PLATINUM GROUP METALS LTD
Form 20-F
February 28, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 20-F

2005 ANNUAL REPORT

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

DATE OF EVENT REQUIRING THIS SHELL COMPANY REPORT

COMMISSION FILE NUMBER: 0-30306

PLATINUM GROUP METALS LTD.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NOT APPLICABLE

(TRANSLATION OF REGISTRANT S NAME INTO ENGLISH)

BRITISH COLUMBIA, CANADA

(JURISDICTION OF INCORPORATION OR ORGANIZATION)

SUITE 328, 550 BURRARD STREET, VANCOUVER, BRITISH COLUMBIA, CANADA V6C 2B5

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

SECURITIES REGISTERED OR TO BE REGISTERED PURSUANT TO SECTION 12 (b) OF THE ACT.

TITLE OF EACH CLASS	NAME ON EACH EXCHANGE ON WHICH REGISTERED
NONE	**N/A**

SECURITIES REGISTERED OR TO BE REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT.

COMMON SHARES WITHOUT PAR VALUE

(TITLE OF CLASS)

SECURITIES FOR WHICH THERE IS A REPORTING OBLIGATION PURSUANT TO SECTION 15(d) OF THE ACT.

NONE

(TITLE OF CLASS)

INDICATE THE NUMBER OF OUTSTANDING SHARES OF EACH OF THE ISSUER S CLASSES OF CAPITAL OR COMMON STOCK AS OF THE CLOSE OF THE PERIOD COVERED BY THE ANNUAL REPORT.

43,158,631 COMMON SHARES

INDICATE BY CHECK MARK IF THE REGISTRANT IS A WELL-KNOWN SEASONED ISSUER AS DEFINED IN RULE 405 OF THE SECURITIES ACT. [ ] YES [X] NO

IF THIS IS AN ANNUAL OR TRANSITION REPORT, INDICATE BY CHECK MARK IF THE REGISTRANT IS NOT REQUIRED TO FILE REPORTS PURSUANT TO SECTION 13 OR SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934. [ ] YES [X] NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. [X] YES [ ] NO

INDICATE BY CHECK MARK WHICH FINANCIAL STATEMENT ITEM THE REGISTRANT HAS ELECTED TO FOLLOW.

[X] ITEM 17 [ ] ITEM 18

IF THIS IS AN ANNUAL REPORT, INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12b-2 OF THE EXCHANGE ACT).

[ ] YES [X] NO

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS FILED ALL DOCUMENTS AND REPORTS REQUIRED TO BE FILED BY SECTIONS 12, 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 SUBSEQUENT TO THE DISTRIBUTION OF THE SECURITIES UNDER A PLAN CONFIRMED BY A COURT. [ ] YES [ ] NO

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The information contained in this Annual Report is current at February 13, 2006 except where a different date is specified.

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

Financial information is presented in accordance with accounting principles generally accepted in Canada. Differences between accounting principles generally accepted in Canada and in the United States, as applicable to the Company are set forth in Note 13 to the accompanying Consolidated Financial Statements of Platinum Group Metals Ltd.

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

Conversion Table

Metric		Imperial
1.0 millimetre (mm)	=	0.039 inches (in)
1.0 metre (m)	=	3.28 feet (ft)
1.0 kilometre (km)	=	0.621 miles (mi)
1.0 hectare (ha)	=	2.471 acres (ac)
1.0 gram (g)	=	0.032 troy ounces (oz)
1.0 metric tonne (t)	=	1.102 short tons (ton)
1.0 g/t	=	0.029 oz/ton

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning the Company s exploration, operations, planned acquisitions and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as expects or does not expect , is expected , anticipates or does not anticipate , plans , estimates or intends , or stating that certain actions, events o may , could , would , might or will be taken, occur or be achieved) are not statements of historical fact and r forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;

- the possibility that future exploration, development or mining results will not be consistent with the Company s expectations;

- mining exploration risks, including risks related to accidents, equipment breakdowns or other unanticipated difficulties with or interruptions in production;

- the potential for delays in exploration activities;

- risks related to the inherent uncertainty of exploration and cost estimates and the potential for unexpected costs and expenses;

- risks related to commodity price fluctuations;

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- the uncertainty of profitability based upon the Company s history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms;
- risks related to environmental regulation and liability;
- political and regulatory risks associated with mining and exploration; and
- other risks and uncertainties related to the Company s prospects, properties and business strategy.

Some of the important risks and uncertainties that could affect forward looking statements are described further in this document under the headings Risk Factors , History and Development of the Company , Business Overview , Propert Plants and Equipment and Operating and Financial Review and Prospects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward looking statements are made based on management s beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

CAUTIONARY NOTE TO UNITED STATES READERS - DIFFERENCES REGARDING THE DEFINITIONS OF RESOURCE AND RESERVE ESTIMATES IN THE UNITED STATES AND CANADA

Mineral Reserve The definitions of mineral reserves , proven mineral reserves and probable mineral reserves, as used in this report, are Canadian mining terms as defined in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM) Standards on Mineral Resources and Mineral Reserves Definitions and guidelines adopted by the CIM Council on August 20, 2000. CIM standards differ from the standards in the United States.

Under United States standards, a mineral reserve is defined as a part of a mineral deposit which could be economically and legally extracted or produced at the time the mineral reserve determination is made, where:

reserve means that part of a mineral deposit which can be economically and legally extracted or produced at the time of the reserve determination;

economically implies that profitable extraction or production has been established or analytically demonstrated to be viable and justifiable under reasonable investment and market assumptions; and

while legally does not imply that all permits needed for mining and processing have been obtained or that other legal issues have been completely resolved, for a reserve to exist, there should be a reasonable certainty based on applicable laws and regulations that issuance of permits or resolution of legal issues can be accomplished in a timely manner.

Mineral reserves are categorized as follows on the basis of the degree of confidence in the estimate of the quantity and grade of the deposit.

Under United States standards, proven or measured reserves are defined as reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geographic character is so well defined that size, shape, depth and mineral content of reserves are well established.

Under United States standards, probable reserves are defined as reserves for which quantity and grade and/or quality are computed from information similar to that of proven reserves (under United States standards), but the sites for inspection, sampling, and measurement are further apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven mineral reserves, is high enough to assume continuity between points of observation.

AT THIS TIME, NONE OF THE COMPANY S PROPERTIES CONTAIN ANY MINERAL RESERVE ESTIMATES IN ACCORDANCE WITH SEC GUIDE 7.

Mineral Resource While the terms mineral resource, measured mineral resource, indicated mineral resource, and inferred mineral resource are recognized and required by Canadian regulations, they are not defined terms under standards in the United States. As such, information contained in this report concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the Securities and Exchange Commission. Indicated mineral resource and inferred mineral resource have a great amount of uncertainty as to their existence and a great uncertainty as to their economic and legal feasibility. It can not be assumed that all or any part of an indicated mineral resource or inferred mineral resource will ever be upgraded to a higher category. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.

Glossary

Except as otherwise identified, the following terms, when used herein, shall have the following meanings:

Common Shares refers to the common shares in the capital of the Company.

Company refers to Platinum Group Metals Ltd.

Company Act refers to the *Company Act* (British Columbia). On March 30, 2004, the *Company Act* (British Columbia) was replaced by the *Business Corporations Act* (British Columbia).

PTM-RSA refers to the Company s wholly owned subsidiary incorporated under the laws of the Republic of South Africa under the name Platinum Group Metals (RSA) (Proprietary) Limited.

Registrant refers to Platinum Group Metals Ltd.

RSA is an abbreviation for Republic of South Africa.

TSX refers to the Toronto Stock Exchange.

TSX-V refers to the TSX Venture Exchange or its predecessors, the Canadian Venture Exchange or the Vancouver Stock Exchange, as applicable.

ZAR is an abbreviation for South African Rand.

Glossary of Technical Terms

anomalous refers to a sample or location that either (i) the concentration of an element(s) or (ii) geophysical measurement is significantly different from the average background values in the area.

anomaly refers to the geographical area corresponding to anomalous geochemical or geophysical values.

anorthosite is a rock comprised of largely feldspar minerals and minor mafic iron-magnesium minerals.

assay is an analysis to determine the quantity of one or more elemental components.

Au refers to gold.

BIC is an abbreviation for the Bushveld Igneous Complex in South Africa, the source of most of the world s platinum and is a significant producer of palladium and other platinum group metals (PGM s) as well as chrome.

breccia is a rock type with angular fragments of one composition surrounded by rock of another composition or texture.

chalcopyrite is a copper sulfide mineral.

cm is an abbreviation for centimetres.

Cu refers to copper.

EM is an abbreviation for electromagnetic.

exploration stage refers to the stage where a company is engaged in the search for minerals deposits (reserves) which are not in either the development or production stage.

fault is a fracture in a rock across which there has been displacement.

fracture is a break in a rock, usually along flat surfaces.

gabbro is an intrusive rock comprised of a mixture of mafic minerals and feldspars.

grade is the concentration of an ore metal in a rock sample, given either as weight percent for base metals (ie, Cu, Zu, Pb) or in grams per tonne (g/t) or ounces per short ton (oz/t) for precious or platinum group metals.

g/t refers to grams per tonne.

h is an abbreviation for hectare.

hectare is an area totaling 10,000 square metres or 100 metres by 100 metres.

intrusive is a rock mass formed below earth s surface from molten magma, which was intruded into a pre-existing rock mass and cooled to solid.

km is an abbreviation for kilometre.

m is an abbreviation for metres.

mafic is a rock type consisting of predominantly iron and magnesium silicate minerals with little quartz or feldspar minerals.

magmatic means pertaining to magma, a naturally occurring silicate melt, which may contain suspended silicate crystals, dissolved gases, or both; magmatic processes are at work under the earth s crust.

mineralization refers to minerals of value occurring in rocks.

Mt is an abbreviation for million tonnes.

Ni is an abbreviation for nickel.

NSR is an abbreviation for net smelter royalty.

outcrop refers to an exposure of rock at the earth s surface.

overburden is any material covering or obscuring rocks from view.

Pd refers to palladium.

PGM refers to platinum group metals, ie. platinum and palladium.

PGE refers to mineralization containing platinum group elements, ie. platinum and palladium.

ppm refers to parts per million.

Pt refers to platinum.

pyrite is an iron sulfide mineral.

pyroxenite refers to a relatively uncommon dark-coloured rock consisting chiefly of pyroxene; pyroxene is a type of rock containing sodium, calcium, magnesium, iron, titanium and aluminum combined with oxygen.

quartz is a common rock-forming mineral (SiO_2)

Rh refers to rhodium, a platinum metal. Rhodium shares some of the notable properties of platinum, including its resistance to corrosion, its hardness and ductility. Wherever there is platinum in the earth, there is rhodium as well. In fact, most rhodium is extracted from a sludge that remains after platinum is removed from the ore. A high percentage of rhodium is also found in certain nickel deposits in Canada.

ultramafic refers to types of rock containing relatively high proportions of the heavier elements such as magnesium, iron, calcium and sodium; these rocks are usually dark in color and have relatively high specific gravities.

Part I

Item 1 Identity of Directors, Senior Management and Advisers

See Item 6 Directors, Senior Management and Employees .

Item 2 Offer Statistics and Expected Timetable

Not applicable.

Item 3 Key Information

Selected Financial Data

Selected financial data of the Company for the fiscal years ended August 31, 2005, 2004 and 2003 are derived from the consolidated financial statements of the Company which have been audited by Deloitte & Touche LLP as indicated in their independent auditors report which is included elsewhere in this Annual Report. The selected financial data set forth for the years ended August 31, 2002 and 2001 are derived from the Company's audited consolidated financial statements for such periods which are not included herein.

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

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

Summary of Financial Data

The financial statements of the Company and the table set forth below have been prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP), which differ in certain respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The major differences between Canadian GAAP and U.S. GAAP that would affect the measurement of the Company s financial position, loss or cash flows are set forth in Note 13 to the accompanying Consolidated Financial Statements of the Company.

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SELECTED FINANCIAL DATA

(CDN$)

	Year Ended August 31, 2005	Year Ended August 31, 2004	Year Ended August 31, 2003	Year Ended August 31, 2002	Year Ended August 31, 2001
Revenues	Nil	Nil	Nil	Nil	Nil
Working Capital	1,396,283	2,364,360	984,333	1,284,919	1,526,798
Net Loss					
Under Canadian GAAP:	3,795,648	2,242,627	1,748,993	1,501,620	482,687
Under U.S. GAAP:	8,112,593	4,675,466	2,580,499	2,466,754	960,202
Loss Per Share					
Under Canadian GAAP:	0.10	0.07	0.07	0.10	0.09
Under U.S. GAAP:	0.21	0.15	0.10	0.17	0.17
Dividends per Share					
Under Canadian GAAP:	Nil	Nil	Nil	Nil	Nil
Under U.S. GAAP:	Nil	Nil	Nil	Nil	Nil
Total Assets					
Under Canadian GAAP:	15,705,187	9,134,019	5,086,421	4,373,047	2,762,964
Under U.S. GAAP:	6,799,742	5,347,799	3,173,662	3,316,066	2,056,220
Long Term Liabilities					
Under Canadian GAAP:	22,569	427,000	359,000	431,400	310,000
Under U.S. GAAP:	22,569	Nil	Nil	60,000	Nil
Mineral Properties (included in Total Assets)					
Under Canadian GAAP:	12,091,549	5,995,550	3,891,653	2,951,089	1,067,357
Under U.S. GAAP:	3,165,479	1,899,705	1,912,894	1,894,108	360,613
Shareholder s Equity					
Under Canadian GAAP:	13,679,056	8,047,124	4,557,873	3,830,219	2,302,410
Under U.S. GAAP:	4,743,347	4,577,275	2,964,127	3,144,638	1,905,666

Capital Stock					
Under Canadian GAAP:	23,513,389	14,990,075	9,005,078	6,430,482	3,132,453
Under U.S. GAAP:	23,513,389	14,990,075	9,005,078	6,430,482	3,132,453
Number of Shares [(1)]	43,158,631	34,587,415	27,831,267	22,225,632	9,790,482

Notes:

(1)

There are 45,998,734 Common Shares issued and outstanding as of the date of this Form 20-F Annual Report.

Foreign Exchange Rates

All dollar amounts set forth in this report are in Canadian dollars, except where otherwise indicated. The following tables set forth, for the five most recent financial years, (i) the average rate (the Average Rate) of exchange for the Canadian dollar, expressed in U.S. dollars, calculated by using the average of the exchange rates on the last day for which data is available for each month during such periods; and (ii) the high and low exchange rate during the previous six months, in each case based on the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

The Average Rate is set out for each of the periods indicated in the table below.

		Year Ended August 31		
2005	**2004**	**2003**	**2002**	**2001**
US$0.8160	US$0.7518	US$0.6774	US$0.6354	US$0.6543

The high and low exchange rates for each month during the previous six months are as follows:

Month	High	Low
August 2005	US$0.8412	US$0.8207
September 2005	US$0.8615	US$0.8418
October 2005	US$0.8579	US$0.8413
November 2005	US$0.8579	US$0.8361
December 2005	US$0.8690	US$0.8521
January 2006	US$0.8744	US$0.8528

On February 13, 2006, the noon buying rate in New York City for cable transfer in Canadian dollars as certified for customer purposes by the Federal Reserve Bank of New York (the Exchange Rate) was Cdn$1.00 = US$8660.

Capitalization and Indebtedness

Not applicable.

Reasons for the Offer and Use of Proceeds

Not applicable.

Risk Factors

An investment in Common Shares entails certain risk factors, which should be considered carefully. The following is a brief discussion of those distinctive or special characteristics of the Company s operations and industry that may have a material impact on, or constitute risk factors in respect of, the Company s future financial performance.

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

General.

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

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

All of the Company s properties are in the exploration stage and no known reserves have been discovered on such properties. There is no certainty that the expenditures to be made by the Company or its joint venture partners in the exploration of its properties described herein will result in discoveries of precious metals in commercial quantities or that any of the Company s properties will be developed. Most exploration projects do not result in the discovery of precious metals and no assurance can be given that any particular level of recovery of precious metals will in fact be realized or that any identified resource will ever qualify as a commercially mineable (or viable) resource which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of precious metals ultimately discovered may differ from that indicated by drilling results. There can be no assurance that precious metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

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

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

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

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

The Company s properties are subject to title risks.

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

The Company s properties in Canada may also be subject to aboriginal rights that may be claimed on Crown properties or other types of tenure with respect to which mineral rights have been conferred. The Company is not aware of any aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the mineral properties in Canada in which the Company has an interest. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration activity and is supportive of measures established to achieve such co-operation.

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

South African foreign exchange controls may limit repatriation of profits.

Loan capital or equity capital may be introduced into South Africa through a formal system of Exchange Control. Proceeds from the sale of assets in South Africa owned by a non-resident are remittable to the non-resident. Approved loan capital is generally remittable to a non-resident company from business profits. Dividends declared by a non-listed South African company are remittable to non-resident shareholders. However, there can be no assurance that restrictions on repatriation of earnings from the Republic of South Africa will not be imposed in the future.

The mineral exploration industry is extremely competitive.

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

Judgments based upon the civil liability provisions of the United States federal securities laws may be difficult to enforce.

The ability of investors to enforce judgments of United States courts based upon the civil liability provisions of the United States federal securities laws against the Company and the directors and officers of the Company may be limited due to the fact that the Company and a majority of these persons reside outside of the United States and, in respect of the directors and officers, their assets are located outside the United States. There is uncertainty as to whether Canadian courts would: (i) enforce judgments of United States courts obtained against the Company or its directors and officers predicated upon the civil liability provisions of the United States federal securities laws, or (ii) entertain original actions brought in Canadian courts against the Company or such persons predicated upon the federal securities laws of the United States, as such laws may conflict with Canadian laws. In Canada, civil rights are within the legislative jurisdiction of the Provinces and Territories. The Province of British Columbia, in which the Company and all of its directors and officers are resident, does not have laws for the reciprocal enforcement of judgments of United States courts.

The Common Shares may be subject to the U.S. Penny Stock rules.

The Company's Common Shares are penny stock as defined by the Securities and Exchange Commission; this status might affect the trading market for the Common Shares. Penny stocks are generally equity securities with a price of less than US $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ National Market, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The Securities and Exchange Commission has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the Securities and Exchange Commission that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and compensation information must be given to the customer orally or in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from such rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that is subject to the penny stock rules, such as the Common Shares, which are considered penny stock, and therefore make it more difficult to sell those shares.

We are a Passive Foreign Investment Company for United State Federal Income Tax Purposes which may have consequences for U.S. investors.

The Company believes that it is a passive foreign investment company (PFIC) for United States Federal income tax purposes because it earns 75% or more of its gross income from passive sources. As a result, a United States holder of Common Shares could be subject to increased tax liability, possibly including an interest charge, upon the sale or other disposition of the United States holders Common Shares or upon receipt of excess distributions, unless such holder of common shares elect to be taxed currently on his or her pro rata portion of the Company s income, whether or not the income was distributed in the form of dividends or otherwise. The election requires certain conditions be met such as filing on or before the due date, as extended, for filing the shareholder s income tax return for the first taxable year to which the election will apply. Otherwise, the election may only partially apply. Further, the elections will increase the administrative and regulatory burden on the Company. See Passive Foreign Investment Company on page 76.

Metal prices affect the success of the Company s business.

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any minerals discovered. No assurance may be given that metal prices will remain stable. Significant price fluctuations over short periods of time may be generated by numerous factors beyond the control of the Company, including domestic and international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The effect of these factors on the price of minerals and therefore the economic viability of any of the Company s exploration projects cannot accurately be predicted. As the Company is in the exploration stage, the above factors have had no material impact on present operations or income.

The Company will need additional financing.

At August 31, 2005, the Company had working capital of $1,396,283. Subsequent to the year end, the Company completed non-brokered private placements for gross proceeds totalling $3.19 million. The Company believes that these funds will be sufficient to cover general and administrative costs and fund its obligations and proposed exploration programs on its properties to March 31, 2006. The Company has limited financial resources, has no source of operating cash flow, and has no assurance that additional funding will be available to it for further exploration and development of its properties beyond its current programs. In the past, the Company has relied on sales of equity securities to meet its cash requirements. There can be no assurance that future operations will provide cash flow sufficient to satisfy operational requirements and cash commitments.

Should additional properties be acquired or programs be undertaken, the Company will require additional funding. The exploration and development of the Company s properties depends upon the Company s ability to obtain financing through any or all of the joint venturing of projects, debt financing, equity financing or other means. There can be no assurance that the Company will be successful in obtaining any required financing now or in the future. Failure to obtain additional financing on a timely basis could result in delay or indefinite postponement of further exploration and development of its mineral properties, with the possible loss of such properties, or the inability to acquire any additional properties.

The Company s operations are subject to environmental and government regulation.

Environmental legislation on a global basis is evolving in a manner that will ensure stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed development and a higher level of responsibility for companies and their officers, directors and employees. There is no assurance that future changes to environmental legislation in Canada or South Africa will not adversely the Company s operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown at present and which have been caused by previous or existing owners or operators. Furthermore, future compliance with environmental reclamation, closure and other requirements may involve significant costs and other liabilities. In particular, the Company s operations and exploration activities are subject to Canadian and South African national and provincial laws and regulations governing protection of the environment. Such laws are continually changing and, in general, are becoming more restrictive.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

The Company has not made any material expenditure for environmental compliance to date. However, there can be no assurance that environmental laws will not give rise to significant financial obligations in the future and such obligations could have a material adverse affect on the Company's financial performance.

The occurrence of events for which the Company is not insured or for which its insurance is inadequate may reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire, flooding and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

We have limited experience with development-stage mining operations.

The Company has limited experience in placing mineral properties into production, and our ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its mineral properties into production.

The Company has a history of losses and we anticipate continuing to incur losses for the foreseeable future.

The Company has a history of losses including net losses of $3,795,648 in the year ended August 31, 2005; $2,242,627 in the year ended August 31, 2004; and $1,748,993 in the year ended August 31, 2003. At August 31, 2005, the Company had an accumulated deficit of $11,557,531. The Company anticipates that it will continue to incur losses for the foreseeable future until it can successfully place one or more of its properties into commercial production on a profitable basis.

The Company has a lack of cash flow, which may affect its ability to continue as a going concern.

The Company is an exploration company with a history of losses and no history of revenues from its operations. None of the Company s properties are in production or expected to be developed in the near future, if at all. During the year ended August 31, 2005, the Company had a loss of $3,795,648 and used $2,591,906 in cash for operating activities and $5,549,707 in cash for investing activities. Historically, the only source of funds available to the Company has been through the sale of its equity shares.

The auditors report on the Company s August 31, 2005 annual consolidated financial statements includes additional comments which indicate that the financial statements are affected by conditions and events that cast doubt on the Company s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The continuing operations of the Company and the recoverability of the amounts capitalized for mineral properties in the Company s consolidated financial statements, prepared in accordance with Canadian GAAP, is dependent upon 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.

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

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

None of the Company s properties contain any known reserves.

All of the Company s properties are in the exploration stage meaning that the Company has not determined whether any such property contains mineral reserves that are economically recoverable. Failure to discover economically recoverable reserves will require the Company to write-off costs capitalized in its Canadian GAAP financial statements, which at August 31, 2005 totaled $12,091,549.

We depend on its key management employees.

The Company s development to date has depended, and in the future will continue to depend, on the efforts of its key management figures: R. Michael Jones, Chairman, President, CEO and Director of the Company; Frank R. Hallam, Chief Financial Officer and Director of the Company and John Gould, Managing Director of PTM-RSA. The loss of any of the key management figures could have a material adverse effect on the Company. With the exception of John Gould, the Company has entered into management contracts with the named directors, officers and employees. See Item 6 Directors, Senior Management and Employees and Item 7 Major Shareholders and Related Party Transactions . The Company does not maintain key man insurance on any of its management.

Our directors may be associated with other mineral resource companies.

Certain officers and directors of the Company may become associated with other natural resource companies that acquire interests in mineral properties. R. Michael Jones, Chairman, President, Chief Executive Officer and Director of the Company is also a director of Jerico Explorations Inc., a public company with a mineral exploration property in Arizona, a director of Radar Acquisitions Corp., a public company with a coal and heavy mineral project in Colorado and a director of MAG Silver Corp., a public company with silver properties in Mexico. Frank Hallam, Chief Financial Officer and Director of the Company, is also a senior officer of MAG Silver Corp., a director of Jerico

Explorations Inc., a senior officer of Callinan Mines Ltd., a base metals exploration company with projects in Manitoba and British Columbia and a director and senior officer of Sydney Resource Corporation, a company which, prior to Mr. Hallam s appointment, acquired the Siml