policies conform, in all material respects, with accounting principles generally accepted in the United States of America ("US GAAP"), except as described in Note 13.

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. During 2002, the Company formed a 100% South African subsidiary named Platinum Group Metals (RSA) (PTY) Ltd. for the purposes of holding mineral rights and conducting operations on behalf of the Company in the Republic of South Africa. All significant intercompany balances and transactions have been eliminated upon consolidation.

b) Mineral properties and deferred exploration costs

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

In March 2000, the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") issued Accounting Guideline No. 11 entitled Enterprises in the Development Stage ("AcG 11"). The guideline addresses three distinct issues including (i) capitalization of costs/expenditures, (ii) impairment and (iii) disclosure. Recently, the Emerging Issues Committee issued Abstract 126, *Accounting by Mining Enterprises for Exploration Costs*, which provided further guidance on AcG 11. Abstract 126 concluded that a mining enterprise that has not commenced operations or objectively established mineral reserves is not precluded from considering exploration costs to have the characteristics of property, plant and equipment. The Company has reviewed and determined that implementation of this Abstract has no material effect on the results of operations or financial position of the Company.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term money market instruments with an original maturity of 90 days or less.

d) Marketable securities

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

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

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

f) Stock-based compensation plan
The Company has established a stock-based compensation plan, which is described in Note 7(c). No compensation expense is recognized for these plans when stock or stock options or share purchase warrants are issued at fair value to employees or directors. Any consideration paid by employees or directors on exercise of stock options or purchase of stock is credited to share capital.

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

h) Earnings (loss) per common share
As of September 1, 2001, the Company retroactively adopted the treasury stock method for the calculation of diluted earnings per share in accordance with a new Canadian Institute of Chartered Accountants accounting standard. As a result of this change, diluted earnings per share are computed using the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares consist of the incremental common shares exercisable upon the exercise of stock options and are excluded from the computation if their effect is anti-dilutive. The impact of this change in accounting policy on the current and comparative diluted earnings per share was not material.

i) Financial instruments
The carrying values of cash, short-term investments, marketable securities, amounts receivable and accounts payable and accrued liabilities reflected in the balance sheet approximate their respective fair values.

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

k) Comparative figures
Certain of the prior year comparative figures have been reclassified to conform with the current year's presentation. ■

3. Amalgamation

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

The fair value of assets acquired is as follows:

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

4. Amounts Receivable

	2002	2001
Advances receivable (a)	**$ 35,358**	$ –
Goods and Services Tax recoverable	**31,877**	82,950
Interest receivable	**4,322**	32,959
Subscriptions receivable (b)	**267,674**	–
Other	**6,211**	–
	$ 345,442	$ 115,909

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

b) At August 31, 2002, 340,211 common shares of the Company were issued upon the conversion of 340,211 share purchase warrants. Proceeds on the exercise of these warrants were received subsequent to August 31, 2002. ■

5. Mineral Properties

Details of mineral properties are as follows:

Property	August 31, 2000	Costs Incurred	August 31, 2001	Properties Acquired February 18, 2002 (Note 5(f))	Costs Incurred	Properties Written Off	August 31, 2002
Sudbury							
Agnew Lake	$ –	$ –	$ –	$ 416,368	$ 26,825	$ –	$ 443,193
Victoria	–	–	–	2,009	–	(2,009)	–
Salter	–	–	–	10,667	–	–	10,667
Beaumont	–	8,630	8,630	–	26,233	(34,863)	–
Street	1,050	56,256	57,306	–	11,231	(68,537)	–
D Brady	40,707	36,299	77,006	–	2,476	(79,482)	–
L Barr	–	6,188	6,188	–	4,827	(11,015)	–
Janes Henry Loughrin	31,946	27,800	59,746	–	65	(59,811)	–
Levack	–	–	–	–	33,545	–	33,545
Davis	23,160	46,932	70,092	–	4,515	–	74,607
Loughrin	59,791	23,722	83,513	–	7,075	(90,588)	–
Norcal	–	10,788	10,788	–	–	(5,702)	5,086
Henry Dubeau	8,000	9,925	17,925	–	116	(18,041)	–
Henry	9,391	2,450	11,841	–	228	(12,069)	–
Henry Positano	46,805	21,825	68,630	–	65	(68,695)	–
Loughrin Racicot	–	28,680	28,680	–	10,982	–	39,662
Other Sudbury	24,058	21,443	45,501	–	19,514	(48,551)	16,464
	244,908	300,938	545,846	429,044	147,697	(499,363)	623,224
Thunder Bay							
Shelby Lake	–	–	–	307,345	103,173	–	410,518
Vande	–	–	–	8,738	60	–	8,798
Taman North	–	–	–	4,492	–	–	4,492
Taman	–	–	–	102,088	27,273	–	129,361
Taman East	–	–	–	40,075	13,637	–	53,712
Senga	–	–	–	59,646	781	–	60,427
Buck East	–	–	–	59,951	–	(59,951)	–
Tib	–	–	–	29,225	501	–	29,726
Dog River	–	–	–	118,146	29,195	–	147,341
Milford Bullseye	–	–	–	41,245	–	(41,245)	–
Hottah	–	–	–	4,687	–	–	4,687
Wakinoo	–	–	–	1,339	–	–	1,339
LDI River	–	–	–	528,248	49,715	–	577,963
Otter Tooth	–	–	–	177,617	2,964	(180,581)	–
S Legris	58,916	166,934	225,850	–	248,870	–	474,720
Leckie	18,104	6,275	24,379	–	801	–	25,180
Pebble	26,364	12,856	39,220	–	23,903	–	63,123
Stucco	–	–	–	–	368,159	–	368,159
	103,384	186,065	289,449	1,482,842	869,032	(281,777)	2,359,546
Northwest Territories							
Rutledge Lake	71,078	460,984	532,062	–	19,245	(551,307)	–
LB Gold	–	–	–	–	39,661	(39,661)	–
	71,078	460,984	532,062	–	58,906	(590,968)	–

5. Mineral Properties Continued

Property	August 31, 2000	Costs Incurred	August 31, 2001	Properties Acquired February 18, 2002 (Note 5(f))	Costs Incurred	Properties Written Off	August 31, 2002
Saskatchewan							
Swan River	$ –	$ –	$ –	$ 18,558	$ 205	$ (18,763)	$ –
South Africa							
Tweespalk	–	–	–	–	19,282	–	19,282
War Springs	–	–	–	–	122,168	–	122,168
Ledig	–	–	–	–	25,578	–	25,578
	–	–	–	–	167,028	–	167,028
Sub-total	419,370	947,987	1,367,357	1,930,444	1,242,868	(1,390,871)	3,149,798
Less recoveries	–	300,000	300,000	–	198,709	(300,000)	198,709
Total	$ 419,370	$ 647,987	$ 1,067,357	$ 1,930,444	$ 1,044,159	$ (1,090,871)	$ 2,951,089

	2002	2001	2000
Mineral property acquisitions	**2,195,517**	$ 171,722	$ 188,891
Assays	**156,324**	34,945	25,439
Drilling	**232,441**	374,205	–
Geological	**300,010**	270,084	170,538
Geophysical	**129,964**	64,474	–
Maps, fees and licenses	**22,782**	10,070	21,523
Research	–	4,225	4,998
Surveys	–	11,820	5,152
Travel	**83,741**	1,875	2,544
Overhead	**52,533**	11,892	285
	3,173,312	955,312	419,370
Less recoveries	**198,709**	300,000	–
	2,974,603	655,312	419,370
Total, beginning of year	**1,067,357**	419,370	–
Less amounts written off	**1,090,871**	7,325	–
	(23,514)	412,045	–
Total, end of year	**2,951,089**	$ 1,067,357	$ 419,370

a) Sudbury

i) Agnew Lake

Pursuant to an agreement dated March 1, 1999, New Millennium acquired an option to earn a 99% interest in 38 claims located near Sudbury, Ontario known as the Agnew Lake property in exchange for option payments of $170,700 (of which $90,700 has been paid) and 60,606 shares (all of which have been paid) over a five-year period. In addition, New Millennium, or its assignee, must complete a total work commitment of $2,000,000 over an unspecified period of time. The vendors retain a 2% royalty interest. The Company staked an additional 182 contiguous claims that are also included under the terms of the above-noted agreement.

At August 31, 2002 the Company had directly performed $512,265 worth of exploration work and caused further work of approximately $1,594,945 to be performed through a joint venture arrangement with Pacific North West Capital Corporation ("PFN") and Kaymin Resources Limited ("Kaymin"), a subsidiary of Anglo American Platinum Corporation Limited.

New Millennium optioned the Agnew Lake property to PFN on June 18, 2000. PFN may acquire 50% of the Company's rights and interests in the Agnew Lake property by issuing 125,000 shares to the Company (which have been received), making cash payments to the Company totaling $200,000 over four years (of which $65,000 has been received) and completing $500,000 in exploration over four years. In the event that PFN does not incur the required $500,000 in exploration expenses on its own account, they may exercise their option by payment to the Company of any remaining unspent balance in PFN common shares.

In late 2001 New Millennium and PFN agreed to amend the Agnew Lake Option Agreement so that PFN will make annual payments of 75,000 PFN shares towards the exercise of their option. It was agreed that these shares not be valued at less than $0.60 per share for the purpose of exercising PFN's option. To date, the Company has received one payment of 75,000 PFN shares towards the exercise of PFN's option. PFN has not reported any exploration expenditures spent on the project to its own account.

PFN is the project operator and will be responsible for completion of all assessment and filing requirements as long as it remains operator.

On June 22, 2001 New Millennium and PFN optioned their interests in the property to Kaymin. Kaymin may acquire a 50% interest in the combined rights and interests of New Millennium and PFN by making cash payments of $200,000 to each party (which have been received) and incurring exploration expenditures of not less than $6,000,000 by December 31, 2004. Kaymin's work expenditures will satisfy the balance of the Company's total work commitment to the original vendors. Kaymin can earn an additional 10% by completing a bankable feasibility study and arranging financing for any development or construction.

On November 1, 2001 New Millennium and PFN entered into an option agreement with ProAm Explorations Corporation to acquire a 100% interest in three additional claims adjacent to the Agnew Lake property by making cash payments of $30,000, issuing 29,091 shares of the Company, 8,485 of which have been issued to August 31, 2002, and 21,000 shares of PFN over two years and completing $400,000 in exploration expenditures over a four-year period.

Under the terms of the agreement, these claims become part of the Agnew Lake property and are subject to the PFN and Kaymin option agreements existing on that property. The claims are subject to a 2.5% NSR royalty.

ii) West Sudbury Basin

Pursuant to an agreement dated June 5, 2002 and amended October 17, 2002, the Company granted an option to Arcata Resources Corp. ("Arcata") whereby they may acquire a 60% interest in the Company's Levack, Windy Lake and Cascaden-Ministic properties located in the West Sudbury basin of Ontario. To earn its interest Arcata must make cash payments to the Company totaling $133,000 ($3,000 received subsequent to year-end), issue to the Company 325,000 common shares of Arcata (25,000 shares received subsequent to year-end) and spend $1.5 million on exploration expenditures over a five year period. Arcata will also be responsible to maintain the Company's requirements pursuant to underlying option agreements on the Levack and Windy Lake claims by making the remaining cash payments to the vendors totaling $95,000 ($2,000 received subsequent to year-end) over five years.

b) Thunder Bay

i) Pebble

Pursuant to an agreement dated March 30, 2000, the Company acquired an option to earn a 51% interest in 96 mineral claims located near Thunder Bay, Ontario known as the Pebble property in exchange for cash payments of $34,000 (of which $19,000 has been paid) and the expenditure of $500,000 in exploration within 5 years from the date of the agreement. The Company was originally obligated to pay $5,000 (paid) and incur $100,000 ($43,148 incurred) in exploration expenditures prior to March 30, 2001 in order to keep the option in good standing. The Company has been granted an extension to July 31, 2003. The Company can earn an additional 9% interest in the property by completing a feasibility study within 36 months of earning the 51% interest described above.

ii) South Legris

Pursuant to an April 2000 agreement, the Company acquired an option to earn a 50% interest in 261 mineral claims located near Thunder Bay, Ontario known as the South Legris property in exchange for cash payments of $98,300 (of which $47,300 has been paid) and the expenditure of $1,000,000 ($426,416 incurred) in exploration expenditures within 5 years of the date of the agreement. The Company also has an option to acquire an additional 10% interest by completing a feasibility study within 36 months of earning the 50% interest described above.

iii) Stucco

Pursuant to an option agreement dated September 27, 2001 and an underlying agreement dated September 21, 2001, the Company has an option to acquire a 51% undivided interest in 298 units known as the Stucco property located in the Thunder Bay Mining District, Ontario. To acquire the interest the Company must pay $65,000 (of which $40,000 has been paid) and incur $1,000,000 ($320,877 incurred) in exploration expenditures within 4 years of the date of the agreement. The Company has an option to acquire an additional 9% interest in the property by completing a feasibility study within 36 months of the notice that the Company has earned the 51% interest in the property described above. The Company has also agreed to reimburse the optionor at market price, but not to exceed $2.00 per share, for 50,000 shares of the optionor to be issued under the terms of the underlying agreement.

According to the underlying agreement, the underlying vendors retain a 2% net smelter royalty return. If commercial production does not commence within 4 years and/or 6 years of regulatory approval, advance royalty payments of $5,000 per annum and $10,000 per annum respectively will be payable to the vendors. The optionors can purchase 1% of net smelter royalty return from the vendors for $1,000,000 at any time.

c) Lac des Iles

i) Shelby Lake

On June 28, 2000, the Company entered an option agreement to earn up to 60% interest in the Shelby Lake property in the Lac des Iles area in Ontario. To earn a 50% interest the Company is required to make cash payments to the optionor of $10,000 by September 28, 2000 (which have been paid), issue 30,303 shares to the optionor (which have been issued) and complete $500,000 in exploration expenditures over a four-year period, $275,602 of which has been incurred to August 31, 2002 (December 31, 2001 – $172,428). Further work is scheduled on the property during late 2002.

The Company may earn a further 10%, for a total of 60%, by expending a further $500,000 over an additional 30-month period. The property is subject to a 2% NSR royalty, of which the Company can purchase back one half for $500,000.

ii) Taman Lake Project

Pursuant to option agreements dated February 7, 2000 New Millennium has acquired an option to earn an undivided 100% interest in the Taman, Taman North and Taman East properties. To exercise its option the Company must make payments of $120,000 over three years ($63,500 of which has been paid to August 31, 2002) and issue 90,909 shares over three years (68,183 of which have been issued to August 31, 2002). The project is subject to a 3% NSR royalty, of which the Company may buy one half for $1,000,000.

iii) Senga and Tib

The Company acquired these claims by staking on March 20, 2000. They are located in the Lac des Iles region of Ontario and consist of 6,384 hectares. This property is contiguous with the Company's Taman and Dog River holdings in the same area.

iv) Dog River

By way of an option agreement dated May 1, 2000 New Millennium acquired an option to acquire a 60% interest in the Dog River property, located in the Lac des Iles area, from Fort Knox Gold Resources Inc. ("Fort Knox"). Fort Knox in turn held an option to acquire 100% of the property from an underlying vendor. To earn a 50% interest New Millennium was required to make payments of $50,000 over three years, $30,000 of which was paid to December 31, 2001, issue 30,303 shares over two years, of which 15,152 were issued to December 31, 2001 and complete exploration expenditures of $500,000 over four years, $68,402 of which have been incurred to December 31, 2001. New Millennium could earn an additional 10% interest by incurring a further $500,000 in expenditures.

On February 18, 2002 the Dog River option agreement with Fort Knox was extinguished and any and all of Fort Knox's interest in the property were ceded to the Company and the Company has no further obligations to Fort Knox. Coincident with this extinguishment the Company entered into an option agreement with the underlying vendor whereby it may earn a direct 100% interest in the Dog River property. To exercise its option under the new agreement the Company must make cash payments of $35,000 over two years, $20,000 of which has been paid, and issue 60,000 shares over two years, 30,000 of which have been issued.

The property remains subject to a 2.5% NSR royalty in favour of the vendor. The Company has the right to purchase one half of this NSR royalty for $1,500,000.

v) Lac des Iles River

On May 5, 2000 New Millennium entered into an option agreement to acquire a 50% interest in the property by making payments to the optionors of $38,500 over three years, $33,500 of which has been paid to August 31, 2002, and completing exploration expenditures of $1,000,000 over five years, $375,019 of which has been incurred to August 31, 2002. The Company can earn an additional 10% interest on completion of a feasibility study within a further three years. Further work programs are scheduled on the property for late 2002.

d) Republic of South Africa

i) War Springs and Tweespalk

On June 3, 2002 the Company entered into an option agreement with a vendor group of mineral rights holders whereby it may earn a 100% interest in two properties located in the Northern Limb or Platreef area of the Bushveld Complex near Johannesburg, Republic of South Africa. The properties are comprised of the 2,396 hectare War Springs property and the 2,177 hectare Tweespalk property. The two properties are both located on the postulated extension of the Platreef near the PPRust Platinum mine operated by Anglo American Platinum Corporation Limited. Costs of investigation and acquisition amounting to $141,450 had been incurred prior to the period end and these costs have been deferred.

The agreement allows the Company to purchase 100% of these mineral rights at any time over the next three years for US$475 per hectare in year one, or US$570 per hectare in year two, or US$690 per hectare in year three. In addition, the Company has agreed to pay prospecting fees to the mineral rights holders of US$2.50 per hectare in year one, US$2.75 per hectare in year two and US$3.25 per hectare in year three. The mineral rights holders retain a 1% NSR Royalty on the property, subject to the Company's right to purchase the NSR at any time for US$1.4 million. A 5% finders fee on payments made to the mineral rights holders is payable to GeoActiv Dynamic Geological Services, a South African corporation retained by the Company.

ii) Ledig

Subsequent to year-end the Company entered into an option agreement with Ledig Minerale Regte 909 JQ (pty) Ltd. ("Ledig Minerale") whereby the Company may earn a 55% interest in Ledig Minerale's holdings on the Ledig Farm property located in the Western Bushveld area near Sun City, South Africa, approximately 100 km northwest of Johannesburg. At August 31, 2002 the Company had incurred $25,578 in costs relating to the property and these costs have been deferred. Ledig Minerale holds variable interests in the property. The 1,400 ha that make up the property are divided into shares. Ledig Minerale currently holds a 90% interest on two portions that are 235 ha in size. They also hold 70% interest in 462 ha and 50% interest in 468 ha. The Company may earn approximately a 50% interest in the total property.

To earn its interests under the option agreement, the Company must make cash payments to the vendors of SAR40,000,000 (approximately C$5.9 million) spread over 2 years. The initial payment of SAR1,000,000 (C$157,000) was due 10 days from signing the agreement and was paid on September 20, 2002. In addition the Company must incur exploration and development expenditures of SAR30,000,000 (approximately C$4.4 million) over 3 years. Further payments by the Company are contingent upon completion of certain title confirmation procedures by Ledig Minerale and the granting of a valid prospecting license by the Government of the Republic of South Africa.

e) Write-down of mineral properties

During 2002 the carrying values of certain of the Company's mineral properties were determined to be impaired, resulting in a write-down of mineral properties costs of $1,090,871 (2001 – $7,325; 2000 – $Nil).

f) Acquisition of New Millennium Metals Corporation

On February 18, 2002 the Company completed an amalgamation with New Millennium Metals Corporation. The Company acquired nineteen properties through the amalgamation. These properties have been recorded on the books of the Company at a value of $1,930,444 representing an amount of $1,471,382 as the carrying value from the books of New Millennium plus an additional $459,062 representing the excess of fair value for the consideration given for the properties by the Company. ■

6. Capital Assets

	Cost	Accumulated Amortization	2002 Net Book Value	2001 Net Book Value
Computer equipment and software	**$ 37,317**	**$ 16,607**	**$ 20,710**	$ 14,044
Office furniture and equipment	**7,881**	**2,980**	**4,901**	4,211
	$ 45,198	**$ 19,587**	**$ 25,611**	$ 18,255

7. Share Capital

a) Authorized

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

b) Issued and outstanding

During 2002 the Company issued 102,728 common shares in connection with the acquisition of mineral properties at a fair value of $36,509.

During 2002 the Company issued 1,327,500 common shares pursuant to a flow-through private placement at $0.25 per share, less issue costs of $12,000 for net proceeds of $319,875. These placements were completed at market value and there was no premium obtained by way of their flow-through nature. The Company renounced $331,875 in Canadian exploration expenses to the purchasers of the flow-through shares and was required to incur the required expenditures on mineral properties in Canada by December 31, 2002. At August 31, 2002 approximately $236,000 of this obligation remained outstanding. Subsequent to year-end this requirement was met.

On January 30, 2002 the Company issued 250,000 common shares pursuant to a non-brokered private placement at $0.25 per share for total proceeds of $62,500.

On February 18, 2002 the Company completed an amalgamation by plan of arrangement with New Millennium Metals Corporation. The Company acquired all of the 9,022,895 issued and outstanding shares of New Millennium in exchange for 5,468,421 shares of the Company.

During 2002 the Company issued 1,403,572 common shares pursuant to a private placement at $0.28 per share for total proceeds of $393,000. There were 701,786 common share purchase warrants issued with the common shares which are exercisable at $0.36 per share until May 30, 2003.

On June 6, 2002 the Company closed a private placement of 3.2 million common shares at $0.25 per common share. In connection with the placement the Company issued brokers warrants to purchase 319,000 shares at $0.25 per share until June 6, 2003. Issue costs related to this placement totaled $70,038.

During 2001 the Company issued 3,195,391 common shares at $0.50 per share pursuant to initial public offering for net proceeds of $1,356,532 (after deducting expenses of the issue of $241,164). The agents received 319,539 share purchase warrants exercisable at $0.50 per share up to March 22, 2003.

During 2001 the Company issued 2,383,090 flow-through shares at $0.55 per share for net proceeds of $1,107,771 (after deducting expenses of the issue of $202,929). The Company renounced $1,310,700 in Canadian exploration expenses to the purchasers of the flow-through shares and was required to incur the required expenditures on mineral properties in Canada by December 31, 2002. This requirement was met. The agents received 238,309 share purchase warrants exercisable at $0.55 per share up to December 22, 2002.

During 2001 210,000 common shares were issued in connection with the acquisition of mineral properties at a fair value of $57,050, at the date of issuance.

c) Incentive stock option agreement

The Company has entered into Incentive Stock Option Agreements ("Agreements") with directors, officers and employees.

At the date the Agreements are entered into, the exercise price of each option is set at the fair value of the common shares at the date of grant. The following table summarizes the Company's options:

	Number of Shares	Weighted Average Exercise Price
Granted and balance at August 31, 2001	840,000	$ 0.55
Granted	1,804,379	0.64
Exercised	(54,000)	0.48
Expired	(39,694)	0.71
Cancelled	(489,685)	0.96
Options outstanding at August 31, 2002	2,061,000	0.53

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at August 31 2002	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at August 31 2002	Weighted Average Exercise Price
$0.55	827,500	3.40	$ 0.55	407,500	$ 0.55
0.35	512,000	4.50	0.35	512,000	0.35
0.55	221,500	4.50	0.55	221,500	0.55
0.60	300,000	4.80	0.60	300,000	0.60
0.75	200,000	4.85	0.75	200,000	0.75
$0.35 - $0.75	2,061,000	4.16	$ 0.53	1,641,000	$ 0.53

d) Share purchase warrants

	Number of Warrants	Weighted Average Exercise Price
Issued to agents on issue of flow-through special warrants	238,309	$ 0.55
Issued to agents on initial public offering	319,539	0.50
Exercised and converted to common shares	(2,000)	0.55
Balance at August 31, 2001	555,848	0.52
Purchase warrants on amalgamation with New Millenium	1,114,695	0.88
Issued to private placement placees *(Note 7(b))*	701,786	0.36
Issued to agents on brokered financing *(Note 7(b))*	319,000	0.25
Exercised and converted to common shares	(628,929)	0.66
Expired during the period	(753,878)	0.92
Balance at August 31, 2002	1,308,522	0.38

Of the 1,308,522 common share warrants outstanding at August 31, 2002, 83,020 are exercisable at $0.55 per warrant, expiring on December 22, 2002, 60,606 are exercisable at $0.74 per warrant, expiring on December 29, 2002, 144,110 are exercisable at $0.50 per warrant, expiring on March 2, 2003, 701,786 are exercisable at $0.36 per warrant, expiring on May 30, 2003, and 319,000 are exercisable at $0.25 per warrant expiring on June 6, 2003.

Of the 555,848 common share warrants outstanding at August 31, 2001, 236,309 are exercisable at $0.55 per warrant, expiring on December 22, 2002 and 319,539 are exercisable at $0.50 per warrant, expiring March 2, 2003.

e) At August 31, 2002, the Company entered into a firm obligation to issue 30,000 shares (2001 – 10,000 shares) with a value of $9,000 (2001 – $2,600) in connection with acquisition of mineral properties. ■

8. Related Party Transactions

During the period, transactions with related parties were recorded as follows:

a) Management and consulting fees of $163,229 (2001 – $98,974) were incurred with directors. As at August 31, 2002, an amount of $4,858 owing was included in accounts payable (2001 – $4,371).

b) Accounting services of $22,500 (2001 – $41,100) were incurred with a partnership in which a former officer has an interest.

c) Geological and administration fees of $64,025 (2001 – $57,790) were incurred with an officer. As at August 31, 2002, an amount of $6,260 owing was included in accounts payable (2001 – $9,425). ■

9. Income Taxes

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

	2002	2001
Statutory tax rates	**41%**	45%
Recovery of income taxes computed at standard rates	**$ 801,640**	$ 217,209
Tax losses not recognized in the period that the benefit arose	**(348,040)**	(217,209)
Future tax recovery	**$ 453,600**	$ –

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

	2002	2001
Future income tax assets		
Operating loss carryforwards	**$ 840,187**	$ 248,707
Capital assets	**7,151**	4,199
Valuation allowance on future income tax assets	**(847,338)**	(252,906)
Net future income tax assets	**$ –**	$ –
Future income tax liability		
Mineral properties	$ 431,400	$ 310,000
Net future income tax liability	$ 431,400	$ 310,000

10. Commitments

a) The Company has entered into an investor relations letter agreement dated March 12, 2001 with Roth Investors Relations, Inc. ("Roth") of New Jersey, U.S.A. The term of the agreement is for one year, which is renewable in one-year increments. Roth will be paid US$4,000 per month plus expenses.

b) During the fiscal year the Company entered into an office space lease agreement for a period of three years commencing December 1, 2001. The payments are as follows:

2003	$ 25,920
2004	25,920
2005	6,480
	$ 58,320

11. Net Change in Non-Cash Working Capital

	Cumulative amount from March 16 2000 to August 31 2002	**Year ended August 31 2002**	Year ended August 31 2001	Period from commencement of operations, March 16, 2000 to August 31 2000
Amounts receivable	$ (72,812)	**$ 43,097**	$ (115,909)	$ –
Prepaid expenses	(58,498)	**(41,601)**	(16,897)	–
Accounts payable	(160,564)	**(203,762)**	(24,042)	67,240
	$ (291,874)	**$ (202,266)**	$ (156,848)	$ 67,240

12. Subsequent Events

Subsequent to year-end the Company entered into an option agreement with Ledig Minerale Regte 909 JQ (pty) Ltd. ("Ledig Minerale") whereby the Company may earn a 55% interest in Ledig Minerale's holdings on the Ledig Farm property located in the Western Bushveld area near Sun City, South Africa, approximately 100 km northwest of Johannesburg. At August 31, 2002 the Company had incurred $25,578 in costs relating to the property and these costs have been deferred. Ledig Minerale holds variable interests in the property. The 1,400 hectares that make up the property are divided into shares. Ledig Minerale currently holds a 90% interest on two portions that are 235 hectares in size. They also hold a 70% interest in 462 hectares and a 50% interest in 468 hectares. The Company may earn approximately a 50% interest in the total property.

To earn its interests under the option agreement, the Company must make cash payments to the vendors of SAR40,000,000 (approximately C$5.9 million) over 2 years. The initial payment of SAR1,000,000 (C$157,000) was due 10 days from signing the agreement and was paid on September 20, 2002. In addition the Company must incur exploration and development expenditures of SAR30,000,000 (approximately C$4.4 million) over 3 years. Further payments by the Company are contingent upon completion of certain title confirmation procedures by Ledig Minerale and the granting of a valid prospecting license by the Government of the Republic of South Africa. ■

13. Differences between Canadian and United States Generally Accepted Accounting Principles

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

Consolidated Balance Sheets

	2002	2001
Total assets under Canadian GAAP	**$ 4,373,047**	$ 2,762,964
Decrease in mineral properties due to expensing of exploration costs (a)	**(1,056,981)**	(706,744)
Total assets under U.S. GAAP	**$ 3,316,066**	$ 2,056,220
Total liabilities under Canadian and U.S. GAAP	**$ 542,828**	$ 460,554
Decrease in future income tax liability due to expensing of exploration costs (a)	**(371,400)**	(310,000)
	171,428	150,554
Shareholders' equity under Canadian GAAP	**3,830,219**	2,302,410
Cumulative mineral properties adjustment (a)	**(1,056,981)**	(706,744)
Decrease in future income tax liability due to expensing of exploration costs (a)	**576,000**	310,000
Decrease in future income tax recovery (a)	**(204,600)**	–
Shareholders' equity under U.S. GAAP	**3,144,638**	1,905,666
Total liabilities and shareholders' equity under U.S. GAAP	**$ 3,316,066**	$ 2,056,220

Consolidated Statement of Loss and Deficit

	Year ended August 31 2002	Year ended August 31 2001	Period from commencement of operations, March 16 2000 to August 31 2000	Cumulative from March 16 2000 to August 31 2002
Net loss under Canadian GAAP	**$ (1,501,620)**	$ (482,687)	$ (39,956)	$ (2,024,263)
Mineral property costs written off (a)	**1,090,871**	–	–	1,090,871
Acquisition costs included in write off (a)	**(505,837)**	–	–	(505,837)
Mineral property exploration expenditures (a)	**(935,271)**	(476,265)	(230,479)	(1,642,015)
Future income taxes (b)	**(204,600)**	–	–	(204,600)
Consulting (c)	**(286,000)**	(1,250)	–	(287,250)
Stock based compensation (c)	**(142,747)**	–	–	(142,747)
Write-down of "available for sale" securities (d)	**18,450**	–	–	18,450
Net loss under U.S. GAAP	**$ (2,466,754)**	$ (960,202)	$ (270,435)	$ (3,697,391)
Basic loss per share under U.S. GAAP	**$ (0.17)**	$ (0.17)	$ (0.60)	–

Consolidated Statement of Cash Flows

	Year ended August 31 2002	Year ended August 31 2001	Period from commencement of operations, March 16 2000 to August 31 2000	Cumulative from March 16 2000 to August 31 2002
Operating activities				
Operating activities under Canadian GAAP	**$ (1,034,989)**	$ (625,139)	$ 29,544	$ (1,630,584)
Exploration (a)	**(954,263)**	(369,234)	(230,479)	(1,553,976)
Operating activities under U.S. GAAP	**$ (1,989,252)**	$ (994,373)	$ (200,935)	$ (3,184,560)
Financing activity				
Financing activities under Canadian and U.S. GAAP	**$ 1,683,461**	$ 2,465,403	$ 610,000	$ 4,758,864
Investing activities				
Investing activities under Canadian GAAP	**$ (1,294,111)**	$ (517,466)	$ (417,796)	$ (2,229,373)
Deferred exploration (a)	**954,263**	369,234	230,479	1,553,976
Investing activities under U.S. GAAP	**$ (339,848)**	$ (148,232)	$ (187,317)	$ (675,397)

a) Exploration expenses

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

b) Flow-through shares

Under Canadian GAAP, flow-through shares are recorded at their face value, net of related issuance costs. When eligible expenditures are made, the carrying value of these expenditures may exceed their tax value. The tax effect of this temporary difference is recorded as a cost of issuing the shares.

The Financial Accounting Standards Board ("FASB") staff has taken the view that under SFAS No. 109, *Accounting for Income Taxes*, the proceeds from issuance should be allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reversed when tax benefits are renounced and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of deferred tax liability and the liability recognized on issuance. The flow-through shares issued during the year were granted at the fair value of existing non flow-through shares. As such, no liability was recognized for the difference between the quoted price of the existing shares and the amount paid for the flow-through shares.

c) Accounting for stock-based compensation

For U.S. GAAP purposes the Company accounts for stock-based compensation to employees and directors under Accounting Principles Board Opinion No 25, *Accounting for Stock Issued to Employees* ("APB No. 25"), using the intrinsic value based method whereby compensation costs is recorded for the excess, if any, of the quoted market price at the date granted over the exercise price. As at August 31, 2002 no compensation cost has been recorded for any period under this method.

SFAS No. 123, *Accounting for Stock-Based Compensation*, requires the use of the fair value based method of accounting for stock options. Under this method, compensation cost is measured at the grant date based on the fair value of the options granted and is recognized over the vesting period. During the year ended August 31, 2002, the Company issued options to individuals other than employees and directors, which, under SFAS No. 123, resulted in $286,000 (2001 – $1,250) of consulting expenses.

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

The following pro forma financial information presents the net loss for the year ended August 31, 2002 and the loss per share had the Company adopted SFAS No. 123 for all stock options issued to directors, officers and employees.

	Year ended August 31 2002	Year ended August 31 2001	Period from commencement of operations, March 16, 2000
Net loss for the period under U.S. GAAP	**$ (2,466,754)**	$ (960,202)	$ (270,435)
Additional stock-based compensation cost	**(155,000)**	(82,000)	–
Pro forma net loss	**$ (2,621,754)**	$ (1,042,202)	$ (270,435)
Pro forma basic and diluted loss per share	**$ (0.18)**	$ (0.19)	$ (0.60)

Using the fair value method for stock-based compensation, additional costs of approximately $155,000 (2001 – $82,000) would have been recorded for the year ended August 31, 2002. This amount is determined using an option pricing model assuming no dividends are to be paid, vesting occurring on the date of the grant, a weighted average volatility of the Company's share price of 60% and 168% and an annual risk free interest rate of 4.08%.

FASB Interpretation 44 states that when fixed stock option awards to employees and directors are modified, the stock options must be accounted for as variable from the date of modification to the date the stock options are exercised, forfeited or expire unexercised.

Consequently, the 313,028 stock options issued to employees and directors that were repriced on March 6, 2002 are now considered to be variable and any increase in the market price over the reduced exercise price must be recognized as compensation cost. As at August 31, 2002, the market price of the Company's common shares was $0.96 per share resulting in compensation expense of $142,747.

d) Comprehensive income

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

	Year ended August 31 2002	Year ended August 31 2001	Period from commencement of operations, March 16, 2000
Net loss under U.S. GAAP	**$ (2,466,754)**	$ (960,202)	$ (270,435)
Other comprehensive income:			
Unrealized loss on marketable securities	**(18,450)**	–	–
Comprehensive net loss under U.S. GAAP	**$ (2,485,204)**	$ (960,202)	$ (270,435)
Comprehensive loss per share	**$ (0.17)**	$ (0.17)	$ (0.60)

e) Accounting for derivative instruments and hedging activities

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

f) Recent accounting pronouncements

In July 2001, the FASB issued SFAS Nos. 141 and 142 ("SFAS 141" and "SFAS 142"), *Business Combinations* and *Goodwill and Other Intangible Assets*. SFAS 141 replaces APB 16 and eliminates pooling-of-interests accounting prospectively. It also provides guidance on purchase accounting related to the recognition of intangible assets and accounting for negative goodwill. SFAS 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Under SFAS 142, goodwill will be tested annually and whenever events or circumstances occur indicating that goodwill might be impaired. SFAS 141 and SFAS 142 are effective for all business combinations completed after June 30, 2001. Upon adoption of SFAS 142, amortization of goodwill recorded for business combinations consummated prior to July 1, 2001 will cease, and intangible assets acquired prior to July 1, 2001 that do not meet the criteria for recognition under SFAS 141 will be reclassified to goodwill. Companies are required to adopt SFAS 142 for fiscal years beginning after December 15, 2001, but early adoption is permitted. The Company has not recorded any goodwill and, therefore, the application of SFAS 141 and 142 did not have a material effect on its consolidated financial position or results of operations.

In August 2001, the FASB issued SFAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS 144 replaces SFAS 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of*. The FASB issued SFAS 144 to establish a single accounting model, based on the framework established in SFAS 121, as SFAS 121 did not address the accounting for a segment of a business accounted for as a discontinued operation under APB 30, *Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*. SFAS 144 also resolves significant implementation issues related to SFAS 121. Companies are required to adopt SFAS 144 for fiscal years beginning after December 15, 2001, but early adoption is permitted. The Company will adopt SFAS 144 as of January 1, 2002. The Company has determined that the application of SFAS 144 will not have a material effect on its consolidated financial position or results of operations. ■

MANAGEMENT PROFILE

R. Michael Jones, B.A.Sc., P.Eng
Director, President & CEO
Michael Jones has 16 years of experience as a professional geological engineer and has been involved with raising over $200 million for exploration, mining development and production. He was a founder of Glimmer Resources. During a six year tenure as President of Cathedral Gold, Mr. Jones ran a producing mining company and as Vice President with Aber Resources for two years was involved in the review of a feasibility study and financing for a $1 billion mining project. The British Columbia Minister of Finance has appointed Mr. Jones to the Securities Policy Advisory Committee. Mr. Jones holds a B.A.Sc. in geological engineering from University of Toronto.

Frank Hallam, B.B.A., C.A.
Director & CFO
Frank Hallam was the original founder of New Millennium. He was previously an auditor with Coopers and Lybrand. Mr. Hallam has extensive experience at the senior management level with several publicly listed resource companies. He has a degree in Business Administration from Simon Fraser University.

Dennis Gorc, B.Sc., PGeo.
Vice President, Exploration
Dennis Gorc has more than twenty years' experience in mineral exploration for base and precious metals. Mr. Gorc is a well-regarded explorer with the ability to develop sound original geological models and run effective exploration programs. He holds a B.Sc. in geology from Queen's University.

Darin Wagner, M.Sc., P.Geo
Manager, Exploration
Darin Wagner provides the Company with expertise in the areas of project development, evaluation and field management. Mr. Wagner spent 10 years working with the exploration departments of two of Canada's largest mining companies, Noranda and Cominco, before joining PTM from New Millennium. Mr. Wagner has a master's degree in geology from Carlton University.

Barry W. Smee, Ph.D., PGeo.
Director, Secretary & Advisory Board Member
Dr. Barry Smee is a renowned geologist and geochemist with more than thirty years' experience in the mining industry. He is a founder of Smee and Associates, an international geology and geochemistry consulting firm. He has been an advocate of standards for exploration sampling and quality control for Canadian stock exchanges and regulatory bodies. Dr. Smee is also a member of the technical Advisory Board for PTM. He holds a B.Sc. in chemistry and geology from the University of Alberta and a Ph.D. in geochemistry from the University of New Brunswick.

Douglas Hurst, B.Sc.
Director
Douglas Hurst, President of DS Hurst Inc., is a geologist and an independent mining analyst. He is currently a mining securities analyst with Pacific International Securities and formerly with Octagon Capital, McDermid St. Lawrence and Sprott Securities. DS Hurst Inc. provides corporate services to the mining industry, including due diligence, valuations, research and corporate finance activities. Mr. Hurst holds a degree in geology from McMaster University.

Iain McLean, B.Sc. Eng. (ARSM), M.B.A., MIMM. C.Eng.
Director
Iain McLean has business experience in mine operations and senior management positions in technology companies. Currently, Mr. McLean is the Vice President and General Manager of Total Care Technologies, a subsidiary of Ad Opt Technologies Inc. Past roles include VP Operations of Ballard Power Systems, CEO of Automed and COO of Inforetech Wireless Systems. Mr. McLean has tremendous business and technical experience combined with an appreciation of the growing end uses of platinum. Mr. McLean holds a degree in mining engineering from the Royal School of Mines and an M.B.A. from Harvard Business School.

Roger Eckstrand, Ph.D.
Advisory Board Member
Dr. Roger Eckstrand joins PTM from New Millennium and provides the Company with unparalleled technical experience in the field of mafic intrusion related mineral deposits. He has spent 27 years with the Geological Survey of Canada studying and describing nickel and PGM deposits throughout the world.

Carel van Heerden, B.Com., M.B.A., LL.M
Advisory Board Member
Carel van Heerden has been a practicing advocate for 20 years in the Republic of South Africa. His specialization in mining and mineral law and general commercial work has made him one of the most experienced practitioners acting in court cases and negotiating with mining houses, external companies, local tribes and farmers. He also developed his own mining interests.

Anthony Frizelle, B.Com.
Advisory Board Member
Anthony Frizelle is based in London and is managing director of Resource Management & Finance Co. Ltd., a natural resources merchant bank. He has extensive international business experience in finance and mineral resources and has held several positions as a senior executive in South African mining.

Nonpumelelo Maduna, M.A.
Advisory Board Member
Nonpumelelo Maduna is based in Johannesburg and is a director of MvelaMasfield, an oil and other commodity trading company, where she is involved in marketing and strategy. She has experience in Employment Equity Affirmative Action policy and Social Investment in South Africa. She has a M.A. degree from the University of Sheffield, UK, and she is completing an M.B.A.

CORPORATE INFORMATION

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Iain McLean
Director

Dr. Barry Smee
Director & Secretary

Douglas Hurst
Director

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Share Listing
TSX-V: PTM

Capitalization
Issued & outstanding
27,259,157

Escrowed
199,318

Options and warrants
Options
2,039,500
Warrants
4,253,583

December 23, 2002

Disclaimer
This annual report may contain projections or other forward-looking statements regarding future events and/or future financial performance. Such statements are only predictions and actual events or results may differ materially. The Company relies on Safe Harbor Rules with respect to any projections or forward-looking statements that may be contained within this report. All investors are referred to the more complete disclosure contained in the Company's documents filed from time to time with the United States Securities and Exchange Commission and the British Columbia Securities Commission, specifically the Company's last filed Form 20F and alternate form of Annual Information Form.

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