

44

Ru

Ruthenium

101.07

45

Rh

Rhodium

102.91

46

Pd

Palladium

106.42

76

Os

Osmium

190.23

77

Ir

Iridium

192.22

78

Pt

Platinum

195.08



PLATINUM GROUP METALS

PLG:AMEX PTM:TSX

The platinum group metals are essential elements in many of the items we use every day such as cars, computers, industrial products and jewelry. There are six platinum group elements: platinum, palladium, rhodium, osmium, iridium and ruthenium. The largest single metal market is for platinum.

Often referred to as the “clean air metals”, platinum, palladium and rhodium are the primary elements that allow an automotive catalytic converter and emissions reduction system to work effectively.

Our mission is to build mines producing these important platinum group metals while building our resources in these essential metals.

Our goal is to deliver growth and shareholder value through our strengths and excellent strategic position as the operator of a shallow, large scale, high grade platinum resource. We boast a skilled operating technical team, strong partners and supportive institutional shareholders in the global capital markets.

Platinum Group Metals

2007 Highlights:

- Continued work on our high grade, near surface platinum deposit adding significant resources in the Western Bushveld Joint Venture with 7.3 million ounces measured and indicated in Project 1;
- Added a large new area of the Western Bushveld Joint Venture, providing additional scope for our Project 2 platinum deposit;
- Increased our exposure with our listing on the American Stock Exchange effective June 28, 2007, which greatly expands the market for our shares;
- Added to our strong team in South Africa with a corporate counsel, a senior financial manager, a mine planner, a resource geologist and other skilled professionals;
- Completed steps in the pre-feasibility study on Project 1 which demonstrates a solid and conservative mine plan with attractive financial returns;
- The Company received over \$11.5 million from warrant exercises, representing the solid financial support of our major shareholders and the strong performance of our shares;
- Strengthened our black economic empowerment partnership in South Africa with Wesizwe Platinum's (WEZ: JSE) purchase of Africa Wide.

Building on Essential Elements

Photo:
Extensive drill
core is used
to create a
block model of
the platinum
deposit



This year's annual report is structured on the frame of its title – "Building on Essential Elements". The theme is in concert with our new logo representing the building blocks of the periodic table and the six platinum group metals: platinum, palladium, rhodium, osmium, iridium and ruthenium.

There are many ways in which these words characterize our business; building a mine and our company, gathering all of the essential ingredients, while focusing on platinum group elements essential to our everyday life.

We have accomplished many of our milestones in 2007 and we have major milestones ahead of us as we move from exploration to a construction decision to operations in the year ahead.

Building

Platinum Group Metals Ltd. ("Platinum Group") is continuing to build resources in Projects 1, 2 and 3 of the Western Bushveld Joint Venture. In the year ahead, our focus will be on the completion of feasibility studies and our decisions to build platinum mines on these projects with our joint venture partners Anglo Platinum and Wesizwe Platinum.

Our team has grown in the last year and we have been working hard to continue building it in-step with the projects' advancements.

Our new American Stock Exchange listing is directed at building our profile with investors. Over the coming year we plan to work hard on growing the interest in our company and our shares.



PLG:AMEX PTM:TSX

Photo:
The drill core
is carefully
logged,
sampled
and stored
for future
reference

Essential

A strong working relationship and shared goals with our joint venture partners are essential to maximizing the value from our projects. We are very fortunate to have excellent partners in Anglo Platinum and Wesizwe Platinum. Anglo Platinum has the technical expertise that comes with being the largest producer of platinum in the world. Wesizwe's largest shareholder is the local community in the area of the mines, and they provide the key to a strong community relationship and a voice of the community's needs in our development plans.

It is also essential that we look beyond the Western Bushveld Joint Venture. Our exploration team has been looking across southern Africa for new opportunities in platinum group metals and associated nickel-copper. Our strong scientific and engineering personnel with an open co-operative corporate culture are essential elements to the success of the Company's future.

Elements

The platinum group metals are the essential precious metals. Each element plays a key role in the world ahead and for this reason we are optimistic about their outlook.

We strive to continue to build Platinum Group Metals Ltd. and maintain our entrepreneurial spirit as we grow our assets, team and responsibilities. We look to capitalize on our enviable position as we finalize plans for a platinum mine at a time when platinum is in a strong market position. We are confident that our steady march on the path towards production will bring value to our shareholders and we appreciate their support in our shared vision – *to Build on Essential Elements*.



Building

Photo:
The Merensky
platinum
bearing layer



Partnerships

Our Team

Our Profile

Construction Designs

Scale

Resources

Confidence

Building



Building

During the 2006 year Platinum Group significantly increased the resources and engineering confidence of the resources within the Western Bushveld Joint Venture ("WBJV"). During the year as operator of the WBJV, we completed 75 bore holes for a total of 47 kilometres of core to test and confirm the deposit. This information generated a new deposit model which was completed on September 7, 2007. The new model confirmed a total of 7.3 million ounces 4E (platinum, palladium, rhodium and gold) in the Measured and Indicated category, up 18% from the 6.2 million ounces reported in the January 2007 Pre-Feasibility Study Report. More notably, the Measured and Indicated resource estimates confirmed the good grade of the Merensky Reef at 7.03 g/t and 6.78 g/t 4E respectively.

In April 2007 the WBJV continued to build and expand on the overall resources with the addition of a 50% interest in the 4.9 square kilometre Portion 11 of the Farm Frischgewaag into the WBJV. Portion 11 is a logical addition to the Project 2 block and is held jointly (50%) with Wesizwe Platinum, who is also our partner on Project 1. The newly contributed portion, in addition to resources already outlined in the area, consolidates an estimated 8.5 million Inferred ounces 4E in the Project 2 area (See the Management Discussion and Analysis Section for the details and Risk Factors).

In July 2007, Wesizwe Platinum agreed to purchase the privately owned Africa Wide Mining, the founding black economic empowerment partner in the WBJV. Wesizwe, a company also formed on black empowerment principals, is the majority owner and operator in the Project 2 area. Our technical cooperation with Wesizwe has rapidly increased during the year. By fiscal year end a \$10 million, technically cutting edge 3-dimensional seismic geophysical survey was completed by all of the

participants in the region. This survey yielded some important results with respect to our goal of continuing to build resources as we outline new areas for drilling in the early 2008 fiscal year. The excellent cooperation between Anglo Platinum and its other partners including Wesizwe Platinum is a key element as we move towards Final Feasibility and construction decisions for Projects 1 and 2.

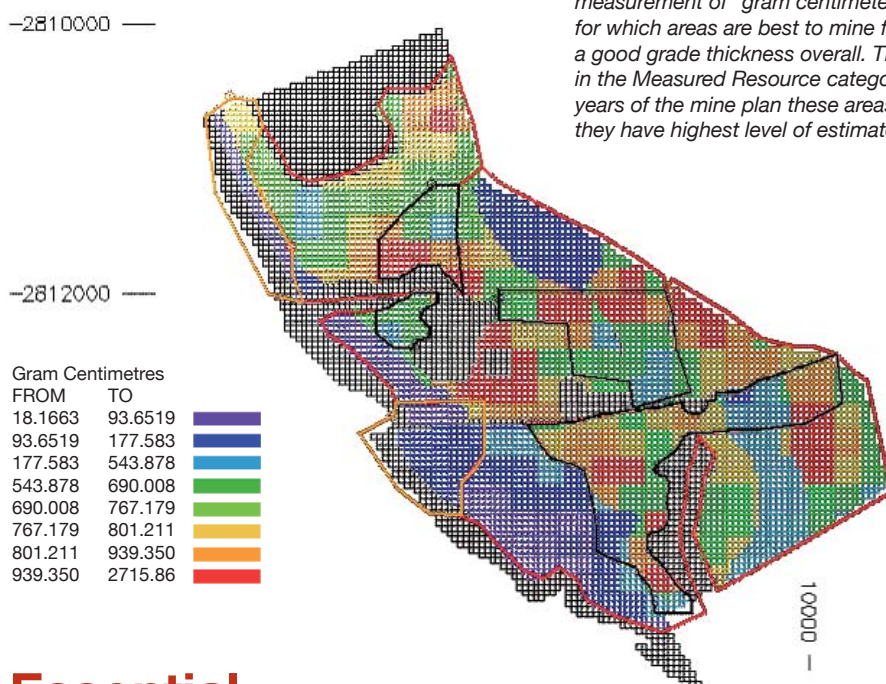
At Platinum Group Metals Ltd., we have been building our team. During the year we have added Ian Kloppers as our financial manager; Michael Wasserfall as corporate counsel; Meshack Rantho as site manager and database specialist; Len Backhouse as mine planner; and Thys Botha as a senior statistician and resource geologist. Each of these individuals has between 10 to 20 years experience in the South African resource sector and bring with them strong technical capabilities to build on the Western Bushveld Joint Venture and new projects for our company. Shortly after year end we added Peter Busse to our team as Chief Operating Officer. Peter is an experienced mine builder and operator.

We have also been working to build our profile with investors. On June 25th, 2007 we announced the Company's listing on the American Stock Exchange in New York under the symbol PLG. This is a significant milestone for the Company as it provides an excellent opportunity to grow the interest in our company and its shares.

Essential

Photo:
Detailed
planning





Merensky Reef Block Model

Grade in platinum, palladium, rhodium and gold times the thickness of the reef in centimeters. Each statistical block has its own estimate for these key features. The measurement of "gram centimeters" provides a guide for which areas are best to mine first. Project 1 has a good grade thickness overall. The black blocks are in the Measured Resource category and in the initial years of the mine plan these areas are also targeted as they have highest level of estimated confidence.

Essential

We have the technical expertise and competitive advantages that are essential to the success of our business. In addition to our own in-house technical team we have access to Anglo Platinum, the largest producer of platinum in the world, to assist us in designing our ongoing bankable feasibility study for maximum value from our projects. We are in a strong position with relatively high-grade, desirable Merensky Reef located near surface. This material is particularly desirable for its good platinum grade and its low chrome content, a penalty element at the smelter.

It is essential as the operator for any of our projects that we consider the safety and needs of the community where we plan to operate. We strive for a climate of mutual respect and fair dealing where the needs of all parties can be heard in a respectful environment. Both the voices of concern and those that see the benefits of development are given an opportunity to be heard. Wesizwe, our new joint

venture partner in the WBJV, has the community in the area of the potential mines as its largest shareholder. We believe this will solidify a strong relationship with the community which can be built on and expanded.

It is also essential that we grow as a company, in addition to our work on the WBJV we are looking at new opportunities. During 2007 we put together a working group which included some of the top published academic authors on platinum. Our proposition was simple: "give us your best ideas and we will pursue them." To our surprise, they embraced the idea and were pleased to be part of such a dynamic team. We listed some 168 targets and filed prospecting permitting applications on the top eight. We are hopeful that these permits will be accepted and provide the essential growth initiative for the continued success of the Company. We will continue to look at acquisitions using our strong scientific and engineering strength as a base.

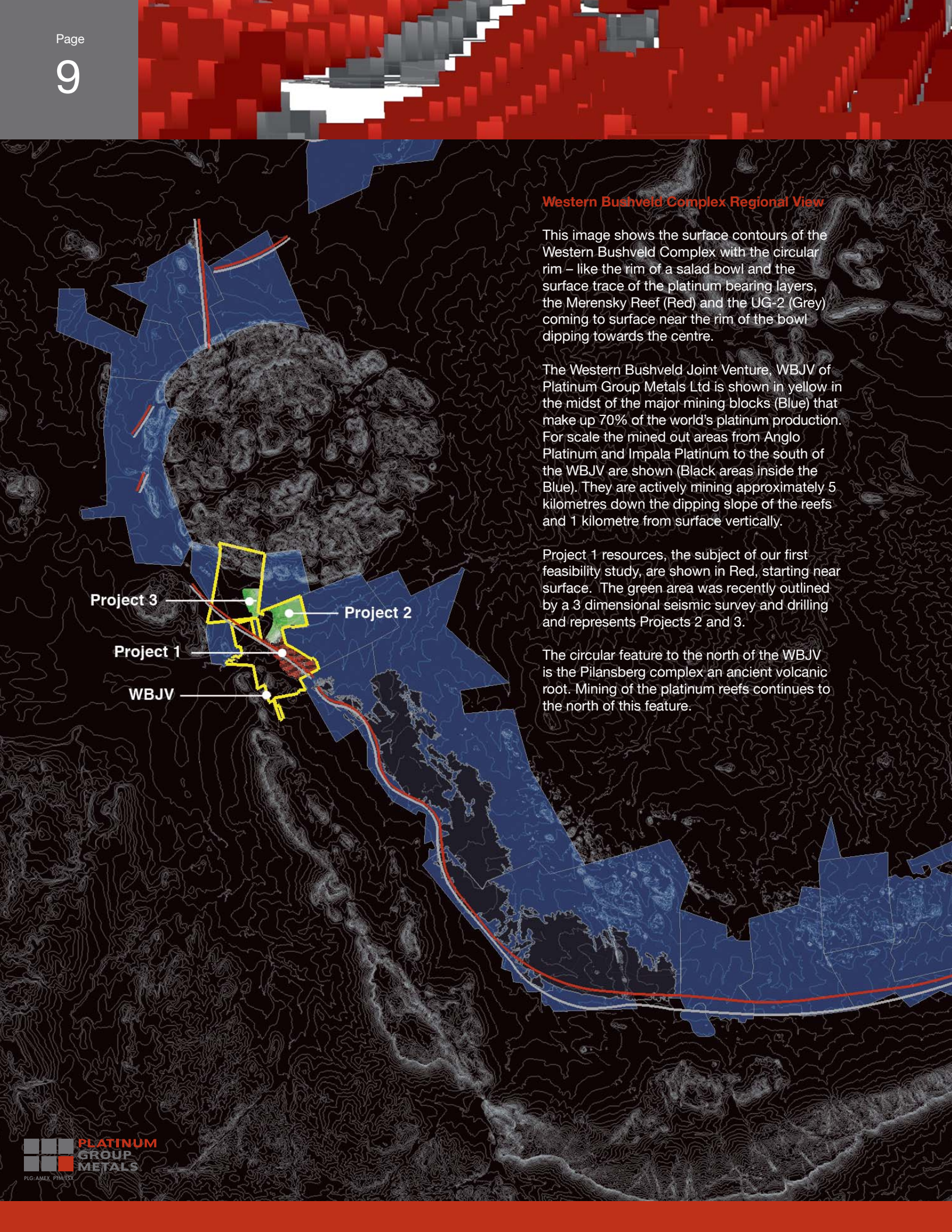
Western Bushveld Complex Regional View

This image shows the surface contours of the Western Bushveld Complex with the circular rim – like the rim of a salad bowl and the surface trace of the platinum bearing layers, the Merensky Reef (Red) and the UG-2 (Grey) coming to surface near the rim of the bowl dipping towards the centre.

The Western Bushveld Joint Venture, WBJV of Platinum Group Metals Ltd is shown in yellow in the midst of the major mining blocks (Blue) that make up 70% of the world's platinum production. For scale the mined out areas from Anglo Platinum and Impala Platinum to the south of the WBJV are shown (Black areas inside the Blue). They are actively mining approximately 5 kilometres down the dipping slope of the reefs and 1 kilometre from surface vertically.

Project 1 resources, the subject of our first feasibility study, are shown in Red, starting near surface. The green area was recently outlined by a 3 dimensional seismic survey and drilling and represents Projects 2 and 3.

The circular feature to the north of the WBJV is the Pilansberg complex an ancient volcanic root. Mining of the platinum reefs continues to the north of this feature.



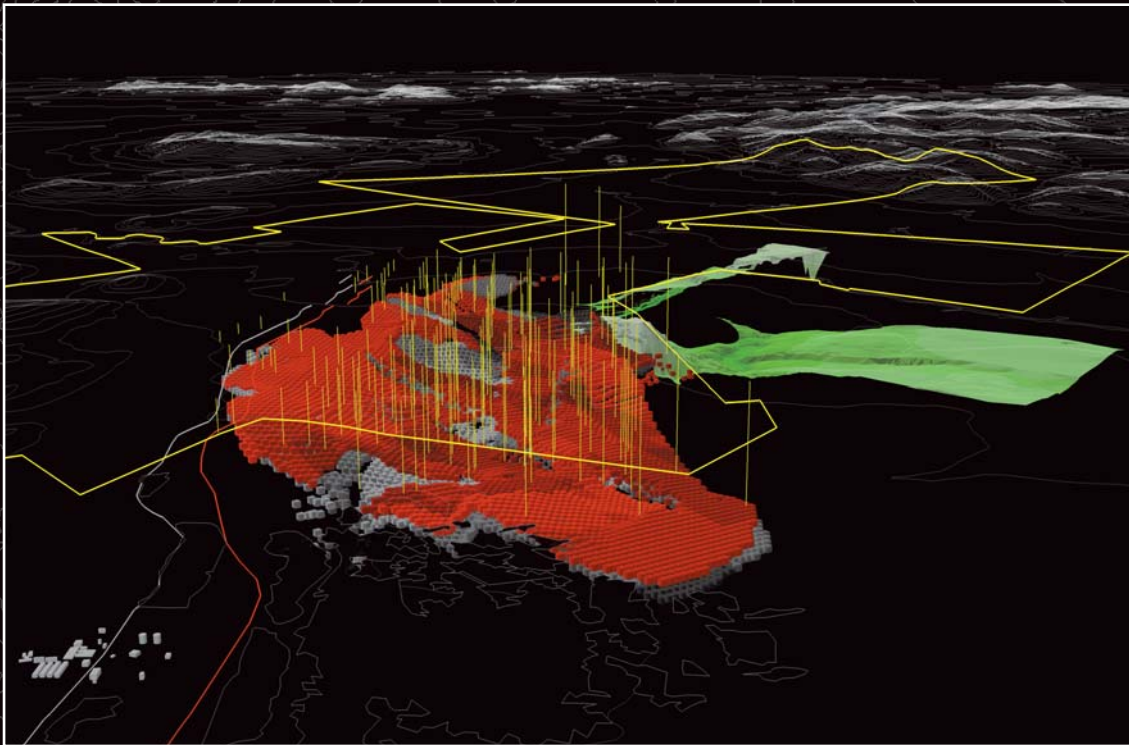
The map displays the Western Bushveld Complex with its characteristic circular rim. Large blue areas represent major mining blocks. A yellow outline indicates the Western Bushveld Joint Venture (WBJV). A red line marks the Merensky Reef, and a grey line marks the UG-2 reef. Three projects are labeled: Project 1 (red), Project 2 (green), and Project 3 (yellow). The Pilansberg complex is visible as a circular feature to the north of the WBJV.

Project 3

Project 2

Project 1

WBJV



Western Bushveld Joint Venture – Below Surface

After completing over 150 bore holes into the target platinum reefs a detailed block model was developed. Each block on the Merensky Reef in Red and UG-2 in Grey has a statistically modeled grade in terms of platinum, palladium, rhodium, gold, copper and nickel as well as a thickness and other geological characteristics. This model is the basis of the detailed mine design as part of the feasibility study nearing completion. The objective of the feasibility study is to provide all of the information the partners need to make a construction decision and to provide the safest and most efficient design for the future mine. Many of the same sound engineering principals and attention to detail that we expect from designs of our buildings and roads are applied to mine feasibility studies.

Sophisticated technology including down-hole surveys and 3 dimensional seismic surveys are used to confirm the geological models from drilling. The Green area is the UG-2 reef surface modeled from drilling and a seismic survey. Building this model involved thousands of data points measured at 17,000 stations numerically crunched with plenty of computing power. The result of the work was a very detailed understanding of the geology down to 10 -30 metre scale for future mine planning and exploration. The work also opened new shallow exploration targets for Project 3.



Estimated Use of Global Annual Platinum Production



Elements

The Platinum Group Elements

Overall demand for platinum grew by just over 1% to a record 6.78 million ounces last year, and was estimated by industry authority Johnson Matthey to be substantially in balance for the first time in 7 years. With increasingly stringent clean air standards, both in the developed and the developing world, disruptions in supply from South African mines and smelters, and continued strong industrial and bridal demand, the platinum market is tight.

The key driver for platinum demand continues to be catalytic converters for vehicles. Platinum helps “scrub” pollutants from an engine’s exhaust. While palladium is substituted in vehicles operating with gasoline engines, platinum is still the dominant PGE (platinum group element) employed by diesel cars and trucks. Fully 50% of all new light-duty vehicles in Europe run on the more fuel-efficient diesel fuel, partly as a reaction to climbing gasoline prices. This move to diesel powered vehicles is beginning to be seen in North American auto markets as well as fuel prices rise.

Over 55% of global annual platinum production is now used in the manufacture of automotive catalytic converters. With 24% of the demand, industrial uses such as glass and electronic manufacturing has for the first time surpassed the platinum jewelry industry, with 21%. Jewelry demand, rather than falling off sharply with the increase in prices, has been surprising resilient.

Over 75% of the world’s primary platinum supply continues to be produced by South Africa, with the bulk of that coming from the Western Bushveld region. The major platinum producers are striving to increase output but world demand has surged ahead of the production expansion. Smelter capacity needed for final recovery of platinum has

been constrained, which is expected to put high grade and low chromium content ore in demand. Chromium is challenging to handle at the smelters.

Palladium is expected to have a stable market in the years ahead and is not expected to experience the same degree of tightness. Growing auto catalyst demand may be offset with continued supply from above ground stocks. Rhodium is a small but important market to the auto catalyst manufacture. There are mixed views from analysts on rhodium but the current price of over US\$6,000 per ounce supplies a significant bump to the value of platinum group elements produced in South Africa particularly from the UG-2 layer. The minor PGE elements ruthenium, osmium and iridium all have small markets. Ruthenium has benefited recently from increased demand in the hard disk market.

The main metal with the most economic importance to Platinum Group from our deposits in South Africa is platinum. Most analysts are predicting a robust market for platinum and the other elements associated with it. This is where Platinum Group comes into the story. Our Western Bushveld Joint Venture is one of the very rare, near-term development projects in the region with high platinum grades, low chromium, a resource close to surface and the benefit of having the world’s largest producer as our joint venture partner.

The information provided on the metals is for general knowledge and can not be relied upon as investment advice or technical information. It is largely sourced from Johnson Matthey and other published information on the platinum industry.

Report Card

Photo:
Platinum
Group Metals
Ltd's facilities
at the WBJV
looking
northeast.

Human Resource Development

Employment Equity

Migrant Labour

Mining Community and Rural Development

Housing and Living Conditions

Procurement

Ownership and Joint Ventures

Beneficiation



Mining Charter

Report Card

Human Resource Development

- As part of our mining license application, Platinum Group has prepared a draft of a Social and Labour Plan ("SLP") for the WBJV Project 1 which outlines our initial plan for interaction with the community including extensive plans to support education and training. This plan has been developed following more than a year of consultation with local leaders, municipal government officials and state officials.
- Core elements of the SLP are for concrete efforts in increasing educational levels, so community members can take advantage of opportunities from the project and improving housing and living conditions.
- Platinum Group has provided opportunities to historically disadvantaged South Africans ("HDSA") at all levels of the organization, from basic entry-level to project management and geological staff. We have trained and advanced several HDSA personnel and new graduates. The competitive labour market for these personnel has meant many of them have advanced to other opportunities in the platinum and mining industry and we are proud of the people that work with us. We continue to focus on training all of our staff.
- One of our HDSA employees has advanced from technician to on-site project manager and recently won a global award for mining database technology.
- Platinum Group's Canadian stock option plan has been extended to all South African employees and international stock optioning has been part of the learning and mentoring process.

Employment Equity

- Platinum Group has achieved a strong level of HDSA participation at the field level and through our joint venture.
- HDSA members have been provided the opportunity to be involved in the senior level of the project management committee.
- Women have been targeted for employment and advancement and several women have advanced their careers while being part of the Platinum Group team.

Migrant Labour

- Platinum Group has a policy not to discriminate against migrant labour or any other qualified applicants.

Mining Community and Rural Development

- We plan to expand this dialogue through our partnership with Wesizwe and during our environmental impact assessment consultation process. The objectives of this interaction are to provide maximum benefit to all stakeholders including the community. Communication channels have been opened up during the exploration and feasibility phase through discussions of new community development projects and integration with the local economic development plans of the municipal government;
- A number of potential community projects have been identified and coordination is underway between various government agencies and potential funding methods;
- A new and exciting initiative called MineLife Foundation has been founded by Platinum Group and several major mining houses. This



In March 2007 SABLETM created an industry award for SABLETM users: "The Meshack Rantho Data Management Award" in recognition of Meshack's superior geological database management skills.

Platinum Group's Meshack has excelled at database implementation and management.

As the first recipient of this ongoing award he was honoured at the 2007 SABLE Users Conference with a commemorative plaque and a notebook computer delivered to him by Sable's Financial Director Mr. Sandile Swana.



Mining Community and Rural Development (Continued)

initiative is geared toward a cooperative effort to provide maximum benefit from community and rural development ideas as part of mining projects across Africa. Over 150,000 employees are represented by the founding group of companies of MineLife Foundation. This group is an ideal distribution channel for aid agencies and NGOs looking to put ideas and funding to work on the ground across Africa. Platinum Group is very proud to be part of this new initiative which has global aid organizations as part of its outreach.

Housing and Living Conditions

Housing and living conditions are to be addressed as part of the SLP for the mining license application. All of the partners of the WBJV are working together to develop the best plans for the region with the objective of improving community living conditions.

Procurement

As part of the engineering procurement and construction management process, HDSA controlled companies will be targeted for involvement in the project.

Ownership and Joint Ventures

All of Platinum Group's exploration and development projects in South Africa have been structured from the outset to achieve the 15 year target of HDSA project ownership of 26%. In addition, Platinum Group's public company stock option plan is extended to all HDSA employees.

The joint venture management committee has active HDSA direct involvement.

Platinum Group has been mentored on community and government relationships with HDSA members on the management committee and through its involvement actively with Wesizwe.

All transactions are simple, transparent and fully reported as part of our Canadian and U.S. public market filings.

Beneficiation

It is anticipated that the products of the Western Bushveld Joint Venture and Platinum Group's other South African projects will be smelted and refined in South Africa. The WBJV includes a first right of refusal on the concentrate supply to Anglo Platinum.

1. DESCRIPTION OF BUSINESS

The Company is a British Columbia corporation incorporated on February 18, 2002 by an order of the Supreme Court of British Columbia approving an amalgamation between Platinum Group Metals Ltd. ("Old Platinum") and New Millennium Metals Corporation ("New Millennium"). 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, Canada 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.

2. DISCUSSION OF OPERATIONS AND FINANCIAL CONDITIONS

a) Results of Operations

The Company has been very active on projects in South Africa during the year. The Company's Canadian projects were also active during the year, with a 1,090 metre drill program conducted on the Company's Lac Des Iles projects. During the year the Company incurred a net loss of \$6,758,123 (2006 - \$3,853,273). Before a non-cash charge for stock based compensation of \$1,487,661 (2006 - \$110,176) and mineral property costs written off of \$1,323,222 (2006 - \$1,174,325), general and administrative expenses totaled \$4,586,077 (2006 - \$2,808,715). Interest, other income and recoveries amounted to \$640,359 (2006 - \$235,236). Total global exploration expenditures for the Company's account, including the Company's share of WBJV expenditures during the period totaled \$4,531,533 (2006 - \$5,474,479), of this \$3,775,890 was for the WBJV (2006 - \$4,998,447) and \$755,643 for other exploration (2006 - \$476,032). After meeting its earn in requirements in April 2006, Platinum Group Metals Ltd. is currently only responsible for its 37% pro-rata share of expenditures for the Western Bushveld Joint Venture ("WBJV"). Total WBJV expenditures (see below) during the year by all Joint Venture partners totaled \$10,497,472 (2006: \$7,705,592).

On October 27, 2004, the Company announced the formation of the WBJV with Anglo Platinum Limited and Africa Wide Mineral Prospecting and Exploration (Pty) Limited. Work commenced immediately thereafter on the project and the rate of work has accelerated since then. Activities consist of research and data review, prospecting, mapping, engineering and drilling of the project area. At the time of writing there are 4 high speed diamond drills turning on WBJV properties. On January 10, 2007, the Company completed a positive pre-feasibility study for the Project 1 area of the WBJV. During 2007 the WBJV commissioned a bankable feasibility study for the Project 1 area of the WBJV. This work is currently underway. On September 7, 2007 the Company published its most recent resource calculation for the WBJV. (See Item 2 d. "Exploration Programs and Expenditures" below)

The Company has increased its general level of activity in the past three years in South Africa. Activities in Canada have been reduced, as the more advanced nature of the WBJV project has caused it to become an investment focus for the Company. The Company still actively reviews many potential property acquisitions in the normal course of business. The Company also makes efforts to raise its profile and liquidity in the capital markets.

The following tables set forth selected financial data from the Company's Audited Consolidated Financial Statements and should be read in conjunction with these financial statements.

Management Discussion and Analysis

	Year ended Aug. 31, 2007	Year ended Aug. 31, 2006	Year ended Aug. 31, 2005
Interest & other income	\$640,359	\$235,236	\$218,373
Net Loss	(\$6,758,123)	(\$3,853,273)	(\$3,795,648)
Net Loss Per Common Share	(\$0.12)	(\$0.08)	(\$0.10)
Total Assets	\$36,764,203	\$26,427,933	\$15,705,187
Long Term Debt	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

The following table sets forth selected quarterly financial information for each of the last eight (8) quarters.

Quarter Ending	Interest & other in- come	Net Loss	Net Loss per share
August 31, 2007	\$203,489	(\$1,392,894)	(\$0.03)
May 31, 2007	\$165,873	(\$1,830,268)	(\$0.03)
February 28, 2007	\$138,384	(\$1,355,649)	(\$0.02)
November 30, 2006	\$132,613	(\$2,179,312)	(\$0.04)
August 31, 2006	\$100,991	(\$1,200,351)	(\$0.02)
May 31, 2006	\$55,062	(\$515,092)	(\$0.01)
February 28, 2006	\$53,234	(\$1,447,883)	(\$0.03)
November 30, 2005	\$25,949	(\$689,947)	(\$0.02)

The Company has not declared nor paid dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

b) Trend Information

Other than the financial obligations as set out in the table provided at item 6 below, there are no identifiable trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity either increasing or decreasing at present or in the foreseeable future. The Company will require sufficient capital in the future to meet its acquisition payments and other obligations under mineral property option agreements for those properties it considers worthwhile to incur continued holding and exploration costs upon. The Company intends to utilize its cash on hand in order to meet its obligations under mineral property option agreements. It is unlikely that the Company will generate sufficient operating cash flow to meet all of these ongoing obligations in the foreseeable future. Accordingly, the Company will likely need to raise additional capital by issuance of equity within the next year. The Company has no immediate plan or intention to issue any debt in order to raise capital for future requirements; however, the Company is working to complete a bankable feasibility study for the Project 1 area of the WBJV. If a production decision is taken by the WBJV upon completion of that study, the Company will most likely pursue debt financing for a portion of its share of the capital requirements for that project.

At the time of writing there is a favourable macro-trend with regard to the market for metal commodities and related products, however, it is the opinion of the Company that its own liquidity will be most affected by the results of its own acquisition, exploration and development activities. The acquisition or discovery of an economic mineral deposit on one of its mineral properties may have a favourable effect on the Company's liquidity, and conversely, the failure to acquire or find one may have a negative effect.

c) Risk Factors

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian and U.S. regulatory filings prior to making an investment in the Company. For a discussion of risk factors applicable to the Company, see the section entitled "Risk Factors" in the Company's most recent annual information form filed with Canadian provincial securities regulators, which was also filed as part of the Company's most recent annual report on Form 40-F with the S.E.C. Without limiting the foregoing, 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. At this stage, favorable drilling results, estimates and studies are subject to a number of risks, including:

- the limited amount of drilling and testing completed to date;
- the preliminary nature of any operating and capital cost estimates;
- the difficulties inherent in scaling up operations and achieving expected metallurgical recoveries; and
- the likelihood of cost estimates increasing in the future.

There is no certainty that the expenditures to be made by us or by our joint venture partners in the exploration of the properties described herein will result in discoveries of precious metals in commercial quantities or that any of our 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.

Management Discussion and Analysis

Political and economic instability may affect the Company's business

South Africa has undergone significant change in its government and laws since the free elections in 1994. At present, Mining Legislation in South Africa is continuing to undergo change. The new Mineral and Petroleum Resources 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, the South African legal regime 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. There is no certainty that the Company will be able to convert its existing exploration rights into mining rights. The Company's operations in general may also be affected in varying degrees by political and economic instability, terrorism, crime, 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 United States Dollar

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

The Company's properties are subject to title risks

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

Environmental risk

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 affect the Company's operations. Environmental risks 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.

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 that possess greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel.

Metal prices affect the success of the Company's business

Metal prices have historically been subject to significant price fluctuation. 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 increases or decreases in production due to improved mining and production methods. Significant reductions or volatility in metal prices may have an adverse effect on the Company's business, including the economic attractiveness of the Company's projects, the Company's ability to obtain financing and, if the Company's projects enter the production phase, the amount of the Company's revenue or profit or loss.

d) Exploration Programs and Expenditures

General

The Company continues to be active in the Republic of South Africa ("RSA"). In 2003 the Company acquired a 100% South African subsidiary named Platinum Group Metals RSA (Pty.) Ltd. ("PTM RSA") for the purposes of holding mineral rights and conducting operations on behalf of the Company. The Company conducts all of its South African exploration and development work through PTM RSA.

Mineral property acquisition costs deferred during the year totaled \$365,514 (2006 - \$300,928). Of this amount Platinum Group Metals Ltd's 37% pro-rata share of WBJV acquisition costs totaled \$23,075 (2006 - \$93,367). The Company also issued 50,000 shares at a value of \$230,000 for property acquisition costs related to the Company's obligation to acquire certain portions of the farm Onderstepoort. The balance of \$112,439 was spent on other mineral property acquisition costs in Canada. Exploration costs incurred globally in the year for the Company's interests totaled \$4,531,533 (2006 - \$5,474,479). Of that amount \$172,171 (2006 - \$27,422) was incurred on the Company's Canadian properties and \$4,359,362 (2006 - \$5,447,057) was incurred on the Company's South African properties. Of the South African amount, \$3,775,890 was for the Company's 37% share of WBJV expenditures (2006 - \$4,998,447). The South African expenditures for the year are lower than in the previous year as the Company met its earn in requirements for the WBJV in May 2006, meaning that the partners have been required to share costs since that time pro-rata to their Joint Venture interest. The total amount (100%) of exploration expenditures by all Joint Venture partners for the year for the WBJV came to \$10,205,108 which was higher than the 100% amount spent in the same period last year (2006 - \$7,612,225).

Management Discussion and Analysis

During the year \$1,323,222 (2006 - \$1,174,325) in deferred costs relating to Ontario projects were written off, while no write offs (2006 - \$209,478) were taken on South African properties. For more information on mineral properties see Note 5 and 6 of the Company's August 31, 2007 Audited Consolidated Financial Statements.

Western Bushveld Joint Venture

On October 26, 2004 the Company (37%) entered into a Joint Venture with Anglo Platinum Limited ("Anglo Platinum") (37%) and Africa Wide Mineral Prospecting and Exploration (Pty) Limited ("Africa Wide") (26%) to pursue platinum exploration and development on combined mineral rights covering approximately 67 square kilometres on the Western Bushveld Complex of South Africa. The Company contributed all of its interests in portions of the farms Onderstepoort 98 JQ and Elandsfontein 102 JQ. For more details of the properties contributed by the Company see Note 5 of the Company's audited consolidated year end financial statements. Anglo Platinum contributed its interests in portions of the farms Koedoesfontein 94 JQ, Elandsfontein 102 JQ and Frischgewaagd 96 JQ.

The Company is the operator of the WBJV. From October 2004 to April 2006 the Company funded a required exploration program in the amount of Rand 35 million (at August 31, 2005 approx. C\$6.44 million). Since then the partners of the WBJV have been required to fund their portion of further expenditures pro-rata based upon their working interest in the Joint Venture. From April 2006 to March 2007 the partners to the WBJV approved budgets in the amount of Rand 76,393,208 (approximately Cdn \$11.7 million at September 2006). In July 2007 the WBJV participants approved a new cash budget for the WBJV totalling Rand 102,976,176 (approximately Cdn \$15.5 million in July 2007). At August 31, 2007 Anglo Platinum had an unspent contribution balance to the WBJV of Rand 24,517,766 (C\$3,613,919) which will be used to fund their pro-rata share of further expenditures on the WBJV. At August 31, 2007 Africa Wide was due to contribute approximately Rand 20,296,777 (C\$2,991,745). This amount was recorded as a receivable by the Company at August 31, 2007.

To August 31, 2007, all receipts, disbursements and net assets, excluding mineral properties contributed by other venturers' to the WBJV are recorded in the books and records of the Company on behalf of the Joint Venture. Of the \$2,288,934 in the Company's accounts payable at August 31, 2007, an amount of \$1,724,000 (approximately Rand 11.7 million) was incurred on behalf of the WBJV.

In April 2007 Africa Wide accepted an offer for the purchase of 100% their company from Wesizwe Platinum Ltd. (WEZ:JSE). The transaction closed in September 2007 and Wesizwe paid consideration of 57.4 million new shares of Wesizwe at a deemed price of Rand 10.48 per share for total consideration of Rand 601.5 million (approximately C\$90 million). Since September 2007 Wesizwe has become responsible for all of the rights and obligations of Africa Wide.

On April 9, 2007 the Company announced the formal contribution to the WBJV of a 50% interest in the mineral rights to the 494 hectare Portion 11 of the Farm Frischgewaagd 96 JQ ("Portion 11") by Rustenburg Platinum Mines Ltd., a subsidiary of Anglo Platinum. Portion 11 now forms part of the Project 2 area of the WBJV. This expanded Project 2 area is adjacent to the WBJV "Project 1" area. Anglo Platinum's 50% interest in Portion 11 relates to New Order mineral rights that were converted from Old Order rights in 2007. All of the parties to the shared mineral rights on Portion 11 and RE 4 are working toward a detailed co-operation agreement. Current drilling, being conducted under initial co-operation agreements, is expected to continue.

Once a bankable feasibility study has been completed the respective deemed capital contribution of each party will be credited based on their contribution of measured, indicated, and inferred PGM ounces from the contributed properties comprising the WBJV, determined in

accordance with the South African SAMREC code. Under the terms of the original WBJV Agreement, inferred ounces will be credited at US\$0.50 per ounce, indicated ounces will be credited at US\$3.20 per ounce and measured ounces will be credited at US\$6.20 per ounce. The Company will also be credited for its Rand 35 million expenditure as described above. Each party will then have the opportunity to make equalizing cash payment, or contribute capital going forward in order to catch up any resulting shortfall in their contributed capital and thereby maintain their respective working interest in the JV. Should a party not wish to participate, the JV agreement provides a mechanism whereby the parties may elect to become “non-contributory” to the JV and by doing so they would be subject to dilution.

Portion 11 was contributed to the WBJV in 2007 as originally planned under the existing terms of the October 2004 WBJV Agreement. For this later contribution of Portion 11 the original credit rates for equalization as described above have been amended to US\$0.62 per inferred ounce, US\$10.37 per indicated ounce and US\$39.55 per measured ounce in order to adjust for current market conditions.

In January 2007 the Company published a Pre-Feasibility Report and an updated Independent Resource Estimate which shows Measured, Indicated and Inferred “4E” (platinum, palladium, rhodium and gold) resources for the Project 1 area of the WBJV. On February 7, 2007 the Company published an initial Independent Resource Estimate for the Project 2 area of the WBJV. Later, on September 7, 2007 the Company published its most recent resource calculation for the WBJV.

The Pre-Feasibility Study and revised resource estimation for the Project 1 area of the WBJV was dated January 15, 2007. A report titled “Technical Report Western Bushveld Joint Venture Project 1 (Elandsfontein and Frischgewaagd)” was filed by the Company on www.sedar.com January 30, 2007. The Pre-Feasibility Study considers and outlines the details and possible mitigation of several considered projects risks, not yet assessed in full detail, including metallurgical recoveries, smelting and refining costs, surface and mining rights, permits, and involvement of communities in compliance with the Minerals and Petroleum Resources Development Act (2002).

The Pre-Feasibility Study’s findings were positive for a platinum mine in the Project 1 area of the Western Bushveld Joint Venture (“WBJV”) in South Africa. The partners of the WBJV gave their approval to advance towards a bankable feasibility study for an underground mine producing 155,000 ounces per annum platinum or 250,000 ounces per annum platinum, palladium, rhodium and gold in concentrate.

Resources in the Measured and Indicated categories can be included in a bankable feasibility financial model under SAMREC and NI-43101 guidelines. Further drilling is now investigating additional areas with reef potential along strike on Project areas 2 and 3 within the Joint Venture area. At the time of writing the Company has four diamond drilling rigs deployed on the WBJV. The WBJV property includes the untested projected surface trace of the Merensky and UG2 reefs which have been intercepted in a number of drill holes outside of areas where resources have been defined to date. To the time of writing the WBJV has completed more than 100,000 metres of drilling in approximately 200 boreholes.

Summary resource details from published reports for Project 1, Project 1a and Project 2 follow in the table below. Platinum Group Metals Ltd. holds a 37% interest in the 4E ounces attributable to the WBJV. The prill splits and 4E estimates for Project 2 have been calculated by arithmetic mean. The prill splits and 4E estimates for Project 1 and 1a have been tested for reasonableness by kriging on the individual elements. Copper and nickel as well as the minor platinum group elements have also been estimated with a statistical process of Simple Kriging for Project 1 and 1a. Absent values for copper, nickel and the minor platinum group elements have been derived from regressed values.

Management Discussion and Analysis

Project	Reef	Resource Category	Cut-Off	WBJV Interest	Tonnes In Mil-lions	Grade 4E	Width Me-tres	Prill Split (4E)				WBJV Ozs In Mil-lions
								Pt	Pd	Rh	Au	
Project 1												
	MR	Measured	300 cm g/t	100%	6.305	7.03	1.18	64%	27%	4%	5%	1.425
	UG2	Measured	300 cm g/t	100%	7.165	3.75	1.56	63%	26%	10%	1%	0.864
	MR	Indicated	300 cm g/t	100%	12.181	6.78	1.22	64%	27%	4%	5%	2.655
	UG2	Indicated	300 cm g/t	100%	18.579	3.96	1.44	63%	26%	10%	1%	2.365
	MR	Inferred	300 cm g/t	100%	0.289	6.47	1.03	64%	27%	4%	5%	0.060
	UG2	Inferred	300 cm g/t	100%	2.387	4.40	1.49	63%	26%	10%	1%	0.338
Project 1a												
	MR	Inferred	300 cm g/t	100%	1.871	6.48	1.15	64%	27%	4%	5%	0.390
	UG2	Inferred	300 cm g/t	100%	2.973	5.00	1.57	63%	26%	10%	1%	0.478
Project 2												
RE 4	MR	Inferred	100 cm g/t	50%	6.54	5.84	1.42	68%	24%	5%	3%	0.614
	UG2	Inferred	100 cm g/t	50%	11.95	4.63	1.57	59%	29%	11%	1%	0.890
Ptn 11	MR	Indicated	1.18 - 1.24 m	50%	0.220	7.38	1.21	62%	28%	5%	5%	0.025
	UG2	Indicated	1.27 m	50%	0.050	4.32	1.27	59%	29%	11%	1%	0.004
	MR	Inferred	1.11 - 1.55 m	50%	16.100	6.00	1.46	62%	28%	5%	5%	1.550
	UG2	Inferred	1.23 m	50%	16.240	4.62	1.23	59%	29%	11%	1%	1.200
	Total Measured 4E Ounces											2.289
	Total Indicated 4E Ounce											5.049
	Total Inferred 4E Ounces											5.520

MR = Merensky Reef

UG2 = Upper Group 2 Reef

Cautionary Note to U.S. Investors: The U.S. Securities and Exchange Commission permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms in this document, such as "measured," "indicated," and "inferred," "reserves," "resources," that the SEC guidelines strictly prohibit U.S. registered companies from including in their filings with the SEC. "Resources" are not "Reserves" and so do not have demonstrated economic viability. U.S. investors are urged to consider closely the disclosure in our U.S. regulatory filings, File No. 0-033562, which may be secured from us, or from the SEC's website at: <http://sec.gov/edgar.shtml>.

Project 1 and Project 1a: A 39% and 41% total geological loss for the Merensky Reef and UG2 Reef respectively was applied to the resource area to accommodate for areas of potentially un-mineable structural and geological conditions. This geological loss considers losses for faults, dykes, potholes and areas of iron replacement pegmatite. Structural loss estimates are based on drilling, field mapping and remote sense data which include a high resolution aeromagnetic survey. The Merensky mineral resource estimate is based on 158 boreholes with 178 intercepts and the UG2 is based on 192 intercepts within the 1,087 hectare area. The prill split has been calculated by weighted averages as a proportion of the total 4E and the grades have been estimated with a more rigorous statistical process of Simple Kriging. The cut-off was determined on a practical mining width and the known costs and mining methods regionally. Platinum Group's independent consulting Qualified Person has provided the resource estimate according to the SAMREC code. The reconciliation to the CIM codes is that the categories are the same. The resources are located on New Order prospecting permits that provide for the right to be converted to mining rights. Charles Muller of Minxcon is the Qualified Person ("QP") for this report. He is registered with the SACNASP (South African Council for Natural Scientific Professions) (Registration No. 400201/04). Mr. Muller is an independent consultant with 18 years experience as a geologist, and resource evaluator. Samples were analyzed under Platinum Group's and Anglo Platinum's protocols including insertion of blanks, duplicates and certified reference materials in the assay stream once in every 24 or fewer samples. This is in addition to internal quality control measures undertaken by the contracted analytical facilities. Mr. Muller has visited the property on numerous occasions and has completed sufficient testing procedure to be satisfied that he has reasonably verified the data.

Project 2 – Remaining Extent of Ptn 4 of the farm Frischgewaagd 96 JQ: An iron replacement area that was delineated by drilling and detailed aeromagnetics was subtracted. In addition to that, a further 18% geological loss was applied. Charles Muller is the Qualified Person ("QP") for the resource assessment report. He is registered with the SACNASP (South African Council for Natural Scientific Professions) (Registration No. 400201/04). Mr. Muller is an independent consultant with 18 years experience as a geologist, and resource evaluator. Samples were analyzed under Platinum Group's and Anglo Platinum's protocols previously published for the project including insertion of blanks, duplicates and certified reference materials in the assay stream once in every 24 or fewer samples. This is in addition to internal quality control measures undertaken by the contracted analytical facilities.

Project 2 – Ptn 11 of the farm Frischgewaagd 96 JQ: A 20%-30% total geological loss was applied to the area to accommodate for areas of potentially un-mineable structural and geological conditions. This geological loss considers losses for faults, dykes, potholes and an area of iron replacement pegmatite. Structural loss estimates are based on drilling, field mapping and remote sense data which include a high resolution aeromagnetic survey. The Merensky mineral resource estimate is based on 15 boreholes with 39 intercepts within the 494 ha area and 13 boreholes with 35 intercepts for the UG2 mineral resource estimate. The cut-off was determined on a practical mining width and the known costs and mining methods regionally. There are several other qualified person estimates in the public domain with other degrees of confidence on the same area. Once due diligence on further drilling and evaluation has been completed by the Company's QP, the resource classification for a 43-101 compliant report will be updated. The Company's independent consulting Qualified Person has provided this initial resource according to the SAMREC code. The reconciliation to the CIM codes is that the categories are the same. Mr. David Gray, of Snowden, is the independent QP for the resource assessment report of Frischgewaagd 96 JQ, Portion 11. He is registered with the SACNASP, the South African Council for Natural Scientific Professions, Registration No 400018/04. Mr. Gray has more than 17 years of relevant experience in platinum group metal resource assessments. Sampling was conducted using Anglo Platinum's

Management Discussion and Analysis

protocols, as previously published for the project. This includes the insertion of blanks, duplicates and certified reference materials in the assay stream, which is followed by routine quality analysis. These quality controls are in addition to the internal quality control measures undertaken by the contracted analytical facilities. Assays have been completed largely at Anglo Platinum's laboratories in Johannesburg by standard fire assay procedures. Data has been verified by the QP to the extent that he has personal experience with the compilation of the data at the time it was collected and the protocols employed at Anglo Platinum during the data collection.

Northern Limb, Bushveld - War Springs and Tweespalk Properties

On June 3, 2002, the Company entered an option agreement whereby it may earn a 100% interest in the 2,396 hectare War Springs property and the 2,177 hectare Tweespalk property both located in the Northern Limb or Platreef area of the Bushveld Complex north of Johannesburg. Acquisition and exploration costs on these properties to August 31, 2007 total \$3,394,062 (August 31, 2006 - \$3,037,933).

By prior agreement with the holders of the Old Order mineral rights the Company had an option to purchase 100% of these mineral rights for US\$690 per hectare. The Company also agreed to pay prospecting fees to the vendors of US\$3.25 per hectare. The vendors retain a 1% NSR Royalty on the property, subject to the Company's right to purchase the NSR at any time for US\$1.4 million. A 5% finders' fee applies to vendor payments.

Under the new Mineral and Petroleum Resources Development Act (2002), which became effective in May 2004, Old Order permits were to be converted into New Order permits during a transition period. This process is now complete for the War Springs and Tweespalk properties. The June 3, 2002 option agreement provides for amendments as may be needed to maintain the parties in the same commercial position as they were in under the preceding mineral legislation and such amendments are yet to be completed.

Black Economic Empowerment groups Africa Wide and Taung Minerals (Pty) Ltd. have each acquired a 15% interest in the War Springs project carried to bankable feasibility. The Company's retains a net 70% project interest.

Africa Wide also has a 30% participating interest in the Tweespalk property. The Company has not recorded a receivable for Africa Wide's share of costs to date, which at August 31, 2007 are calculated to be \$334,727 (August 31, 2006 - \$253,783). The Company expects that Africa Wide will be able to fund their share of costs in the future and amounts recovered from Africa Wide will be treated as a reduction of costs relating to the Tweespalk property.

Lakemount, Ontario

On November 6, 2003 the Company acquired an option to earn up to a 62% interest in the 3,017 hectare Lakemount property located near Wawa, Ontario. Exploration results on the project to date have been of interest, but in light of certain title deficiencies and a complex title chain, the Company has abandoned the project. Deferred acquisition and exploration costs relating to the project in the amount of \$1,323,222 have been written off.

Lac Des Iles Area Properties, Ontario

On May 5, 2000, New Millennium entered into an option agreement to acquire a 50% interest in the Lac des Iles River property located near Thunder Bay, Ontario in exchange for cash payments (\$43,500 paid in total) and the completion of exploration expenditures. On October 6, 2006, the Company and the property vendors entered into a termination and sale agreement whereby the option agreement was cancelled and the Company purchased an undivided 100% interest in the property subject only to an underlying 2.0% Net Smelter Return

Royalty. In settlement the Company made a one-time payment to the vendors of \$50,000 in lieu of past and future exploration expenditure commitments not incurred.

In April 2000, and later as amended in January 2005, the Company acquired an option to earn a 50% interest in the South Legris property located near Thunder Bay, Ontario in exchange for cash payments (\$105,000 paid in total) and the completion of certain exploration expenditures. The Company wrote off \$587,369 in deferred acquisition and exploration costs related to the property at August 31, 2004. On October 13, 2006, the Company and the property vendors entered into a termination and sale agreement whereby the option agreement was cancelled and the Company purchased an undivided 100% interest in the property subject only to underlying 2.0% Net Smelter Return Royalties. In settlement the Company made a one-time payment of \$50,000 in lieu of past and future exploration expenditure commitments not incurred.

On June 28, 2000, New Millennium entered into an option agreement to earn up to 60% interest in the Shelby Lake property, located near Thunder Bay, Ontario in exchange for cash payments of \$15,000 (paid), the issue of 30,303 shares (issued) and the completion of exploration expenditures. On October 18, 2006, the Company and the property vendor entered into a termination and sale agreement whereby the option agreement was cancelled and the Company purchased an undivided 100% interest in the property for a one-time payment of \$5,000 subject only to an underlying 2.0% Net Smelter Return Royalty.

In late 2006 a 1,090 metre drill program was conducted on the Company's Lac Des Iles area projects. Further drilling is planned for the fall and winter of 2007 – 2008. For more details of the Company's Lac Des Iles properties see Note 5 of the Company's audited year end financial statements..

Seagull, Ontario

On September 24, 2004 the Company acquired an option to earn up to a 70% interest in the Seagull property located in the Nipigon region of Ontario by completing certain exploration expenditures, by making cash payments and by completing a bankable feasibility study and providing or arranging production financing. The Company terminated the Seagull option as of February 28, 2006 resulting in a write-off of \$785,288.

Agnew Lake, Ontario

The Company's Agnew Lake property was not active during the period. The Company has directly performed \$512,265 worth of exploration work and caused further work of approximately \$3,140,805 to be performed through the joint venture arrangement with PFN and Kaymin to August 31, 2005. Occurrences of PGMs have been located on the property, but no resource has been delineated to date. At August 31, 2005 the Company wrote off its remaining investment in the property of \$276,852. In 2007 Kaymin advised the Company that it would cease further funding of the project. Kaymin also notified the Company that they would vest as to a 26.17% interest in the property in accordance the terms of their option agreement. PFN has now terminated its option and retains no working interest.

e) Administration Expenses

Before a non-cash charge for stock based compensation of \$1,487,661 (2006 - \$110,176), and mineral property costs written off of \$1,323,222 (2006 - \$1,174,325), and not including interest, other income and recoveries in the year of \$640,359 (2006 - \$235,236), general and administrative expenses totaled \$4,586,077 (2006 - \$2,808,715). Since 2002 the Company has grown substantially through its amalgamation with New Millennium Metals Corporation and its expansion into the Republic of South Africa. This growth is reflected in the costs described

Management Discussion and Analysis

herein. During 2004 the Company opened and staffed a permanent office in Johannesburg and commenced active exploration on the ground. The costs described above include management and consulting fees of \$690,504 (2006 - \$367,891); office and miscellaneous expenses of \$230,829 (2006 - \$156,795); professional fees of \$416,945 (2006 - \$266,223); salaries and benefits of \$1,400,258 (2006 - \$904,385); shareholder relations expense of \$216,597 (2006 - \$153,220); travel expenses of \$656,965 (2006 - \$271,883); mail, news releases and printing expense of \$83,999 (2006 - \$92,281) and promotion expenses of \$193,296 (2006 - \$112,721). All of these costs have increased during the year from 2006 levels as a result of the Company's growth and expanded efforts in South Africa.

f) Related Party Transactions

Management and consulting fees, salaries and Director's sitting fees in the year of \$500,821 (2006 - \$354,710) were incurred with directors of the Company. Of this amount approximately \$220,591 (2006 - \$195,980) is related to fees for the Company's President. At August 31, 2007 there were \$21,869 in fees (2006 - \$7,600) owed and included in accounts payable.

The Company received \$138,210 (2006 - \$135,340) during the period from MAG Silver Corp. ("MAG"), a company with two common directors and a common officer, under the terms of a 2003 service agreement for administrative services. Accounts receivable at the end of the end include an amount of \$267 due from MAG.

During the year the Company accrued or received payments of \$67,200 (2006 - \$27,300) from West Timmins Mining Inc. ("WTM") formerly Sydney Resource Corporation, a company with three common directors and a common officer, for administrative services. Accounts receivable at the end of the period include an amount of \$16,895 due from WTM.

During the year ended August 31, 2005, the Company entered into an office lease agreement with Anthem Works Ltd. ("Anthem"), a company with a common director. During the year ended August 31, 2007 the Company accrued or paid Anthem \$66,684 under the office lease agreement (2006 - \$62,333).

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

g) Shareholder Relations' Expenses

Shareholder relations' expense during the year totaled \$216,597 (2006 - \$153,220). The Company manages its shareholder relations as an internal function. The Company has been active in raising its profile with both retail and institutional investors. Since May 2005 Roth Investor Relations ("Roth") has been contracted at a rate of US \$5,000 per month to provide distribution of the Company's information to US institutions and other international analysts and money managers. Prior to May 2005 Roth was contracted by the Company to provide services, on an invoice basis, as needed from time to time. 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. Since June 2005 Mr. Tony Mahalski of LM Associates in London, U.K., has been engaged for a fee of GBP 1,000 per month for the purpose of general business development and the raising of the Company's profile in Europe.

h) Travel and Promotion Expenses

Travel expenses for the year amounted to \$656,965 (2006 - \$271,883). These activities relate to the supervision of ongoing operations in South Africa and Canada, new property investigations

and meetings with potential and current institutional and sophisticated investors. Promotional expenses in the year amounted to \$193,296 (2006 - \$112,721) and these costs relate to design work, media relations, printed material, postage and trade show attendance.

i) Property Acquisition Expenses

Property acquisition expenditures during the year totaled \$365,514 (2006 - \$300,928) in cash and shares. This includes \$105,000 for properties in Ontario, and \$260,514 to acquire or maintain option rights to the South African properties. Cash payments or accruals totaled \$135,514 (2006 - \$260,928) and share issuances for property acquisitions totaled \$230,000 (2006 - \$40,000).

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 Ontario, Canada and the Republic of South Africa.

j) Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

3. CRITICAL ACCOUNTING ESTIMATES

In preparing financial statements, management has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management. Management's critical accounting estimates apply to the assessment for the impairment of mineral properties and the valuation of other assets and liabilities such as fixed assets, investments, reclamation costs, accounting for income and resource taxes, mineral resources and contingencies.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are set out in Note 2 of its Consolidated Audited Financial Statements for the year ended August 31, 2007. There are several policies that are significant to the financial results of the Company.

Under Canadian GAAP, the Company defers all costs relating to the acquisition and exploration of its mineral properties. Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations over the life of the property using a unit-of-production method. The Company regularly reviews deferred exploration costs to assess their recoverability and when the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property do create measurement uncertainty concerning the calculation of the amount of impairment to the value

Management Discussion and Analysis

of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

Future income taxes are calculated based on the liability method. Future income taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company records a valuation allowance against any portion of those future income tax assets that it believes will, more likely than not, fail to be realized.

5. ADOPTION OF NEW ACCOUNTING STANDARDS

In January 2005, the CICA issued a new Handbook Section 3855 *Financial Instruments – Recognition and Measurement*, effective for annual and interim periods beginning on or after October 1, 2006. CICA 3855 establishes standards for recognizing and measuring financial assets and liabilities and non-financial derivatives. All financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at amortized cost. Investments available-for-sale will be recorded at fair value with the unrealized gains or losses recorded through comprehensive income. For the interim period ending November 30, 2007, the Company expects a material impact on its financial statements similar to the impact on comprehensive income for U.S. GAAP purposes. See Note 15 of the financial statements.

In January 2005, the CICA issued new Handbook Section 1530, *Comprehensive Income* and Section 3251, *Equity*, effective for interim and annual period beginning on or after October 1, 2006. CICA 1530 establishes standards for reporting and presenting certain gains and losses normally not included in net earnings or losses, such as unrealized gains and losses related to available-for-sale securities, in a statement of comprehensive income. CICA 3251 establishes standards for the presentation of equity and changes in equity as a result of the new requirements in CICA 1530. The Company will include a statement of comprehensive income upon adoption of these sections on September 1, 2007.

6. LIQUIDITY AND CAPITAL RESOURCES

The Company issued a total of 7,297,569 (2006 – 10,532,547) common shares during the year. Of this 7,247,569 shares (2006 – 10,507,547) were issued for cash proceeds of \$12,080,366 (2006 – \$16,197,711). During the year 50,000 shares (2006 – 25,000) were issued for mineral properties for a fair value of \$230,000 (2006 – \$40,000). Cash proceeds are net of share issuances to be spent on mineral property acquisitions, exploration and development as well as for general working capital purposes. See Subsequent Events for further equity issuances. The Company's primary source of capital has been from the sale of equity. At August 31, 2007 the Company had cash and cash equivalents on hand of \$12,669,067 compared to cash and cash equivalents of \$10,066,801 at August 31, 2006. The primary use of cash during the year was for acquisition of mineral properties, exploration expenditures, and investment in and advances to Joint Venture being approximately \$3,513,464, which includes \$2,645,382 for the WBJV project (2006 – \$6,423,839 which includes \$5,780,246 for the WBJV project), management fees and expenses of \$690,504 (2006 – \$367,891) and other general and administrative expenses of \$3,895,573 (2006 – \$2,440,824).

In the normal course of business the Company enters into transactions for the purchase of supplies and services denominated in South African Rand. The Company also has cash and certain liabilities denominated in South African Rand. As a result the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. In the past year to the time of writing this report, the South African Rand has fallen in value against the Canadian Dollar by approximately 14%.

The following Table discloses the Company's continual obligations for optional mineral property acquisition payments, and committed lease obligations for office rent and equipment. The Company has no long term debt or loan obligations. Under the terms of several of the Company's mineral property option and purchase agreements, the Company is required to make certain scheduled acquisition payments and incur minimum annual exploration expenditures as summarized in the table below in order to preserve the Company's interests in the related mineral properties. In the event the Company is unable or unwilling to make these payments, it is likely that the Company would forfeit our rights to acquire the related properties.

	Payments by period				
	Total	< 1 Year	1 – 3 Years	3 – 5 Years	> 5 Years
Optional Acquisition Payments	\$ 5,178,000	\$ 5,178,000	\$ 0	\$ 0	\$ 0
Lease Obligations	279,823	103,019	165,986	10,818	0
Totals	\$ 5,457,823	\$ 5,281,019	\$ 165,986	\$ 10,818	\$ 0

7. OUTSTANDING SHARE DATA

The Company has an unlimited number of common shares authorized for issuance without par value. At November 7, 2007 there were 61,451,747 shares outstanding, 4,164,875 incentive stock options outstanding and 850,000 common share purchase warrants outstanding.

8. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to both U.S. Securities and Exchange Commission and Canadian Securities Administration requirements are recorded, processed, summarized and reported in the manner specified by the relevant securities laws applicable to the Company. The Company operates in both Canada and the Republic of South Africa and work is ongoing to improve and modernize these controls and to ensure that they remain consistently applied in both jurisdictions. The Chief Executive Officer and the Chief Financial Officer have evaluated the Company's disclosure control procedures as of August 31, 2007 through inquiry, review, and testing, as well as by drawing upon their own relevant experience. The Company retained an independent third party specialist in 2007 to assist in the assessment of its disclosure control procedures. The Chief Executive Officer and the Chief Financial Officer have concluded that, as at August 31, 2007, the Company's disclosure control procedures were effective. Management is also developing and implementing a plan to address disclosure controls and procedures on a forward looking basis as the Company continues to grow.

The Company also maintains a system of internal controls over financial reporting designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company retained an independent third party specialist in 2007 to assist in the assessment of its internal control procedures. The Board of Directors approves the financial statements and ensures that management discharges its financial responsibilities. The Board's review is accomplished principally through the audit committee, which is composed of independent non-executive directors.

The audit committee meets periodically with management and auditors to review financial reporting and control matters. The Board of Directors has also appointed a compensation committee composed of non-executive directors whose recommendations are followed with regard to executive compensation.

Management Discussion and Analysis

From time to time the board may also form special sub-committees, which must investigate and report to the Board on specific topics.

During the year ended August 31, 2007, the Company effected the changes in internal control over financial reporting that have materially affected, or may materially affect, the Company's internal control over financial reporting. The Company has (i) taken steps to improve segregation of duties and the authorization process through the addition of accounting personnel; and (ii) reviewed and refined internal control processes; and (iii) adopted and published new corporate governance policies; and (iv) reviewed and improved general controls over information technology; and (v) enhanced financial control over period close processes.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, and evaluating the effectiveness of the Company's internal control over financial reporting as at each fiscal year end. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the effectiveness of the Company's internal control over financial reporting as at August 31, 2007. Based on this evaluation, management has concluded that as at August 31, 2007, the Company's internal control over financial reporting was effective.

9. AMEX CORPORATE GOVERNANCE

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

10. SUBSEQUENT EVENTS

Subsequent to August 31, 2007, 463,000 common shares were issued pursuant to the exercise of 463,000 stock options at prices between \$0.50 per share and \$2.57 per share for aggregate proceeds of \$536,500. In October 2007, there were 150,000 incentive stock options granted at a price of \$4.15 per share and 1,097,500 incentive stock options granted at a price of \$4.40 per share.

11. LIST OF DIRECTORS AND OFFICERS

a) Directors:

Eric Carlson
Frank R. Hallam
R. Michael Jones
Iain McLean
Barry W. Smee

b) Officers:

R. Michael Jones (President)
Frank R. Hallam (Chief Financial Officer, Secretary)
Peter C. Busse (Chief Operating Officer)

Management's responsibility for the Financial Statements

The preparation and presentation of the accompanying consolidated financial statements, Management's Discussion and Analysis ("MD&A") and all financial information in the Annual Report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial statements, by nature are not precise since they include some amounts based upon estimates and judgments. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances. The financial information presented elsewhere in the Annual Report is consistent with that in the consolidated financial statements.

Management, under the supervision of and the participation of the Chief Executive Officer and the Chief Financial Officer, have a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian and U.S. securities regulations. We, as Chief Executive Officer and Chief Financial Officer, will certify our annual filings with the CSA and SEC as required in Canada by Multilateral Instrument 52-109 and in the United States as required by the Securities Exchange Act of 1934.

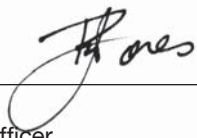
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

The Audit Committee is appointed by the Board of Directors and reviews the consolidated financial statements and MD&A; considers the report of the external auditors; assesses the adequacy of our internal controls, including management's assessment described below; examines and approves the fees and expenses for the audit services; and recommends the independent auditors to the Board for the appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with it to discuss their audit work, our internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders and also management's assessment of the internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting.

Management has assessed the effectiveness of our internal control over financial reporting as of August 31, 2007 using criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of August 31, 2007.



R. Michael Jones
Chief Executive Officer



Frank Hallam
Chief Financial Officer

November 16, 2007

Report of Independent Auditors To the Shareholders of Platinum Group Metals Ltd.

We have completed an integrated audit of the consolidated financial statements and internal control over financial reporting of Platinum Group Metals Ltd. as of August 31, 2007. Our opinions, based on our audits, are presented below.

Consolidated financial statements

We have audited the accompanying consolidated balance sheet of Platinum Group Metals Ltd. as of August 31, 2007, and the related consolidated statements of operations, shareholders' equity and cash flows for the year ended August 31, 2007. 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 audit.

We conducted our audit of the Company's financial statements as of August 31, 2007 and for the year then ended in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements of the Company as of August 31, 2006 and the results of its operations and its cash flows for the years ended August 31, 2006 and 2005 were audited by other auditors who expressed an opinion without reservation on those statements in their report dated November 8, 2006.

Internal control over financial reporting

We have also audited Platinum Group Metals Ltd.'s internal control over financial reporting as of August 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2007 based on criteria established in *Internal Control - Integrated Framework* issued by the COSO.



PricewaterhouseCoopers LLP
Vancouver, British Columbia
November 16, 2007

Report of Independent Registered Public Accounting Firm

To the Board of 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, 2006 and 2005 and the consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three year period ended August 31, 2006 and the cumulative period from March 16, 2000 to August 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2006 and 2005 and the results of its operations and its cash flows for each of the years in the three year period ended August 31, 2006 and the cumulative period from March 16, 2000 to August 31, 2006 in accordance with Canadian generally accepted accounting principles.

The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Deloitte & Touche LLP

Independent Registered Chartered Accountants
Vancouver, Canada
November 8, 2006

Comments by auditors on Canada - United States of America reporting differences

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the consolidated financial statements. Although we conducted our audits in accordance with both Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), our report to the Shareholders dated November 8, 2006 is expressed in accordance with Canadian reporting standards which do not permit a reference to such conditions and events in the auditors' report when these are adequately disclosed in the consolidated financial statements.

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the Company's consolidated financial statements, such as the change described in Note 2 (f) to the consolidated financial statements. Our report to the shareholders, dated November 8, 2006, is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the auditors' report when the change is properly accounted for and adequately disclosed in the consolidated financial statements.

Deloitte & Touche LLP

Independent Registered Chartered Accountants
Vancouver, Canada
November 8, 2006

Consolidated Balance Sheets

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

(expressed in Canadian dollars)

August 31,

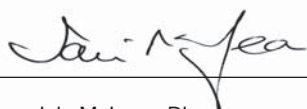
2007

2006

ASSETS		
CURRENT		
Cash and cash equivalents	\$ 12,669,067	\$ 10,066,801
Short-term investments	2,000,000	-
Marketable securities (Note 4)	210,000	210,000
Amounts receivable (Note 3)	597,989	394,993
Due from WBJV partner (Note 5)	2,991,745	-
Prepaid expenses and other assets	85,456	64,148
Total current assets	18,554,257	10,735,942
PERFORMANCE BONDS	49,411	27,364
INVESTMENT IN WBJV (Note 5)	12,413,426	10,203,453
DUE FROM WBJV PARTNERS	-	626,635
MINERAL PROPERTIES (Note 6)	5,375,656	5,830,797
FIXED ASSETS (Note 7)	371,453	240,250
Total assets	\$ 36,764,203	\$ 27,664,441
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,288,934	\$ 2,126,584
Advances from WBJV partner (Note 5)	3,613,919	-
Current portion of capital lease obligation	7,476	6,658
Total current liabilities	5,910,329	2,133,242
LONG-TERM PORTION OF CAPITAL LEASE OBLIGATION	8,435	15,911
Total liabilities	5,918,764	2,149,153
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	52,373,858	39,798,768
Contributed Surplus (Note 9)	3,006,384	1,785,705
Cumulative translation adjustment (Note 5)	(2,365,876)	(658,381)
Deficit accumulated during the exploration stage	(22,168,927)	(15,410,804)
Total shareholders' equity	30,845,439	25,515,288
Total liabilities and shareholders' equity	\$ 36,764,203	\$ 27,664,441

CONTINGENCIES AND COMMITMENTS (NOTE 12)
SUBSEQUENT EVENTS (NOTE 16)

APPROVED BY THE DIRECTORS:



Iain McLean, Director



Eric Carlson, Director

See accompanying notes to the consolidated financial statements.

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

Consolidated Statements of Operations

Page

36

(expressed in Canadian dollars)

	Year ended August 31, 2007	Year ended August 31, 2006	Year ended August 31, 2005	Cumulative amount from March 16, 2000 to August 31, 2007 (unaudited)
EXPENSES				
Amortization	\$125,046	\$93,906	\$75,760	\$361,531
Annual general meeting	82,697	50,563	33,199	229,361
Filing and transfer agent fees	129,803	49,108	84,996	415,279
Foreign exchange loss (gain)	83,292	114,912	(33,692)	181,192
Insurance	62,469	28,683	30,840	156,870
Mineral property costs written off	1,323,222	1,174,325	974,294	6,430,293
Management and consulting fees	690,504	367,891	326,167	2,311,249
News releases, print and mailout	83,999	92,281	416,083	628,261
Office and miscellaneous	230,829	156,795	135,912	819,749
Professional fees	416,945	266,223	193,765	1,487,364
Promotion	193,296	112,721	130,897	622,753
Property investigations	950	850	1,163	129,204
Rent	133,822	100,685	88,090	473,392
Salaries and benefits	1,400,258	904,385	604,260	3,568,739
Shareholder relations	216,597	153,220	75,323	920,352
Stock compensation expense	1,487,661	110,176	1,283,289	3,016,058
Telephone	78,605	44,609	45,197	253,250
Travel	656,965	271,883	258,125	1,550,821
	(7,396,960)	(4,093,216)	(4,723,668)	(23,555,718)
Less interest received and other income (Note 10(b) (c))	640,359	235,236	218,373	1,786,314
Loss before other items	(6,756,601)	(3,857,980)	(4,505,295)	(21,769,404)
Other items:				
Write-down of and equity loss in investment	-	-	127,488	429,275
Gain on sale of marketable securities	-	(5,050)	(51,200)	(47,682)
Loss on sale of fixed assets	1,522	343	7,065	8,930
	1,522	(4,707)	83,353	390,523
Loss for the period before income taxes	(6,758,123)	(3,853,273)	(4,588,648)	(22,159,927)
Future income tax recovery	-	-	793,000	1,737,000
Loss for the period	\$(6,758,123)	\$(3,853,273)	\$(3,795,648)	\$(20,422,927)
Basic and diluted loss per common share	\$(0.12)	\$(0.08)	\$(0.10)	
Weighted-average number of common shares outstanding	58,042,450	47,230,202	39,194,947	

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders' Equity

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

(expressed in Canadian dollars)

August 31, 2004, to August 31, 2007

	Common shares without par value		Contributed surplus	Cumulative translation adjustment	Deficit accumulated during exploration stage	Total shareholders' equity
	Shares	Amount				
Balance, August 31, 2004	34,587,415	14,990,075	134,932	-	(7,077,883)	8,047,124
Cumulative effect of change in accounting policy	-	-	318,000	-	(318,000)	-
Issuance of flow-through common shares for cash	173,267	259,901	-	-	-	259,901
Issuance of common shares for cash	5,000,000	5,441,078	-	-	-	5,441,078
Issued on exercise of warrants	2,469,949	2,272,462	-	-	-	2,272,462
Issued on exercise of stock options	903,000	521,873	(13,023)	-	-	508,850
Issued for mineral properties	25,000	28,000	-	-	-	28,000
Future income taxes relating to expenditures applicable to flow-through shares	-	-	-	-	(366,000)	(366,000)
Stock options granted	-	-	1,283,289	-	-	1,283,289
Net loss	-	-	-	-	(3,795,648)	(3,795,648)
Balance, August 31, 2005	43,158,631	23,513,389	1,723,198	-	(11,557,531)	13,679,056
Issuance of common shares for cash	9,500,000	14,898,656	-	-	-	14,898,656
Issued on exercise of warrants	843,047	1,181,305	-	-	-	1,181,305
Issued on exercise of stock options	164,500	165,418	(47,669)	-	-	117,749
Issued for mineral properties	25,000	40,000	-	-	-	40,000
Stock options granted	-	-	110,176	-	-	110,176
Translation adjustment	-	-	-	(658,381)	-	(658,381)
Net loss	-	-	-	-	(3,853,273)	(3,853,273)
Balance, August 31, 2006	53,691,178	39,798,768	1,785,705	(658,381)	(15,410,804)	25,515,288
Issued on exercise of warrants	6,333,194	11,454,791	-	-	-	11,454,791
Issued on exercise of stock options	914,375	892,557	(266,982)	-	-	625,575
Issued for mineral properties	50,000	227,742	-	-	-	227,742
Stock options granted	-	-	1,487,661	-	-	1,487,661
Translation adjustment	-	-	-	(1,707,495)	-	(1,707,495)
Net loss	-	-	-	-	(6,758,123)	(6,758,123)
Balance, August 31, 2007	60,988,747	\$52,373,858	\$3,006,384	\$(2,365,876)	\$(22,168,927)	\$30,845,439

See accompanying notes to the consolidated financial statements.

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

Consolidated Statements of Cash Flows

Page
38

(expressed in Canadian dollars)

	Year ended August 31, 2007	Year ended August 31, 2006	Year ended August 31, 2005	Cumulative amount from March 16, 2000 to August 31, 2007 (unaudited)
--	----------------------------------	----------------------------------	----------------------------------	--

OPERATING ACTIVITIES

Loss for the year	\$(6,758,123)	\$(3,853,273)	\$(3,795,648)	\$(20,422,927)
Add items not affecting cash Amortization	125,046	93,906	75,760	361,531
Loss on sale of fixed assets	1,522	343	7,065	8,930
Equity loss and write-down of investment	-	-	127,488	429,275
Future income tax recovery	-	-	(793,000)	(1,737,000)
Gain on sale of marketable securities	-	(5,050)	(51,200)	(47,682)
Mineral property costs written off	1,323,222	1,174,325	974,294	6,430,293
Finders fee received in shares (Note 4.a)	-	-	-	(100,000)
Gain on sale of mineral property	-	-	-	(240,000)
Non-cash stock compensation expense	1,487,661	110,176	1,283,289	3,016,058
Net change in non-cash working capital (Note 13.a)	138,111	123,312	(419,954)	192,567
	(3,682,561)	(2,356,261)	(2,591,906)	(12,108,955)

FINANCING ACTIVITIES

Performance Bonds	(22,047)	(2,679)	(13,393)	(49,411)
Issuance of common shares	12,078,108	16,197,711	8,482,291	50,056,827
	12,056,061	16,195,032	8,468,898	50,007,416

INVESTING ACTIVITIES

Costs to acquire New Millennium Metals	-	-	-	(231,325)
Acquisition of fixed assets	(257,770)	(145,392)	(157,721)	(738,219)
Acquisition cost of mineral properties	(112,439)	(167,561)	(219,988)	(1,537,805)
Exploration expenditures	(755,643)	(476,032)	(2,286,734)	(8,183,797)
Investment in and advances to WBJV	(2,645,382)	(5,780,246)	(2,888,976)	(12,549,053)
Investment in & advances to Active Gold Group Ltd.	-	-	3,712	(246,677)
Acquisition of short-term investment	(2,000,000)	-	-	(2,000,000)
Proceeds on sale of marketable securities	-	46,800	-	257,482
	(5,771,234)	(6,522,431)	(5,549,707)	(25,229,394)
Net increase in cash and cash equivalents	2,602,266	7,316,340	327,285	12,669,067
Cash and cash equivalents, beginning of year	10,066,801	2,750,461	2,423,176	-
Cash and cash equivalents, end of year	\$12,669,067	\$10,066,801	\$2,750,461	\$12,669,067

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

1. NATURE OF OPERATIONS

The Company is a British Columbia corporation incorporated on February 18, 2002 by an order of the Supreme Court of British Columbia approving an amalgamation between Platinum Group Metals Ltd. ("Old Platinum") and New Millennium Metals Corporation ("New Millennium"). The Company is an exploration company conducting work on mineral properties it has staked or acquired by way of option agreements principally in Ontario, Canada and the Republic of South Africa. The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company defers all acquisition, exploration and development costs related to mineral properties. The recoverability of these amounts is dependant upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of the property, and future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. The Company is dependant 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, predominantly 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 can or will be raised.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the 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 15.

(a) Basis of presentation and principles of consolidation

The financial statements of entities which are controlled by the Company through voting equity interest, referred to as subsidiaries, are consolidated. Variable interest entities ("VIEs"), which include, but are not limited to, special purpose entities, trusts, partnerships and other legal structures, as defined by the Accounting Standards Board in Accounting Guideline 15, "Consolidation of Variable Interest Entities", are entities in which equity investors do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIEs are subject to consolidation by the primary beneficiary who will absorb the majority of the entities' expected losses and/or residual returns.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Platinum Group Metals (RSA) (Pty) Ltd. ("PTM RSA").

PTM RSA holds mineral rights and conducts operations in the Republic of South Africa. All significant intercompany balances and transactions have been eliminated upon consolidation.

The Company's 37% working interest in the Western Bushveld Joint Venture (Note 5) is recorded using the equity method.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 until such time as the property is put into production or disposed of either through sale or abandonment. If put into production, the costs of acquisition and exploration will be amortized over the life of the property based on the estimated economic reserves. Proceeds received from the sale of any interest in a property will first be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and deferred exploration costs are written off to operations.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. Where estimates of future net cash flows are available and the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired it is written down to its estimated fair value.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term money market instruments, which are readily convertible to cash and have original maturities of 90 days or less. The Company holds no asset-backed commercial paper.

(d) 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.

(e) Marketable securities and investments

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

Short-term investments comprise guaranteed investment certificates with original maturities of more than 90 days.

Investments where the Company has the ability to exercise significant influence, generally where the Company has a 20% to 50% equity and voting interest, are accounted for using the equity method. Under this method, the Company's share of the investee's earnings or losses is included in operations and its investment therein is adjusted by a like amount.

Provisions for impairment of investments are made, where necessary, to recognize other than temporary declines in value.

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed assets

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

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

The leasehold improvements are depreciated on a straight-line basis to amortize the costs over the three year term of the related lease.

(g) Reclamation and closure costs

The Company recognizes the estimated fair value of liabilities for asset retirement obligations including reclamation and closure costs in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and amortized over the life of the asset. The amount of the liability is subject to re-measurement at each reporting period and is accreted over time to the estimated asset retirement obligation ultimately payable through charges to operations.

The estimates are based principally on legal and regulatory requirements. It is possible that the Company's estimates of its ultimate reclamation and closure liabilities could change as a result of changes in regulations, the extent of environmental remediation required, changes in technology and the means and cost of reclamation. Based on management's estimates, the Company has determined that there are no reclamation liabilities as at year end.

(h) Earnings (loss) per common share

Basic earnings per share is calculated using the weighted average number of common shares outstanding.

The Company uses the treasury stock method for the calculation of diluted earnings per share. 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 arising upon the assumed exercise of stock options and warrants, but are excluded from the computation if their effect is anti-dilutive.

(i) Financial instruments

The carrying values of cash and cash equivalents, short-term investments, amounts receivable, performance bonds, due to and from WBJV partners, accounts payable and capital lease obligations reflected in the balance sheet approximate their respective fair values. The fair value of marketable securities is disclosed in note 4.

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

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Measurement uncertainty

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 expenditures during the reporting period. Significant items where management's judgement is applied include the assessment of impairment of long-lived assets, amortization, income tax provisions, contingent liabilities, stock-based compensation and asset retirement obligations. Actual results could differ from those estimates.

(k) Translation of foreign currencies

The Company's functional currency is the Canadian dollar. For integrated foreign operations, monetary assets and liabilities are translated at year end exchange rates and other assets and liabilities are translated at historical rates. Revenues, expenses and cash flows are translated at average exchange rates. Gains and losses on translation of monetary assets and monetary liabilities are charged to operations.

The accounts of self-sustaining foreign operations are translated at year end exchange rates, and revenues and expenses are translated at average exchange rates. Differences arising from these foreign currency translations are recorded in shareholders' equity as a cumulative translation adjustment until they are realized by a reduction in the investment.

(l) Stock-based compensation

The Company follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments.

Accordingly, the fair value of all stock-based awards granted are estimated using the Black-Scholes model and are recorded in operations over their vesting periods. The compensation cost related to stock options granted is recorded in operations.

Cash received on the exercise of stock options is credited to share capital and the amount previously recognized in contributed surplus is also transferred to share capital.

(m) Capital leases

Leases of fixed assets which transfer substantially all the benefits and risks incident to ownership of property to the Company are classified as capital leases.

Capital leases are capitalized by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

(n) New accounting pronouncements

Financial instruments – recognition and measurement

In January 2005, the CICA issued new Handbook Section 3855 Financial Instruments – Recognition and Measurement, effective for annual and interim periods beginning on or after October 1, 2006. CICA 3855 establishes standards for recognizing and measuring financial assets and liabilities and non-financial derivatives.

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) New accounting pronouncements (Continued)

Financial instruments – recognition and measurement (Continued)

All financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading, otherwise, they are measured at amortized cost. Investments available-for-sale will be recorded at fair value with the unrealized gains or losses recorded through comprehensive income. For the interim period ending November 30, 2007, the Company expects a material impact on its financial statements similar to the impact on comprehensive income for U.S. GAAP purposes (See note 15).

Comprehensive income

In January 2005, the CICA issued new Handbook Section 1530 Comprehensive Income and Handbook Section 3251 Equity, effective for interim and annual period beginning on or after October 1, 2006. CICA 1530 establishes standards for reporting and presenting certain gains and losses normally not included in net earnings or losses, such as unrealized gains and losses related to available-for-sale securities, in a statement of comprehensive income. CICA 3251 establishes standards for the presentation of equity and changes in equity as a result of the new requirements in CICA 1530. The Company will include a statement of comprehensive income upon adoption of these sections from September 1, 2007.

3. AMOUNTS RECEIVABLE

	Aug. 31, 2007	Aug. 31, 2006
Expenditure advances receivable	\$75,004	\$38,401
Due from related parties (Note 10 (b) and (c))	17,162	55,087
Goods and services tax recoverable	65,191	22,519
South African value added tax ("VAT") recoverable	375,385	241,462
Interest receivable	65,247	37,524
	\$597,989	\$394,993

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

4. MARKETABLE SECURITIES

	Aug. 31, 2007	Aug. 31, 2006
MAG Silver Corp.	\$50,000	\$50,000
West Timmins Mining Inc.	160,000	160,000
	\$210,000	\$210,000

(a) MAG Silver Corp.

In 2003 the Company earned a finders' fee of 200,000 shares of MAG Silver Corp. ("MAG"), a company with two directors and one officer in common with the Company, with an assigned value of \$0.50 per share for introducing MAG to certain individuals and mineral properties located in Mexico. During 2003 the Company sold 100,000 of these shares for proceeds of \$67,630. The remaining 100,000 MAG shares owned by the Company had a market value of \$1,300,000 at August 31, 2007 (\$300,000 at August 31, 2006).

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

Notes to the Consolidated Financial Statements

4. MARKETABLE SECURITIES (Continued)

(b) West Timmins Mining Inc.

In 2002 New Millennium granted Sydney Resource Corporation ("SYR"), a company with three directors in common with the Company, an option to earn a 50% interest in New Millennium's 100% owned Simlock Creek gold project, located in the Cariboo Mining District of British Columbia. On December 2, 2003 the Company and SYR agreed to terminate the Option and the Company then sold the property to SYR outright in exchange for 1,200,000 shares of SYR at a value of \$0.20 per share. At August 31, 2006 the Company held 800,001 SYR shares with an aggregate cost of \$160,000. Market value for these 800,001 shares at August 31, 2007 was \$784,001 (\$264,000 at August 31, 2006). SYR was reorganized and named West Timmins Mining Inc. on September 14, 2006.

5. INVESTMENT IN WESTERN BUSHVELD JOINT VENTURE (THE "WBJV")

	Aug. 31, 2007	Aug. 31, 2006
Opening Balance	\$10,861,834	\$5,770,020
Additional investment	3,917,468	5,091,814
Balance before translation	14,779,302	10,861,834
Translation adjustment	(2,365,876)	(658,381)
Ending Balance	\$12,413,426	\$10,203,453

Details of the assets of the WBJV excluding the property rights contributed by the other venture partners are as follows:

	Aug. 31, 2007	Aug. 31, 2006
Acquisition costs of mineral rights		
Balance, beginning of year	\$1,898,293	\$1,804,926
Incurred during year	292,364	93,367
Translation adjustment	(461,938)	(112,501)
Balance, end of period	\$1,728,719	\$1,785,792
Deferred exploration costs		
Balance, beginning of year	\$11,577,319	\$3,965,094
Assays and geochemical	625,735	756,770
Drilling	6,021,485	4,554,926
Geological	2,841,399	1,557,563
Geophysical	97,792	12,725
Site administration	497,603	661,430
Travel	121,094	68,811
	21,782,427	11,577,319
Translation adjustment	(1,903,938)	(545,880)
Balance, end of period	\$19,878,489	\$11,031,439
Less other partners' interest	(9,193,782)	(2,613,778)
Investment in WBJV	\$12,413,426	\$10,203,453

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

5. INVESTMENT IN WESTERN BUSHVELD JOINT VENTURE (THE "WBJV") (Continued)

From inception of the joint venture to August 31, 2007 there have been no material earnings or losses as all activities of the joint venture have been in connection with acquiring mineral rights and exploring the properties for minerals.

On October 26, 2004 the Company, through a subsidiary, entered into the Western Bushveld Joint Venture (the "WBJV") with a subsidiary of Anglo Platinum Limited ("Anglo Platinum") and Africa Wide Mineral Prospecting and Exploration (Pty) Limited ("Africa Wide") to pursue platinum exploration and development on combined mineral rights covering approximately 67 square kilometres on the Western Bushveld Complex of South Africa. The transaction closed effective January 26, 2005. The Company contributed all of its interests in portions of the farms Onderstepoort 98JQ and Elandsfontein 102JQ (see (ii) (1) and (ii) (2) below). Anglo Platinum contributed its interests in portions of the farms Koedoesfontein 94JQ, Elandsfontein 102JQ and Frischgewaagd 96JQ. The Company and Anglo Platinum each acquired an initial 37% working interest in the WBJV, while Africa Wide acquired an initial 26% working interest.

The Company was required to operate and fund an exploration program in the amount of Rand 35 million (Cdn\$6.44 million at August 31, 2005) over five years in order to earn its 37% interest in the WBJV. As of April 2006 this requirement had been completed. After Rand 35 million in expenditures were funded by the Company, the parties are required to fund their portion of further expenditures in excess of Rand 35 million pro-rata based on their working interest in the WBJV.

Once a bankable feasibility study has been completed, the respective deemed capital contribution of each party will be credited by adding their contribution of measured, indicated, and inferred PGE ounces from the original contributed properties comprising the WBJV, determined in accordance with the South African SAMREC code. Inferred ounces will be credited at US\$0.50 per ounce, indicated ounces will be credited at US\$3.20 per ounce and measured ounces will be credited at US\$6.20 per ounce. Ounces contributed to the WBJV by Anglo Platinum in 2007 from a 50% interest in Portion 11 of the Farm Frischgewaagd 96 JQ will receive an equalization credit of US\$0.62 per inferred ounce, US\$10.37 per indicated ounce and US\$39.55 per measured four element or "4E" ounce of combined platinum, palladium, rhodium and gold. Each party will then have the opportunity to contribute additional capital in order to catch up any resulting shortfall in their contributed capital and thereby maintain their respective working interest in the JV. Should a party not wish to participate, the JV agreement provides a mechanism whereby the parties may elect to become "non-contributory" to the JV and by doing so they would be subject to dilution.

The Company has concluded that it has significant influence over the operations of WBJV but not joint control and is therefore recording the investment using the equity method.

The initial exchange of the Company's pre-existing interests in the Elandsfontein and Onderstepoort properties for the interest in WBJV has been recorded at cost as it represents a non-monetary exchange. The balance paid to date under the Company's commitment to spend up to Rand 35 million in exploration costs has also been recorded as a cost of the investment.

In September 2006 the Company and WBJV participants Anglo Platinum and Africa Wide approved a cash budget for the WBJV totalling Rand 54,791,662 (approximately Cdn \$8.39 million at September 30, 2006). Each party was to fund their pro-rata share of the approved budget by way of three separate cash calls. At August 31, 2007 Anglo Platinum had an unspent contribution balance to the WBJV of Rand 24,517,766 (C\$3,613,919) which will be used to fund their pro-rata share of further expenditures on the WBJV. At August 31, 2007 Africa Wide was due to contribute approximately Rand 20,296,777 (C\$2,991,745). This amount was recorded as a receivable by the Company at August 31, 2007.

Notes to the Consolidated Financial Statements

5. INVESTMENT IN WESTERN BUSHVELD JOINT VENTURE (THE "WBJV") (Continued)

To August 31, 2007 the joint venture does not maintain separate books and records for the WBJV. All receipts, disbursements and net assets, excluding mineral properties contributed by other venturers', are recorded in the books and records of the Company on behalf of the joint venture. Of the \$2,288,934 in accounts payable at August 31, 2007, an amount of \$1,724,000 (approximately Rand 11.7 million) was incurred on behalf of the WBJV.

Effective May 31, 2006 the Company concluded that the functional currency of WBJV was the South African Rand as expenditures in the WBJV were principally being incurred in Rand and funded by advances from the venturers which were denominated in Rand. The Company therefore considers its equity investment in the WBJV to be self sustaining and it translates its share of net equity of WBJV using the current rate method with translation gains and losses included in cumulative translation adjustment as a separate component of shareholder's equity.

(a) *Elandsfontein interest*

In December 2002 the Company acquired an option to purchase 100% of the surface and mineral rights to 365.64 hectares of the farm Elandsfontein 102 JQ located in the Western Bushveld area. The Company made an initial payment to the Vendors of Rand 150,000 (approx. C\$29,500) and agreed to terms for the purchase of both mineral and surface rights.

The Company exercised its option to purchase the Elandsfontein property by way of written notice on June 26, 2003. A dispute arose with the Vendors as to the purchase price and the matter was referred for Expert Determination as provided for in the option agreement.

In 2005 the Company and the Vendors reached agreement whereby the Company purchased all surface and mineral rights to the property in exchange for Rand 7.0 million (approximately C\$1.4 million). In September 2005 the Company was granted a "New Order" prospecting permit under the new Mineral and Petroleum Resources Development Act (2002) over the Elandsfontein property.

(b) *Onderstepoort interest*

During 2003 the Company entered into several option agreements to acquire mineral rights on seven portions of the farm Onderstepoort 98 JQ located in the Western Bushveld. The Company could earn 100% of the mineral rights over certain portions and 50% of the mineral rights over the balance. To earn its interests the Company was required to make aggregate prospecting and option payments over time to the vendors of Rand 12.44 million (approximately C\$2.24 million) ending April 2008. Of this amount Rand 834,000 was paid. The Company now holds New Order prospecting permits on all of these farm portions.

During 2007 the Company negotiated and executed the buy-out and cancellation of one of the option agreements described above to acquire a 50% undivided interest in two farm portions in exchange for 50,000 common shares of the Company valued at \$230,000. The Company also negotiated an agreement in principle to buy-out and cancel all of the remaining option agreements for all remaining farm portions for one additional payment of 50,000 shares. The documentation to execute this second agreement has still to be finalized. By negotiating the buy-out and cancellation of these option agreements the Company will eliminate all future option payments for this property while keeping the property under its control with regard to the mineral rights as granted to it by the Government of South Africa under New Order prospecting permits.

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

6. MINERAL PROPERTIES

Year ended August 31, 2007

	Tweespalk	War Springs	Other South African	Lakemount	LDI River	Shelby Lake	South Legris	Total
Acquisition costs of mineral rights								
Balance, beginning of year	\$31,835	\$112,490	\$ -	\$221,573	\$545,532	\$307,345	\$10,000	\$1,228,775
Incurred during period	2,823	2,943	1,673	-	50,000	5,000	50,000	112,439
Less amounts written off	-	-	-	(221,573)	-	-	-	(221,573)
Balance, end of period	\$34,658	\$115,433	\$1,673	\$ -	\$595,532	\$312,345	\$60,000	\$1,119,641
Deferred exploration costs								
Assays and geochemical	\$75,127	\$2,972	\$ -	\$ -	\$ -	\$ -	\$110	\$78,209
Drilling	157,158	-	-	-	43,383	39,848	80,996	321,385
Geological	24,204	69,429	192,345	-	1,482	1,499	626	289,585
Maps, fees and licenses	-	-	31,881	-	257	-	-	32,138
Site administration	7,008	6,942	2,304	3,000	-	-	-	19,254
Travel	3,494	3,969	6,639	-	131	256	583	15,072
	266,991	83,312	233,169	3,000	45,253	41,603	82,315	755,643
Balance, beginning of year	814,109	2,079,559	-	1,098,649	215,944	391,971	1,789	4,602,021
Less amounts written off	-	-	-	(1,101,649)	-	-	-	(1,101,649)
Balance, end of period	\$1,081,100	\$2,162,871	\$233,169	\$ -	\$261,197	\$433,574	\$84,104	\$4,256,015
Total Mineral Properties	\$1,115,758	\$2,278,304	\$234,842	\$ -	\$856,729	\$745,919	\$144,104	\$5,375,656

Notes to the Consolidated Financial Statements

6. MINERAL PROPERTIES (continued)

Year ended August 31, 2006

	Tweespalk	War Springs	Lakemount	LDI River	Shelby Lake	Other	Total
Acquisition costs of mineral rights							
Balance, beginning of year	\$23,213	\$103,832	\$136,773	\$540,532	\$307,345	\$248,858	\$1,360,553
Incurred during year	8,622	8,658	84,800	5,000	-	100,481	207,561
Less amounts written off	-	-	-	-	-	(339,339)	(339,339)
Balance, end of year	\$31,835	\$112,490	\$221,573	\$545,532	\$307,345	\$10,000	\$1,228,775
Deferred exploration costs							
Assays and geochemical	\$ -	\$63,788	\$ 301	\$ -	\$ -	\$ -	\$64,089
Drilling	-	150,334	-	-	-	-	150,334
Geological	675	215,444	6,767	425	425	5,001	228,738
Geophysical	-	995	-	-	-	2,210	3,205
Maps, fees and licenses	-	-	-	128	-	128	256
Site administration	-	4,973	10,468	-	-	195	15,636
Travel	-	11,265	1,502	-	-	1,007	13,774
	675	446,799	19,038	553	425	8,541	476,032
Balance, beginning of year	813,434	1,632,760	1,079,611	215,391	391,546	828,234	4,960,976
Less amounts written off	-	-	-	-	-	(834,986)	(834,986)
Balance, end of year	\$814,109	\$2,079,559	\$1,098,649	\$215,944	\$391,971	\$1,789	\$4,602,022
Total Mineral Properties	\$845,944	\$2,192,049	\$1,320,222	\$761,476	\$699,316	\$11,789	\$5,830,797

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

6. MINERAL PROPERTIES (continued)

(a) Republic of South Africa

(i) War Springs and Tweespalk

On June 3, 2002, the Company entered an option agreement whereby it may earn a 100% interest in the 2,396 hectare War Springs property and the 2,177 hectare Tweespalk property both located in the Northern Limb or Platreef area of the Bushveld Complex north of Johannesburg. Acquisition and exploration costs on these properties to August 31, 2007 total \$3,394,062 (August 31, 2006 - \$3,037,933).

The Company may purchase 100% of these mineral rights at any time for US\$690 per hectare. The Company has also agreed to pay prospecting fees to the vendors of US\$3.25 per hectare. The vendors retain a 1% NSR Royalty on the property, subject to the Company's right to purchase the NSR at any time for US\$1.4 million. A 5% finders' fee applies to vendor payments.

Under the new Mineral and Petroleum Resources Development Act (2002), which became effective in May 2004, Old Order permits were to be converted into New Order permits during a transition period. This process is now complete for the War Springs and Tweespalk properties. The June 3, 2002 option agreement provides for amendments as may be needed to maintain the parties in the same commercial position as they were in under the preceding mineral legislation and such amendments are yet to be completed.

Black Economic Empowerment groups Africa Wide and Taung Minerals (Pty) Ltd. each have acquired a 15% interest in the War Springs project carried to bankable feasibility. The Company's retains a net 70% project interest.

Africa Wide also has a 30% participating interest in the Tweespalk property. The Company has not recorded a receivable for Africa Wide's share of costs to date, which at August 31, 2007 are calculated to be \$334,727 (August 31, 2006 - \$253,783). The Company expects that Africa Wide will be able to fund their share of costs in the future and amounts recovered from Africa Wide will be treated as a reduction of costs relating to the Tweespalk property.

(b) Ontario

(i) Lac des Iles River

On May 5, 2000, New Millennium entered into an option agreement to acquire a 50% interest in the Lac des Iles River property located near Thunder Bay, Ontario in exchange for cash payments (\$43,500 paid in total) and the completion of exploration expenditures. On October 6, 2006, the Company and the property vendors entered into a termination and sale agreement whereby the option agreement was cancelled and the Company purchased an undivided 100% interest in the property subject only to underlying 2.0% Net Smelter Return Royalties. In settlement the Company made a one-time payment to the vendors of \$50,000 in lieu of past and future exploration expenditure commitments not incurred.

(ii) South Legris

In April 2000, and later as amended in January 2005, the Company acquired an option to earn a 50% interest in the South Legris property located near Thunder Bay, Ontario in exchange for cash payments (\$105,000 paid in total) and the completion of certain exploration expenditures. The Company wrote off \$587,369 in deferred acquisition and exploration costs related to the property at August 31, 2004. On October 13, 2006, the Company and the property vendors entered into a termination and sale agreement whereby the option agreement was cancelled and the Company purchased an undivided 100% interest in the property subject only to underlying

Notes to the Consolidated Financial Statements

6. MINERAL PROPERTIES (continued)

(ii) South Legris (Continued)

2.0% Net Smelter Return Royalties. In settlement the Company made a one-time payment of \$50,000 in lieu of past and future exploration expenditure commitments not incurred.

(iii) Moss Lake

On August 5, 2004 the Company optioned a 100% property interest in the Moss Lake property located near Thunder Bay, Ontario for optional cash payments of \$85,000 over 3 years (\$25,000 paid) and optional share payments of 40,000 common shares (none paid) over 3 years. The Company terminated the Moss Lake option as of August 31, 2006 resulting in a write-off of \$158,855.

(iv) Seagull

On September 24, 2004 the Company acquired an option to earn up to a 70% interest in the Seagull property located in the Nipigon region of Ontario by completing certain exploration expenditures, by making cash payments and by completing a bankable feasibility study and providing or arranging production financing. The Company terminated the Seagull option as of February 28, 2006 resulting in a write-off of \$785,288.

(v) Shelby Lake

On June 28, 2000, New Millennium entered into an option agreement to earn up to 60% interest in the Shelby Lake property, located near Thunder Bay, Ontario in exchange for cash payments of \$15,000 (paid), issue 30,303 shares (issued) and complete \$500,000 in exploration expenditures over a four-year period. On October 18, 2006, the Company and the property vendor entered into a termination and sale agreement whereby the option agreement was cancelled and the Company purchased an undivided 100% interest in the property for a one-time payment of \$5,000 subject only to an underlying 2.0% Net Smelter Return Royalty, of which the Company may buy back one half for \$500,000.

(vi) Agnew Lake

The Company has earned a 99% interest in certain claims located near Sudbury, Ontario known as the Agnew Lake property subject to a 2% royalty interest payable to the original vendor. The Company optioned the Agnew Lake property to Pacific Northwest Capital Corporation ("PFN") on June 18, 2000. On June 22, 2001, the Company and PFN optioned their property interests to Kaymin Resources Limited ("Kaymin"), a subsidiary of Anglo Platinum Limited. At August 31, 2004, the Company had directly performed \$512,265 worth of exploration work and caused further work of approximately \$3,140,805 to be performed through the joint venture arrangement with PFN and Kaymin. At August 31, 2005 the project was not active and the Company wrote off its remaining investment in the property amounting to \$276,852. Kaymin has vested as to a 26.17% interest in the property in accordance with the terms of their option agreement. PFN has terminated their option on the property and retains no working interest.

(vii) Lakemount

On November 6, 2003 the Company acquired an option to earn up to a 62% interest in the Lakemount property located near Wawa, Ontario. Exploration results on the project to date have been of interest, but in light of certain title deficiencies and a complex title chain, the Company has abandoned the project. During the current year, deferred acquisition and exploration costs relating to the project in the amount of \$1,323,222 have been written off.

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

6. MINERAL PROPERTIES (Continued)

(c) Title to mineral properties

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

7. FIXED ASSETS

August 31, 2007

	Cost	Accumulated Amortization	Net Book Value
Computer equipment and software	\$445,341	\$240,389	\$204,952
Leasehold improvements	45,866	27,856	18,010
Office furniture and equipment	227,765	79,274	148,491
	\$718,972	\$347,519	\$371,453

August 31, 2006

	Cost	Accumulated Amortization	Net Book Value
Computer equipment and software	\$316,385	\$164,931	\$151,454
Leasehold improvements	29,907	15,894	14,013
Office furniture and equipment	120,471	45,688	74,783
	\$466,763	\$226,513	\$240,250

8. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

At August 31, 2007 there were 60,988,747 shares outstanding.

During the year ended August 31, 2007:

(i) 6,333,194 share purchase warrants were exercised for proceeds of \$11,454,791 and 914,375 stock options were exercised for proceeds of \$625,575.

(ii) the Company issued 50,000 common shares in connection with the acquisition of mineral properties at a fair value of \$230,000. A filing fee of \$2,258 related to this issue of shares was paid by the Company.

During the year ended August 31, 2006:

(iii) the Company issued 25,000 common shares in connection with the acquisition of mineral properties at a fair value of \$40,000.

Notes to the Consolidated Financial Statements

8. SHARE CAPITAL (Continued)

(b) Issued and outstanding (Continued)

(iv) 843,047 share purchase warrants were exercised for proceeds of \$1,181,305 and 164,500 stock options were exercised for proceeds of \$117,750.

(v) the Company closed non-brokered private placements for 2.2 million units at a price of \$1.45 per unit. Each unit consisted of one common share and one half a common share purchase warrant, with each whole warrant exercisable into a common share at a price of \$1.75 for a period of 18 months until April 13-21, 2007. Filing fees of \$7,000 and a finder's fee of \$45,704 related to this financing were paid by the Company in cash.

(vi) the Company closed a non-brokered private placement for 1.7 million units at a price of \$1.45 per unit. Each unit consisted of one common share and one half a common share purchase warrant, with each whole warrant exercisable into a common share at a price of \$1.75 for a period of two years until March 6, 2008. Filing fees of \$7,532 related to this financing were paid by the Company in cash.

(vii) the Company closed a brokered private placement for 5.6 million units at a price of \$1.80 per unit. Each unit consisted of one common share and one half a common share purchase warrant. Each whole warrant is exercisable to purchase an additional common share until March 31, 2007 at a price of \$2.10 per share. Agent's fees amounted to 7.0% of gross proceeds, which totalled \$705,600, which was paid in cash. The Agents' legal and other costs totalling \$56,000 were paid by the Company. The Company also paid \$23,498 as a filing fee.

During the year ended August 31, 2005:

(viii) the Company issued 25,000 common shares in connection with the acquisition of mineral properties at a fair value of \$28,000.

(ix) 2,469,949 share purchase warrants were exercised for proceeds of \$2,272,462 and 903,000 stock options were exercised for proceeds of \$508,850.

(x) the Company closed brokered private placements for gross proceeds of \$6,259,900 on April 14, 2005. Proceeds of \$259,901 were from the sale of 173,267 flow-through shares at \$1.50 per share and \$6,000,000 was from the sale of 5,000,000 non-flow-through units at \$1.20 per unit. Each non-flow-through unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase an additional common share until October 14, 2006 at a price of \$1.50 per share. Agent's fees amounted to 7.0% of gross proceeds, which totalled \$438,193, which was paid in cash. The Agents' legal and other costs totalling \$24,229 were paid by the Company. The Company paid \$47,000 to its lawyers for legal costs relating to the private placement, \$20,000 for consulting services, and \$29,500 as a filing fee. The Agents also received 517,327 compensation options exercisable into common shares of the Company at a price of \$1.50 per share until October 14, 2006.

(c) Incentive stock options

The Company has entered into Incentive Stock Option Agreements ("Agreements") with directors, officers and employees. Under the terms of the Agreements, the exercise price of each option is set at the fair value of the common shares at the date of grant. Stock options granted to certain employees of the Company vest on average at an amount of 25% per six month period, while stock options granted to other employees, directors and officers are subject only to a four month initial hold period.

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)**8. SHARE CAPITAL (Continued)****(c) Incentive stock options (Continued)**

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

Exercise Price	Number Outstanding at August 31, 2007	Weighted Average Remaining Contractual Life (Years)	Number Exercisable at August 31, 2007
\$0.50	85,000	0.76	85,000
0.70	132,000	1.05	132,000
1.00	1,532,875	2.47	1,532,875
1.05	50,000	2.92	50,000
1.10	145,000	2.11	145,000
1.15	90,000	2.99	90,000
1.18	50,000	2.21	50,000
1.44	50,000	1.28	50,000
1.45	14,000	3.40	14,000
1.50	16,500	3.36	16,500
1.85	265,000	3.98	102,500
1.92	60,000	3.84	30,000
2.57	1,015,000	4.38	955,000
4.20	40,000	4.80	-
	3,545,375	3.08	3,252,875

The weighted average exercise price of the exercisable options at year end was \$1.49.

	Number of Shares	Weighted Average Exercise Price
Options outstanding at August 31, 2004	2,425,000	0.65
Granted	2,046,000	1.02
Exercised	(903,000)	0.56
Cancelled	(155,000)	1.05
Options outstanding at August 31, 2005	3,413,000	0.88
Granted	220,000	1.79
Exercised	(164,500)	0.72
Cancelled	(183,125)	0.97
Options outstanding at August 31, 2006	3,285,375	0.94
Granted	1,265,000	2.51
Exercised	(914,375)	0.68
Cancelled	(90,625)	1.09
Options outstanding at August 31, 2007	3,545,375	\$1.56

Notes to the Consolidated Financial Statements

8. SHARE CAPITAL (Continued)

(c) Incentive stock options (Continued)

(i) During the year ended August 31, 2007 the Company granted 1,265,000 stock options to employees. The Company has recorded \$1,487,661 of compensation expense relating to stock options granted or vested in this period.

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

Risk-free interest rate	4.05
Expected life of options	3.50
Annualized volatility	81.41
Dividend rate	0.00%

(ii) During the year ended August 30, 2006 the Company granted 220,000 stock options to employees. The Company has recorded \$110,176 of compensation expense relating to stock options granted in the year ended August 30, 2006.

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

Risk-free interest rate	4.26
Expected life of options	3.50
Annualized volatility	85.21
Dividend rate	0.00%

(iii) During the year ended August 31, 2005 the Company granted 2,046,000 stock options to directors, officers, employees and consultants, (30,000 of which were cancelled during the same period). The Company has recorded \$1,283,289 of compensation expense relating to stock options granted during the year ended August 31, 2005.

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

Risk-free interest rate	2.93
Expected life of options	3.50
Annualized volatility	94.00
Dividend rate	0.00%

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)**8. SHARE CAPITAL (Continued)****(d) Share purchase warrants**

	Number of Warrants	Weighted Average Exercise Price
Balance at August 31, 2004	3,416,162	1.03
Issued to private placement placees	2,500,000	1.50
Issued to agents on brokered financing	517,327	1.50
Expired during the period	(241,110)	1.20
Exercised and converted to common shares	(2,469,949)	0.92
Balance at August 31, 2005	3,722,430	\$1.47
Issued to private placement placees	4,750,000	1.96
Expired during the period	(150,000)	1.35
Exercised and converted to common shares	(843,047)	1.40
Balance at August 31, 2006	7,479,383	1.79
Expired during the period	(296,189)	1.50
Exercised and converted to common shares	(6,333,194)	1.81
Balance at August 31, 2007	850,000	\$1.75

All of the outstanding warrants expire on March 6, 2008.

9. CONTRIBUTED SURPLUS

The following table summarizes the Company's Contributed Surplus:

	Contributed Surplus
Balance at August 31, 2004	\$134,932
Retroactive accounting change for stock options	318,000
Stock options granted during the year	1,283,289
Stock options exercised during the year	(13,023)
Balance at August 31, 2005	1,723,198
Stock options granted during the year	110,176
Stock options exercised during the year	(47,669)
Balance at August 31, 2006	1,785,705
Stock options granted during the period	1,487,661
Stock options exercised during the period	(266,982)
Balance at August 31, 2007	\$3,006,384

Notes to the Consolidated Financial Statements

10. RELATED PARTY TRANSACTIONS

Transactions with related parties are as follows:

(a) Management, salary, consulting fees, and Director's fees of \$500,821 (2006 - \$354,710, 2005 - \$278,401) were incurred with directors during the year. At August 31, 2007, \$21,869 was included in accounts payable (2006 - \$7,600).

(b) The Company received \$138,210 (2006 - \$135,340, 2005 - \$134,757) during the year from MAG Silver Corp. ("MAG"), a company with two common directors and a common officer, under the terms of a 2003 service agreement for administrative services.

(c) During the year the Company accrued or received payments of \$67,200 (2006 - \$27,300) from West Timmins Mining Inc. ("WTM"), a company with three common directors and a common officer, for administrative services. Accounts receivable at the end of the year includes an amount of \$16,895 due from WTM for both administration fees due (\$9,540) and other trade receivables (\$7,355).

(d) During the year ended August 31, 2005, the Company entered into an office lease agreement with Anthem Works Ltd. ("Anthem"), a company with a common director. During the year ended August 31, 2007 the Company accrued or paid Anthem \$66,684 under the office lease agreement (2006 - \$62,333).

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

11. INCOME TAXES

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

	2007	2006
Statutory tax rates	34%	36%
Recovery of income taxes computed at statutory rates	\$2,305,871	\$1,391,802
Effect of lower tax rates in foreign jurisdictions	(87,132)	(55,932)
Changes in valuation allowance	(1,593,129)	(1,065,471)
Non-deductible expenses	(514,414)	-
Other deductible costs	130,329	-
Other	(241,525)	(270,399)
Future income tax recovery	\$ -	\$ -

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

11. INCOME TAXES (Continued)

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

	2007	2006
Future income tax assets		
Operating loss carryforwards	\$2,807,134	\$2,834,397
Fixed assets	40,624	34,143
Mineral properties	2,542,891	783,875
Share issuance costs	241,379	386,483
	5,632,028	4,038,898
Valuation allowance on future income tax assets	(5,632,028)	(4,038,898)
	\$ -	\$ -

At August 31, 2007, the Company has non-capital loss carryforwards available to offset future taxable income in Canada of \$9.2 million, which expire at various dates from 2008 to 2027.

12. CONTINGENCIES AND COMMITMENTS

The Company's remaining minimum payments under its office and equipment lease agreements, which it has entered into for the years ending on August 31, as well as its South African subsidiary commitments, are as follows as at August 31, 2007.

August 31, 2008	103,019
August 31, 2009	103,548
August 31, 2010	62,438
August 31, 2011	10,818
	<u>\$279,823</u>

13. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Net change in non-cash working capital

	Year ended August 31, 2007	Year ended August 31, 2006	Year ended August 31, 2005
Amounts receivable	\$(69,073)	\$(50,934)	\$(102,923)
Prepaid expenses and other	(21,308)	(10,573)	(36,673)
Accounts payable	228,492	184,819	(280,358)
	<u>\$138,111</u>	<u>\$123,312</u>	<u>\$(419,954)</u>

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

Notes to the Consolidated Financial Statements

13. SUPPLEMENTARY CASH FLOW INFORMATION (Continued)

(b) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Aug. 31, 2007	Aug. 31, 2006	Aug. 31, 2005
Cash	\$3,669,067	\$1,666,801	\$693,661
Short-term deposits	9,000,000	8,400,000	2,056,800
	\$12,669,067	\$10,066,801	\$2,750,461

14. SEGMENTED INFORMATION

The Company operates in one operating segment, that being exploration on mineral properties. Investment in joint ventures, fixed assets, capitalized costs for mineral rights and deferred exploration relate to properties situated as follows:

	August 31, 2007	August 31, 2006
Canada	\$1,817,648	\$2,872,433
South Africa	16,342,887	13,402,067
	\$18,160,535	\$16,274,500

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

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

Consolidated Balance Sheets	2007	2006
Total assets under Canadian GAAP	\$36,764,203	\$27,664,441
Decrease in mineral properties due to expensing of exploration costs (a)	(4,256,015)	(4,602,022)
Decrease due to lower equity interest in WBJV (b)	(10,684,707)	(9,044,296)
Marketable securities (e)	1,874,001	354,000
Total assets under US GAAP	\$23,697,482	\$14,372,123
Total liabilities under Canadian GAAP	\$5,918,764	\$2,149,153
Liability relating to issuance of flow-through shares (c)	-	24,758
Total liabilities under US GAAP	\$5,918,764	\$2,173,911
Shareholders' equity under Canadian GAAP	30,845,439	25,515,288
Cumulative mineral properties adjustment (a), (c)	(4,256,015)	(4,602,022)
Cumulative equity adjustment for WBJV (b)	(12,588,645)	(9,590,176)
Liability recorded upon issuance of flow-through shares (c)	-	(24,758)
Cumulative translation adjustment (b)	1,903,938	545,880
Marketable securities (e)	1,874,001	354,000
Shareholders' equity under US GAAP	17,778,718	12,198,212
Total liabilities and shareholders' equity under US GAAP	\$23,697,482	\$14,372,123

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

Consolidated Statements of Operations

	Year ended August 31, 2007	Year ended August 31, 2006	Year ended August 31, 2005	Cumulative from March 16, 2000 to August 31, 2007 (unau- dited)
Net loss under Canadian GAAP	\$(6,758,123)	\$(3,853,273)	\$(3,795,648)	\$(20,422,927)
Mineral property costs written off (a)	1,101,649	834,986	479,634	4,101,556
Exploration expenditures (a)	(755,643)	(476,032)	(2,286,735)	(8,357,571)
Adjustment for equity loss in WBJV (b)	(3,625,104)	(4,998,447)	(3,023,125)	(12,588,645)
Future income taxes (c)	-	5,506	(660,574)	(1,138,095)
Consulting (d)	-	-	-	(287,250)
Stock based compensation (d)	-	(50,200)	1,173,855	960,855
Net loss under US GAAP	\$(10,037,221)	\$(8,537,460)	\$(8,112,593)	\$(37,732,077)
Basic and diluted loss per common share under US GAAP	\$ (0.17)	\$ (0.18)	\$ (0.21)	

Consolidated Statements of Cash Flows

	Year ended August 31, 2007	Year ended August 31, 2006	Year ended August 31, 2005	Cumulative from March 16, 2000 to August 31, 2007 (unaudited)
Operating activities				
Operating activities under Canadian GAAP	\$(3,682,561)	\$(2,356,261)	\$(2,591,906)	\$(12,108,955)
Deferred exploration (a)	(4,587,470)	(4,979,915)	(4,219,624)	(19,434,366)
Operating activities under US GAAP	\$(8,270,031)	\$(7,336,176)	\$(6,811,530)	\$(31,543,321)
Financing activities				
Financing activities under Canadian and US GAAP	\$12,056,061	\$16,195,032	\$8,468,898	\$50,007,416
Investing activities				
Investing activities under Canadian GAAP	\$(5,771,234)	\$(6,522,431)	\$(5,549,707)	\$(25,229,394)
Deferred exploration (a)	4,587,470	4,979,915	4,219,624	19,434,366
Investing activities under US GAAP	\$(1,183,764)	\$(1,542,516)	\$(1,330,083)	\$(5,795,028)

a) Exploration expenses

Canadian GAAP allows exploration costs to be capitalized during the search for a commercially mineable body of ore if the Company considers such costs to have the characteristics of capital assets. Under US GAAP, exploration expenditures on mineral property costs can only be deferred subsequent to the establishment of mining reserves. For US GAAP purposes the Company has expensed exploration expenditures in the period incurred. The Company believes that these cash expenditures under US GAAP are also more appropriately classified as cash operating activities as they were funded by the Company in the respective periods.

Notes to the Consolidated Financial Statements

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

(b) Investment in WBJV

Under Canadian and US GAAP the Company accounts for this investment using the equity method. Under US GAAP the equity loss from the investment is higher as WBJV expenses exploration expenses under US GAAP, whereas under Canadian GAAP these expenditures are capitalized in WBJV.

During the year ended August 31, 2007 and 2006 the Company incurred \$3,625,104 and \$4,998,447 respectively in exploration expenditures on behalf of the WBJV and recorded a share of equity loss from the WBJV of a corresponding amount.

(c) Flow-through shares

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

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

Furthermore, under US GAAP, the amounts received through the issuance of flow-through shares and not yet expended on the related mineral exploration costs are separately classified as restricted cash. Such amounts unexpended at August 31, 2007 and 2006 totalled approximately \$Nil and \$123,790, respectively.

(d) Accounting for stock-based compensation

On September 1, 2005, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123 (R)), which requires the recognition of compensation expense for all share-based payment awards. SFAS 123 (R) requires the Company to measure the cost of services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost of such award will be recognized over the period during which services are provided in exchange for the award, generally the vesting period. The Company adopted SFAS 123 (R) using the modified prospective transition method. Under this method, compensation expense recognition provisions are applicable to new awards and to any awards modified, repurchased or cancelled after the adoption date. Additionally, for any unvested awards outstanding at the adoption date, compensation cost is recognized over the remaining service period. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Prior periods are not restated for comparative purposes.

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, 65,000 stock options issued to employees and directors that were repriced on March 6, 2002 are considered variable and any increase in the market price over the reduced exercise price must be recognized as compensation cost. As at August 31, 2006, the

Notes to the Consolidated Financial Statements

For the year ended August 31, 2007

Platinum Group Metals Ltd.
(Exploration Stage Company)

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

(d) Accounting for stock-based compensation (Continued)

market price of the Company's common shares was \$1.80 per share (2005 - \$1.15) resulting in compensation (recovery) expense of \$50,200 (2005 - \$(37,800); 2004 - \$125,510). At August 31, 2007 none of these options remained outstanding.

(e) Comprehensive income

SFAS No. 130, Reporting Comprehensive Income, 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, 2007	Year ended August 31, 2006	Year ended August 31, 2005
Net loss under US GAAP	\$(10,037,221)	\$(8,537,460)	\$(8,112,593)
Other comprehensive income (loss):			
Unrealized gain (loss) on marketable securities	1,520,001	333,375	(289,000)
Translation adjustment	(349,437)	(122,511)	-
Comprehensive net loss under US GAAP	\$(8,866,657)	\$(8,326,596)	\$(8,401,593)

(f) Recent accounting pronouncements

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). This interpretation clarifies the recognition threshold and measurement of a tax position taken on a tax return, and requires expanded disclosure with respect to the uncertainty in income taxes. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact that adoption of FIN 48 will have on its financial condition or results of operations.

In September 2006, the SASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). This statement defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company expects that adoption of SFAS 157 will not have a material effect on its financial condition or results of operation.

16. SUBSEQUENT EVENTS

Subsequent to August 31, 2007, 463,000 common shares were issued pursuant to the exercise of 463,000 stock options at prices between \$0.50 per share and \$2.57 per share for aggregate proceeds of \$536,500. In October 2007, there were 150,000 incentive stock options granted at a price of \$4.15 per share and 1,097,500 incentive stock options granted at a price of \$4.40 per share.

NOTE REGARDING FORWARD-LOOKING STATEMENTS: This report contains forward-looking statements, being all statements that are not historical facts, including, without limitation, statements regarding our future plans and activities, anticipated developments on our properties, the potential for mineral production, results of permit applications and future commodity markets. In addition, estimates of resources may be forward-looking statements to the extent they represent estimates of mineralization that will be encountered if a property is developed. Forward-looking statements are necessarily based on a number of estimates and assumptions. There can be no assurance that our forward-looking statements will be accurate. Factors that could cause results to differ materially from those expressed in our forward-looking statements include the actual results of further exploration and development, financing risks, the risk of currency and commodity price fluctuations, execution risk, political risk, and the other risks set forth in our most recent annual information form filed with the Canadian provincial securities regulators and the Company's most recent annual report on Form 40-F filed with the SEC, which are available at www.sedar.com and www.sec.gov, respectively. You should not place undue reliance upon our forward-looking statements. We disclaim any responsibility to update our forward-looking statements.

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



Offices

Canada

Suite 328
550 Burrard Street
Vancouver, BC
Canada V6C 2B5

T 604.899.5450
F 604.484.4710
info@platinumgroupmetals.net
www.platinumgroupmetals.net
Toll Free 1.866.899.5450

South Africa

Technology House
Greenacres Office Park
Victory Park, Johannesburg 2193
PostNet Suite No. 81
Private Bag X12
Rooseveltpark 2129
T +27(11) 782.2186
F +27(11) 782.4338

Directors & Officers

R. Michael Jones
Director, President & CEO

Frank Hallam
Director & CFO

Peter Busse
COO

Dr. Barry Smee
Director & Secretary

Iain McLean
Director

Eric Carlson
Director

Registered Office

Suite 2300
1055 Dunsmuir Street
Vancouver, BC
Canada V7X 1J1

Registrar and Transfer Agent

Computershare Investor Services
3rd Floor, 510 Burrard Street
Vancouver, BC
Canada V6C 3B9

Legal Counsel

Gowlings Lafleur Henderson LLP
Suite 2300
1055 Dunsmuir Street
Vancouver, BC
Canada V7X 1J1

Auditors

Pricewaterhouse Coopers LLP
700 - 250 Howe Street
Vancouver, BC
Canada V6C 3S7

Share Listing

TSX: PTM; AMEX: PLG
SEC File #0-33562
CAPITALIZATION
ISSUED & OUTSTANDING: 61,451,747
OPTIONS: 4,164,875
WARRANTS: 850,000
FULLY DILUTED: 66,466,622
November 07, 2007

Annual General Meeting

Tuesday January 8, 2008
2:00 PM (local time)
Suite 328, 550 Burrard Street
Vancouver, BC CANADA



PLG:AMEX PTM:TSX

WWW.PLATINUMGROUPMETALS.NET

INFO@PLATINUMGROUPMETALS.NET

TOLL FREE 1.866.899.5450

TSX: PTM

AMEX: PLG



HEAD OFFICE

SUITE 328-550 BURRARD STREET
VANCOUVER, BC CANADA V6C 2B5

TELEPHONE 604.899.5450

FAX 604.484.4710



SOUTH AFRICA

TECHNOLOGY HOUSE
GREENACRES OFFICE PARK,
VICTORY PARK, JOHANNESBURG 2193
POSTNET SUITE NO. 81
PRIVATE BAG X12
ROOSEVELTPARK 2129

TELEPHONE +27(11) 782.2186

FAX +27(11) 782.4338