



PLG:NYSE American
PTM:TSX

Platinum Group Metals Ltd.

Consolidated Financial Statements

(all amounts in thousands of United States Dollars unless otherwise noted)

For the year ended August 31, 2021

Filed: November 24, 2021

Management’s Responsibility for Consolidated Financial Statements

The accompanying Consolidated Financial Statements of Platinum Group Metals Ltd (the “Company”) are the responsibility of management. The Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and include certain estimates that reflect management’s best judgments.

The Company’s Board of Directors has approved the information contained in the Consolidated Financial Statements. The Board of Directors fulfills its responsibilities regarding the Consolidated Financial Statements mainly through its Audit Committee, which has a written mandate that complies with current requirements of Canadian securities legislation, United States securities legislation, and the United States Sarbanes-Oxley Act of 2002. The Audit Committee meets at least on a quarterly basis.

Management’s Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated Financial Statements for external reporting purposes in accordance with IFRS as issued by the IASB.

Internal control over financial reporting, no matter how well designed, has inherent limitations. 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.

Management has assessed the effectiveness of the Company’s internal control over financial reporting as at August 31, 2021. In making its assessment, management has used the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) to evaluate the Company’s internal control over financial reporting. Based on this assessment, management has concluded that the Company’s internal control over financial reporting was effective as at that date.

The effectiveness of the Company’s internal control over financial reporting as at August 31, 2021 has been audited by Price Waterhouse Coopers LLP, the Company’s independent registered public accounting firm, as stated in their report, which appears herein.

/s/ Greg Blair
Greg Blair
Chief Financial Officer

/s/ Frank Hallam
Frank Hallam,
President, Chief Executive Officer



Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Platinum Group Metals Ltd.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Platinum Group Metals Ltd. and its subsidiaries (together, the Company) as of August 31, 2021 and 2020, and the related consolidated statements of loss and comprehensive loss, changes in equity and cash flows for each of the three years in the period ended August 31, 2021, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of August 31, 2021, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended August 31, 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2021, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a negative working capital and cash outflows from operating activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Change in Accounting Principle

As discussed in Note 2(s) to the consolidated financial statements, the Company changed the manner in which it accounts for financial liabilities in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806



We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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 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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



Determination of commercial viability and technical feasibility and impairment assessment of the Waterberg Project (the Project).

As described in Notes 2, 3 and 4 to the consolidated financial statements, the Project had a carrying value of \$39.6 million as of February 28, 2021 which was reclassified from exploration and evaluation assets to mineral properties. Management concluded that the technical feasibility and commercial viability of the Project had been demonstrated during the second quarter of 2021 as the mining right was granted for the Project. The determination of technical feasibility and commercial viability of the Project required significant judgment by management and took into account factors such as the results of the definitive feasibility study and the status of the granting of the mining right. Prior to the reclassification, exploration and evaluation assets are assessed for impairment whereby the carrying value of the Project was compared to its recoverable amount and management determined that no impairment charge was required. The recoverable amount was determined as the fair value less cost of disposal (FVLCD) using a discounted cash flow model. Determining the FVLCD required management to make estimates and assumptions with respect to quantities of ore reserves and mineral resources, recovery rates, forecast prices of commodities, exchange rates, future production and sales volumes, future production costs, capital and reclamation costs and the discount rate. Quantities of ore reserves and mineral resources, recovery rates, future production and sales volumes as well as future production costs, capital and reclamation costs are based on information compiled by appropriate qualified persons (management's specialists).

The principal considerations for our determination that performing procedures relating to the determination of commercial viability and technical feasibility and impairment assessment of the Project is a critical audit matter are (i) the significant judgment required by management in the determination of commercial viability and technical feasibility taking into account factors such as the results of the definitive feasibility study and the status of the granting of the mining right; (ii) the significant judgment required by management, including the use of management's specialists, while determining the recoverable amount of the Project, including the use of significant assumptions such as quantities of ore reserves and mineral resources, recovery rates, forecast prices of commodities, exchange rates, future production and sales volumes, future production costs, capital and reclamation costs and the discount rate; (iii) the high degree of auditor judgment, subjectivity, and effort in performing procedures relating to the determination of commercial viability and technical feasibility of the Project and related impairment; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment for determining the commercial viability and technical feasibility and impairment assessment of the Project, including controls over the determination of the recoverable amount of the Project. These procedures also included, among others, (i) evaluating the factors used by management to determine commercial viability and technical feasibility including the results of the definitive feasibility study and the status of the granting of the mining right; (ii) testing management's process for determining the recoverable amount of the Project; (iii) evaluating the appropriateness of the discounted cash flow model; (iv) testing the completeness and accuracy of underlying data used in the model; and (v) evaluating the significant assumptions used by management, related to quantities of ore reserves and mineral resources, recovery rates, forecast prices of commodities, exchange rates, future production and sales volumes, future production costs, capital and reclamation costs and the discount rate. Evaluating management's assumptions with respect to forecast



prices of commodities and exchange rates involved evaluating whether these assumptions were reasonable considering the consistency with external market and industry data. The work of management's specialists was used in performing the procedures to evaluate the reasonableness of quantities of ore reserves and mineral resources, recovery rates, future production and sales volumes and future production costs and capital and reclamation costs. As a basis for using this work, management's specialists' qualifications were understood and the Company's relationship with management's specialists was assessed. The procedures performed also included evaluation of the methods and assumptions used by management's specialists, tests of the data used by the management's specialists, and an evaluation of management's specialists' findings. Professionals with specialized skill and knowledge were used to assist in evaluating appropriateness of the discounted cash flow model and the reasonableness of the discount rate.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, Canada
November 24, 2021

We have served as the Company's auditor since 2007.

PLATINUM GROUP METALS LTD.

Consolidated Statements of Financial Position
(in thousands of United States Dollars)

	August 31, 2021	August 31, 2020
ASSETS		
Current		
Cash	\$ 6,059	\$ 1,308
ATM Offering proceeds receivable (Note 8)	213	-
Amounts receivable	263	218
Prepaid expenses	71	385
Total current assets	6,606	1,911
Performance bonds and other assets	170	108
Mineral Properties and Exploration Assets (Note 4)	43,953	34,939
Property, plant and equipment	470	457
Total assets	\$ 51,199	\$ 37,415
LIABILITIES		
Current		
Accounts payable and other liabilities	\$ 2,463	\$ 1,412
Loan payable (Note 6)	9,088	-
Convertible notes (Note 7)	18,716	-
Bank advisory fees payable (Note 11)	-	2,890
Total current liabilities	30,267	4,302
Loan payable (Note 6)	-	19,337
Convertible notes (Note 7)	-	17,212
Asset Retirement Obligation	106	-
Share based liabilities	1,223	509
Lease liability	130	198
Total liabilities	\$ 31,726	\$ 41,558
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	\$ 890,783	\$ 861,890
Contributed surplus	30,102	28,278
Accumulated other comprehensive loss	(159,226)	(164,124)
Deficit	(759,771)	(746,313)
Total shareholders' equity (deficit) attributable to shareholders of Platinum Group Metals Ltd.	1,888	(20,269)
Non-controlling interest	17,585	16,126
Total shareholders' equity (deficit)	19,473	(4,143)
Total liabilities and shareholders' equity	\$ 51,199	\$ 37,415

Going Concern (Note 1)
Contingencies and Commitments (Note 11)

Approved by the Board of Directors and authorized for issue on November 24, 2021

/s/ Stuart Harshaw
Stuart Harshaw, Director

/s/ Diana Walters
Diana Walters, Director

The accompanying notes are an integral part of the consolidated financial statements.

PLATINUM GROUP METALS LTD.

Consolidated Statements of Loss and Comprehensive Loss
(in thousands of United States Dollars except share and per share data)

	Year Ended		
	August 31, 2021	August 31, 2020	August 31, 2019
Expenses			
General and administrative (Note 14)	\$ 5,121	\$ 3,726	\$ 4,677
Interest	5,066	5,493	8,355
Foreign exchange (gain) loss	(698)	(740)	1,006
Share of joint venture expenditures – Lion Battery (Note 5)	343	369	595
Stock compensation expense (Note 8)	3,184	1,569	787
Closure, care and maintenance costs (recovery)	-	-	(509)
	\$ 13,016	\$ 10,417	\$ 14,911
Other Income			
Loss (Gain) on fair value derivatives & other instruments (Note 7)	\$ (52)	\$ (3,203)	\$ 2,732
Loss on the partial settlement of the Sprott Facility	189	-	-
Gain on Sprott extension	(48)	-	-
Gain on fair value of marketable securities	-	-	(609)
Net finance income	(97)	(158)	(364)
Loss for the year before income taxes	\$ 13,008	\$ 7,056	\$ 16,670
Deferred income tax expense	55	72	106
Loss for the year	13,063	7,128	16,776
Items that may be subsequently reclassified to net loss:			
Currency translation adjustment	(4,898)	4,487	(105)
Comprehensive loss for the period	\$ 8,165	\$ 11,615	\$ 16,671
Net Loss attributable to:			
Shareholders of Platinum Group Metals Ltd.	\$ 13,063	\$ 7,128	\$ 16,776
Non-controlling interests	-	-	-
	\$ 13,063	\$ 7,128	\$ 16,776
Comprehensive (income) loss attributable to:			
Shareholders of Platinum Group Metals Ltd.	\$ 8,165	\$ 11,615	\$ 16,671
Non-controlling interests	-	-	-
	\$ 8,165	\$ 11,615	\$ 16,671
Basic and diluted loss per common share	\$ 0.18	\$ 0.11	\$ 0.52
Weighted average number of common shares outstanding:			
Basic and diluted	71,912,296	61,537,004	32,534,646

PLATINUM GROUP METALS LTD.

Consolidated Statements of Changes in Equity

(in thousands of United States Dollars, except # of Common Shares)

	# of Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (loss)	Deficit	Attributable to Shareholders of the Parent Company	Non-Controlling Interest	Total
Balance August 31, 2018	29,103,411	\$ 818,454	\$ 25,950	\$ (159,742)	\$ (715,344)	\$ (30,682)	\$ 11,152	\$ (19,530)
IFRS 9 transition adoption on September 1, 2018	-	-	-	-	(5,781)	(5,781)	-	(5,781)
Balance September 1, 2018	29,103,411	\$ 818,454	\$ 25,950	\$ (159,742)	\$ (721,125)	\$ (36,463)	\$ 11,152	\$ (25,311)
Stock based compensation	-	-	827	-	-	827	-	827
Shares issued for interest on Convertible Notes	545,721	687	-	-	-	687	-	687
Share issuance – financing	27,077,885	35,024	-	-	-	35,024	-	35,024
Share issuance costs	-	(1,876)	-	-	-	(1,876)	-	(1,876)
Warrants exercised	1,048,770	1,981	-	-	-	1,981	-	1,981
Shares issued for loan facility	800,000	1,000	-	-	-	1,000	-	1,000
Contributions of Waterberg JV Co.	-	-	-	-	(1,117)	(1,117)	4,299	3,182
Foreign currency translation adjustment	-	-	-	105	-	105	-	105
Net loss for the year	-	-	-	-	(16,776)	(16,776)	-	(16,776)
Balance August 31, 2019	58,575,787	\$ 855,270	\$ 26,777	\$ (159,637)	\$ (739,018)	\$ (16,608)	\$ 15,451	\$ (1,157)
Stock based compensation	-	-	1,501	-	-	1,501	-	1,501
Shares issued for interest on Convertible Notes	1,043,939	1,374	-	-	-	1,374	-	1,374
Share issuance – financing	4,447,307	5,705	-	-	-	5,705	-	5,705
Share issuance costs	-	(514)	-	-	-	(514)	-	(514)
Warrants exercised	28,040	55	-	-	-	55	-	55
Contributions of Waterberg JV Co.	-	-	-	-	(167)	(167)	675	508
Foreign currency translation adjustment	-	-	-	(4,487)	-	(4,487)	-	(4,487)
Net loss for the period	-	-	-	-	(7,128)	(7,128)	-	(7,128)
Balance August 31, 2020	64,095,073	861,890	28,278	(164,124)	(746,313)	(20,269)	16,126	(4,143)
Stock based compensation	-	-	2,921	-	-	2,921	-	2,921
Restricted Share Units redeemed	121,668	189	(281)	-	-	(92)	-	(92)
Share options exercised	843,543	2,301	(816)	-	-	1,485	-	1,485
Share issuance – financing	10,210,842	27,949	-	-	-	27,949	-	27,949
Share issuance costs	-	(1,546)	-	-	-	(1,546)	-	(1,546)
Contributions of Waterberg JV Co.	-	-	-	-	(395)	(395)	1,459	1,064
Foreign currency translation adjustment	-	-	-	4,898	-	4,898	-	4,898
Net loss for the period	-	-	-	-	(13,063)	(13,063)	-	(13,063)
Balance August 31, 2021	75,271,126	890,783	30,102	(159,226)	(759,771)	1,888	17,585	19,473

The accompanying notes are an integral part of the consolidated financial statements.

PLATINUM GROUP METALS LTD.

Consolidated Statements of Cash Flows
(in thousands of United States Dollars)

	For the year ended		
	August 31, 2021	August 31, 2020	August 31, 2019
OPERATING ACTIVITIES			
Loss for the year	\$ (13,063)	\$ (7,128)	\$ (16,776)
Add items not affecting cash / adjustments:			
Depreciation	122	177	235
Interest expense	5,066	5,493	8,355
Unrealized foreign exchange (loss)	(1,058)	128	13
Loss (Gain) on fair value of derivatives and other instruments	(52)	(3,203)	2,732
Gain on marketable securities	-	-	(609)
Loss on partial settlement of Sprott Facility	(189)	-	-
Gain on extension of Sprott Facility	348	-	-
Deferred tax expense	55	72	106
Stock compensation expense	3,184	1,569	787
Share of joint venture expenditures	343	369	595
Directors' fees paid in deferred share units	152	142	112
Net change in non-cash working capital (Note 12)	(2,962)	(739)	(502)
	\$ (8,054)	\$ (3,120)	\$ (4,952)
FINANCING ACTIVITIES			
Share issuance – warrant exercise	\$ -	\$ 48	\$ 1,783
Proceeds from issuance of equity	27,949	5,705	25,024
Equity issuance costs	(1,546)	(514)	(1,876)
Cash received from option exercises	1,485	-	-
Sprott Facility principal repayments	(10,600)	-	-
Sprott Facility interest paid	(1,589)	(2,237)	(73)
Convertible note interest paid	(1,374)	-	(687)
Cash proceeds from debt	-	-	20,000
Costs associated with debt	(318)	(40)	(228)
Lease payments made	(91)	(66)	-
Repayment of Liberty debt and production payment termination	-	-	(41,023)
Share unit cash settlement	(151)	-	-
Cash received from Waterberg partners	1,829	1,697	3,522
	\$ 15,594	\$ 4,593	\$ 6,442
INVESTING ACTIVITIES			
Performance bonds	\$ (43)	\$ (67)	\$ 19
Investment in Lion Battery	(350)	(350)	(554)
Cash received from the sale of marketable securities	-	-	7,951
Expenditures from restricted cash (Waterberg)	-	-	126
Expenditures incurred on Waterberg Project	(2,415)	(4,953)	(6,990)
	\$ (2,808)	\$ (5,370)	\$ 552
Net increase (decrease) in cash	4,732	(3,897)	2,042
Effect of foreign exchange on cash	19	(345)	491
Cash, beginning of year	1,308	5,550	3,017
Cash end of year	\$ 6,059	\$ 1,308	\$ 5,550

PLATINUM GROUP METALS LTD.

Notes to the Consolidated Financial Statements

(in thousands of United States Dollars unless otherwise specified except share and per share data)

1. NATURE OF OPERATIONS AND GOING CONCERN

Platinum Group Metals Ltd. (the “**Company**”) is a British Columbia, Canada, company formed by amalgamation on February 18, 2002. The Company’s shares are publicly listed on the Toronto Stock Exchange in Canada and the NYSE American LLC (“**NYSE American**”) in the United States. The Company’s address is Suite 838-1100 Melville Street, Vancouver, British Columbia, V6E-4A6.

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

These financial statements consolidate the accounts of the Company and its subsidiaries. Lion Battery Technologies Inc. (“**Lion**”) is accounted for using the equity method as the Company jointly controls Lion despite owning the majority of Lion’s shares. The Company’s subsidiaries, associates and joint ventures as at August 31, 2021 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			August 31, 2021	August 31, 2020
Platinum Group Metals (RSA) (Pty) Ltd.	Development	South Africa	100.0%	100.0%
Mnombo Wethu Consultants (Pty) Limited ⁽¹⁾	Development	South Africa	49.9%	49.9%
Waterberg JV Resources (Pty) Ltd. ^{(1),(2)}	Development	South Africa	37.05%	37.05%
Lion Battery Technologies Inc.	Research	Canada	53.70%	55.00%

Notes:

- (1) The Company controls and consolidates Mnombo Wethu Consultants (Pty) Limited (“**Mnombo**”) and Waterberg JV Resources (Pty) Ltd. (“**Waterberg JV Co.**”) for accounting purposes.
- (2) Effective ownership of Waterberg JV Co. is 63.05% when Mnombo’s ownership portion is combined with Platinum Group Metals (RSA) (Pty) Ltd. (“**PTM RSA**”) ownership portion.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for at least twelve months from the date of filing of these consolidated financial statements. During the year ended August 31, 2021, the Company incurred a loss of \$13.1 million, used cash of \$8.1 million in operating activities and at year end had cash of \$6.1 million and a working capital deficiency of \$23.6 million. Included in current liabilities was \$9.4 million pursuant to the Sprott Facility (as defined below) as well as convertible notes (\$19.99 million) that mature on July 1, 2022. During the year the Company exercised its option to extend the maturity date on \$10 million of the Sprott Facility to August 14, 2022 with earlier payments permitted. As of the date of filing these consolidated financial statements the Sprott Facility principal balance has been paid down to \$3.6 million. The Company currently has limited financial resources and has no sources of operating income.

In March 2020, the World Health Organization declared the outbreak of COVID-19 Coronavirus a global pandemic. The pandemic has continued in waves until the present time. Related negative public health developments have adversely affected workforces, economies and financial markets globally, resulting in a period of economic uncertainty. Supply chain disruptions caused by the pandemic have negatively affected global automotive production, resulting in a downturn for the prices of platinum, palladium and rhodium. Although the Company has not directly experienced a material adverse effect as a result of the pandemic to date, it is not possible for the Company to predict the duration or magnitude of the possible adverse results of the pandemic and its effects on the Company’s business or ability to raise funds.

The Company’s ability to continue operations in the normal course of business will therefore depend upon its ability to secure additional funding by methods that could include debt refinancing, equity financing, the sale of assets and strategic partnerships. Management believes the Company will be able to secure further funding as required although there can be no assurance that these efforts will be successful. These factors give rise to material uncertainties resulting in substantial doubt as to the ability of the Company to continue to meet its obligations as they come due and hence, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

PLATINUM GROUP METALS LTD.

Notes to the Consolidated Financial Statements

(in thousands of United States Dollars unless otherwise stated except share and per share data)

These consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be required to the carrying value of assets and liabilities, the expenses, the reported comprehensive loss and balance sheet classifications used that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could be material.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities measured at fair value.

Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements throughout all years presented, as if these policies had always been in effect except for the adoption of IFRS 16 *Leases*, (“IFRS 16”) effective for the 2020 fiscal year.

a. Consolidation

The consolidated financial statements include those of the Company, its subsidiaries, joint ventures and structured entities that it controls, using uniform accounting policies. Control exists when the Company has (i) power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power to affect its returns.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company’s equity.

Subsidiaries are all entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

b. Translation of foreign currencies

Functional currency

Items included in the financial statements of the Company and each of the Company’s subsidiaries and equity accounted investees are measured using the currency of the primary economic environment in which the entity operates (the functional currency) as follows:

Platinum Group Metals Ltd.	Canadian Dollars
Lion Battery Technologies Inc.	United States Dollars
Platinum Group Metals (RSA) (Pty) Ltd.	South African Rand
Mnombo Wethu Consultants (Pty) Limited	South African Rand
Waterberg JV Resources (Pty) Ltd	South African Rand

Presentation Currency

The Company’s presentation currency is the United States Dollar (“USD”)

Foreign Exchange Rates Used

PLATINUM GROUP METALS LTD.

Notes to the Consolidated Financial Statements

(in thousands of United States Dollars unless otherwise stated except share and per share data)

The following exchange rates were used when preparing these consolidated financial statements:

Rand/USD

Year-end rate: R14.5241 (2020 R16.8916)

Year average rate: R15.0043 (2020 R16.0676)

CAD/USD

Year-end rate: C\$1.2617 (2020 C\$1.3042)

Year average rate: C\$1.2688 (2020 C\$1.3458)

Transactions and balances

Foreign currency transactions are translated into the relevant entity's functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Subsidiaries

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

c. Joint Arrangements

The Company treats its investment in Lion Battery Technologies Inc. as a joint venture. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. Joint ventures are accounted for using the equity method of accounting.

d. Change in ownership interests

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration received is recognized in a separate line in retained earnings.

e. Mineral Properties and Exploration Assets

Exploration activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation expenditures on identifiable properties are capitalized. Exploration and

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evaluation assets are shown separately until technical feasibility and commercial viability is achieved at which point the relevant asset is transferred to development assets under property, plant and equipment. Capitalized costs are all considered to be tangible assets as they form part of the underlying mineral property.

Capitalized exploration and evaluation assets are reviewed for impairment when facts or circumstances suggest an asset's carrying amount may exceed its recoverable amount and when the exploration and evaluation assets are transferred to development assets. If impairment is considered to exist, the related asset is written down to the greater of its value in use and its fair value less costs to sell.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs.

Where an item of property, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Once a mining project has been established as technically feasible and commercially viable, expenditure other than on land, buildings, plant and equipment is capitalised as part of "development assets" together with any related amount transferred from "exploration and evaluation assets". Capitalization of costs incurred ceases when the property is capable of operating at levels intended by management.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All repairs and maintenance are expensed to profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal, retirement or scrapping of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Property plant and equipment are recorded at cost and are depreciated on a straight-line basis over the following periods:

Vehicles	3-5 years
Computer Equipment and software	3-5 years
Furniture and Fixtures	5-10 years

i. Impairment

Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts internal reviews of asset values which are used to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors including market capitalization are also monitored to assess for indications of impairment.

If any such indication exists an estimate of the recoverable amount is undertaken, being the higher of an asset's fair value less costs to sell and its value in use. If the asset's carrying amount exceeds its recoverable amount, then an impairment loss is recognized.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally

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determined as the present value of the estimated future cash flows expected to arise from the use of the asset, including any expansion prospects.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Tangible assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

j. Asset retirement obligations

Provisions for asset retirement obligations are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related disturbance occurs. The provision is discontinued using a risk-free pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over the future life of the asset to which it relates. The provision is adjusted on an annual basis for changes in cost estimates, discount rates and inflation.

k. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

l. Convertible Notes

At inception the debt component of the convertible notes is deemed to be the residual value of the net proceeds after the fair value of the embedded derivatives are separated. The debt component is then measured at amortized cost using the effective interest method. The embedded derivatives are revalued at each reporting period with the change in fair value being recorded in profit or loss in each reporting period.

m. Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effect.

n. Share-based payment transactions

Stock options

Stock options are settled in equity. The fair values for stock-based awards have been estimated using the Black-Scholes model and recorded as compensation cost over the period of vesting. The compensation cost related to stock options granted is expensed or capitalized to mineral properties, as applicable. Cash received on exercise of stock options is credited to share capital and the related amount previously recognized in contributed surplus is reclassified to share capital.

Restricted share units

Restricted share units ("**RSU**") represent an entitlement to one common share of the Corporation, upon vesting. RSUs provide the option of being settled in cash upon election by the Board of Directors. The fair value of RSUs granted is recognized as an expense over the vesting period and is measured at the time of grant.

Deferred share units

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Deferred share units (“DSU’s”) are measured at fair value on grant date based on the market price of the Company’s shares on the grant date. DSU’s are settled in cash based on the market price of the Company’s shares on the entitlement date (which is when the respective director ceases to be a director of the Company). The expense for DSU’s is recognized over the vesting period and the DSU’s are classified as a liability. DSU liabilities are adjusted at each financial position reporting date for changes in fair value. Fully vested DSU’s are revalued based on the market price of the Company’s shares on the final day of the respective reporting period with changes in fair value being recognized in share-based compensation expenses.

o. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax expense is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of loss and other comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

p. Loss per common share

Basic loss per common 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 per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. In periods when a loss is incurred, the effect of the potential issuances of shares is anti-dilutive, and accordingly basic and diluted loss per share are the same.

q. Financial instruments (prior to September 1, 2018)

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In fiscal 2018, the carrying value of marketable securities was based on the quoted market prices of the shares as at August 31, 2018 and was therefore considered to be Level 1 as the Company anticipated disposing of these shares within the following fiscal year.

(i) Financial assets and liabilities

Loans and receivables – Loans and receivables comprised of cash and cash equivalents, amounts receivable and performance bonds. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They were classified as current assets or non-current assets based on their maturity date. Loans and receivables were initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities were classified as either financial liabilities or at fair value through profit or loss.

Financial liabilities - Other financial liabilities were initially measured at fair value, net of transaction costs and were subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company had classified accounts payable, accrued liabilities and the debt portion of the convertible notes as other financial liabilities.

Fair value through profit or loss - The Company had classified the convertible note derivative as fair value through profit or loss and adjusted the fair value each quarter.

(ii) Impairment of financial assets

The Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets was impaired. Impairment losses on financial assets carried at amortized cost were reversed in subsequent periods if the amount of the loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognized.

r. **Financial instruments (since September 1, 2018)**

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, at fair value through other comprehensive income (loss), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and the debt's contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Derecognition of Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

s. **Accounting Standards Adopted**

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Recently Issued Accounting Pronouncements

The IASB has made amendments to IAS 1, *Presentation of Financial Statements* (“IAS 1”) which use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. The Company adopted IAS 1 on September 1, 2020, which did not have a significant impact on the consolidated financial statement disclosures.

Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires the use of judgments and estimates that affect the amount reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management’s best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Information about such judgments and estimation is contained in the accounting policies and notes to the financial statements, and the key areas are summarized below.

Areas of judgment and key sources of estimation uncertainty that have the most significant effect on the amounts recognized in these consolidated financial statements are:

- Determination of ore reserves and mineral resource estimates
- Determination of Commercial Viability and Technical Feasibility of the Waterberg Project
- Assumption of control of Mnombo for accounting purposes

Each of these judgments and estimates is considered in their respective notes or in more detail below.

Determination of ore reserve and mineral resource estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”). The Company relied upon these estimates when assessing impairment upon the transfer of assets from capitalized exploration costs to development costs. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation and they may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves being restated.

Determination of Commercial Viability and Technical Feasibility of the Waterberg Project

The application of the Company’s accounting policy for mineral property development costs required judgment to determine when technical feasibility and commercial viability of the Waterberg Project was demonstrable. The Company considered the positive NI 43-101 compliant Feasibility Study published December 5, 2019 combined with the granting of a mining right on February 3, 2021 that commercial viability and technical feasibility of the Waterberg Project had been confirmed. At this point, the capitalized acquisition costs were assessed for impairment, and reclassified to mineral property

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development costs within property, plant and equipment.

Prior to reclassification, the carrying value of the Waterberg project was assessed for impairment, wherein the carrying value of the project was compared with the recoverable amount. The recoverable amount was determined as the fair value less cost of disposal (FVLCD) using a discounted cash flow model. Determining the FVLCD required management to make estimates and assumptions with respect to quantities of ore reserves and mineral resources, recovery rates, forecast prices of commodities, exchange rates, future production and sales volumes, future production costs, capital and reclamation costs and the discount rate. Quantities of ore reserves and mineral resources, recovery rates, future production and sales volumes as well as expected future production costs, capital and reclamation costs are based on information compiled by Qualified Persons as defined by NI 43-101.

Assumption of control of Mnombo and Waterberg JV Co. for accounting purposes

The Company has judged that it controls Mnombo for accounting purposes as it owns 49.9% of the outstanding shares of Mnombo and has contributed all material capital to Mnombo since acquiring its 49.9% share. Currently there are no other sources of funding known to be available to Mnombo. If in the future Mnombo is not deemed to be controlled by the Company, the assets and liabilities of Mnombo would be derecognized at their carrying amounts. Amounts recognized in other comprehensive income would be transferred directly to retained earnings. If a retained interest remained after the loss of control it would be recognized at its fair value on the date of loss of control. Although the Company controls Mnombo for accounting purposes, it does not have omnipotent knowledge of Mnombo's other shareholders activities. Mnombo's 50.1% shareholders are historically disadvantaged South Africans. The Company also determined that it controls Waterberg JV Co. given its control over Mnombo as well as its power over the investee.

4. MINERAL PROPERTY and EXPLORATION AND EVALUATION ASSETS

Since mid-2017, the Company's only active mineral property has been the Waterberg Project located on the North Limb of the Bushveld Igneous Complex. During the current year the Waterberg Project was granted its mining right (the "**Waterberg Mining Right**") and as a result the Company reclassified the Waterberg Project from being an Exploration and Evaluation Asset to a Development Asset.

Total capitalized costs for the Waterberg Project are as follows:

Balance, August 31, 2019	\$	36,792
Additions		2,988
Recoveries from 100% Implats funded implementation budget		(1,285)
Foreign exchange movement		(3,556)
Balance, August 31, 2020	\$	34,939
Additions		3,745
Recoveries from 100% Implats funded implementation budget		(229)
Foreign exchange movement		5,498
Balance August 31, 2021	\$	43,953

Prior to reclassification on February 28, 2021, the Company performed an impairment test whereby the recoverable amount of Waterberg was compared to the carrying value of \$39,642 and determined that no impairment charge was required.

Key assumptions used to assess impairment included the use of 3 year average palladium, platinum and gold prices as well as an 12% discount rate.

Waterberg Project

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At August 31, 2021, the Waterberg Project consisted of granted prospecting rights, applied for prospecting rights and the Waterberg Mining Right with a combined active project area of 79,188 hectares, located on the Northern Limb of the Bushveld Complex, approximately 85 km north of the town of Mokopane. Of the total project area, 20,532 hectares are covered by the Waterberg Mining Right. A further 58,655 hectares are covered by active prospecting rights. Waterberg JV Co. is currently in process of applying for closure on one inactive prospecting right located north of the known mineralized area, measuring 20,242 hectares.

On March 5, 2021 and subsequently the Company received three notices of appeal to the January 28, 2021 decision of the South African Department of Mineral Resources and Energy (“**DMR**”) granting the Waterberg Mining Right filed by appellants from local communities. One group filed an application for an order in the High Court of South Africa to review and set aside the decision by the Minister of the Department of Forestry, Fisheries, and the Environment to refuse condonation for the late filing of an appeal against the grant of an environmental authorization for the mine in November 2020. On July 30, 2021, Waterberg JV Co. received a restraint application from a group located near planned surface infrastructure. Another host community has applied to join as a party to the application in support of the Waterberg Mine. Waterberg JV Resources (Pty) Limited (“Waterberg JV Co.”) is opposing the court applications as well as all appeals received. A time frame for the hearing of court applications or the settlement of appeals is uncertain. The Waterberg Mining Right currently remains active, was notarially executed by the DMR on April 13, 2021 and was registered at the Mineral and Petroleum Titles Registration Office on July 6, 2021.

The Waterberg Project comprises the former Waterberg joint venture property and the Waterberg extension property. On August 21, 2017, PTM RSA completed the cession of legal title for all Waterberg Project prospecting rights into Waterberg JV Co. after earlier receiving Section 11 approval of the 2nd Amendment (defined below). On September 21, 2017, Waterberg JV Co. also issued shares to all existing Waterberg partners pro rata to their joint venture interests, resulting in the Company holding a 45.65% direct interest in Waterberg JV Co., Japan Oil, Gas and Metals National Corporation (“**JOGMEC**”) holding a 28.35% interest and Mnombo, as the Company’s Black Economic Empowerment (“**BEE**”) partner, holding 26%. JOGMEC has since sold 44.4% of its interest (9.76% of the Waterberg Project) to Hanwa Co., Ltd (“**Hanwa**”).

Implats Transaction

On November 6, 2017, the Company closed a transaction (the “**Implats Transaction**”), originally announced on October 16, 2017, whereby Impala Platinum Holdings Ltd. (“**Implats**”) purchased an aggregate 15.0% equity interest in Waterberg JV Co for \$30 million. The Company sold an 8.6% interest for \$17.2 million and JOGMEC sold a 6.4% interest for \$12.8 million. As part of the transaction, Implats also acquired an option to increase its holdings in Waterberg JV Co. to 50.01% (the “**Purchase and Development Option**”) in exchange for certain payments and project funding, and a right of first refusal to enter into an offtake agreement, on commercial arm’s-length terms, for the smelting and refining of mineral products from the Waterberg Project (“**Offtake ROFR**”) if Waterberg JV Co. proposes to enter into an offtake agreement with a third party. JOGMEC or its nominee retain a right to direct the marketing of Waterberg concentrate and to receive, at market prices, platinum, palladium, rhodium, gold, ruthenium, iridium, copper and nickel in refined mineral products at the volumes produced from the Waterberg Project.

On June 15, 2020, Implats delivered a formal notice of their election not to exercise their Purchase and Development Option due to increased economic uncertainty and reduced risk appetite in the short, medium and long-term as a result of the COVID-19 pandemic. Implats currently retains a 15.0% participating Waterberg Project interest and the Offtake ROFR. The Company retains a controlling 50.02% direct and indirect interest in the Waterberg Project.

Acquisition and Development of the Waterberg Project

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In October 2009, PTM RSA, JOGMEC and Mnombo entered into a joint venture agreement with regard to the Waterberg Project (the “**JOGMEC Agreement**”). Under the terms of the JOGMEC Agreement, in April 2012, JOGMEC completed a \$3.2 million work requirement to earn a 37% interest in the former Waterberg JV property, leaving the Company with a 37% interest and Mnombo with a 26% interest. Following JOGMEC’s earn-in, the Company funded Mnombo’s 26% share of costs, totalling \$1.12 million, until the earn-in phase of the joint venture ended in May 2012.

On November 7, 2011, the Company entered an agreement with Mnombo to acquire 49.9% of the issued and outstanding shares of Mnombo in exchange for a cash payment of R1.2 million and the Company’s agreement to pay for Mnombo’s 26% share of costs on the Waterberg JV property until the completion of a feasibility study. Mnombo’s share of expenditures prior to this agreement, and Mnombo’s share of expenditures post DFS, are still owed to the Company (\$6.9 million at August 31, 2021). The portion of Mnombo not owned by the Company is accounted for as a non-controlling interest, calculated at \$7.4 million at August 31, 2021 (\$7.1 million – August 31, 2020).

On May 26, 2015, the Company announced a second amendment (the “**2nd Amendment**”) to the existing JOGMEC Agreement. Under the terms of the 2nd Amendment, the Waterberg JV and Waterberg Extension properties were combined and contributed into the newly created operating company Waterberg JV Co. On August 3, 2017, the Company received Section 11 transfer approval from the DMR and title to all the Waterberg prospecting rights were ceded into Waterberg JV Co. on September 21, 2017.

Under the 2nd Amendment, JOGMEC committed to fund \$20 million in expenditures over a three-year period ending March 31, 2018. This requirement was completed by \$8 million in funding from JOGMEC to March 31, 2016, followed by two \$6 million tranches funded by JOGMEC in each of the following two 12-month periods ending March 31, 2018.

To August 31, 2021, an aggregate total of \$77.5 million has been funded by all parties on exploration and engineering on the Waterberg Project. Up until the Waterberg property was transferred to Waterberg JV Co., all costs incurred by other parties were treated as cost recoveries by the Company.

5. LION BATTERY TECHNOLOGIES INC.

Lion was incorporated on June 17, 2019 with the objective to research new lithium battery technology utilizing platinum and palladium. The Company received 400,000 common shares of Lion, valued at a price of \$0.01 per share, as the original founder of Lion. On July 12, 2019, the Company and Anglo American Platinum Limited (“**Amplats**”) entered into investment, shareholder and research agreements to facilitate Lion’s objectives. The Company and Amplats agreed to equally invest up to an aggregate of \$4.0 million into Lion, of which approximately \$1.0 million would be intended for the commercialization of the technology developed as well as general and administrative expenses, subject to certain conditions. On July 6, 2021 the Company and Amplats agreed to increase the planned funding to Lion by a further \$2.726 million, to a total of up to \$6.726 million, in order to allow the acceleration of certain research and commercialization activities. All agreed funding into Lion by the Company and Amplats is to be exchanged for preferred shares of Lion at a price of \$0.50 per share over an approximate three to five year period.

On July 12, 2019, the Company and Amplats each invested \$550 as a first tranche of funding into Lion in exchange for 1,100,000 Lion preferred shares each at a price of \$0.50 per share. In June 2020, the Company and Amplats each invested \$350 as a second tranche of funding in exchange for 700,000 preferred shares each at a price of \$0.50 per share. In February 2021, the Company and Amplats each invested \$350 as a third tranche of funding in exchange for 700,000 preferred shares each at a price of \$0.50 per share. At August 31, 2021, the Company owned approximately a 54% interest in Lion.

On July 12, 2019, Lion entered into a Sponsored Research Agreement (“**SRA**”) with Florida International University (“**FIU**”) to fund a \$3.0 million research program over approximately three years. On July 6, 2021 Lion agreed to increase the planned amount of research funding to FIU by a further amount of \$1.0 million, for a total of up to \$4.0 million. The first tranche to FIU under the SRA, totaling \$1.0 million plus a one-time fee of \$50, was funded by Lion in mid July 2019. Research work commenced at FIU during September 2019. During calendar 2020 FIU completed the first research milestone pursuant to the SRA,

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which triggered a second tranche of funding to FIU in the amount of \$667. Based on research advancement a third tranche in the amount of \$667 was paid by Lion to FIU in February 2021. Lion has provided aggregate research funding in the amount of \$2.38 million to FIU as of August 31, 2021. At August 31, 2021 the Company had \$144 in unused losses from Lion available.

On August 4, 2020, the U.S. Patent and Trademark Office issued Patent No. 10,734,636 B2 entitled "Battery Cathodes for Improved Stability" to FIU. The patent includes the use of platinum group metals and carbon nanotubes and other innovations in a lithium battery. A second patent related to this was issued in December 2020 and a third was issued in June 2021. Further patents are currently applied for. Under the SRA, Lion has exclusive rights to all intellectual property being developed by FIU including patents granted. Lion is also reviewing several additional and complementary opportunities focused on developing next-generation battery technology using platinum and palladium.

The Company accounts for Lion using equity accounting as Lion is jointly controlled with Amplats. Lion pays a fee of \$3 per month to the Company for general and administrative services.

6. SPROTT LOAN

On August 15, 2019, the Company announced it had entered into a senior secured credit facility with Sprott Private Resource Lending II (Collector), LP ("**Sprott**") and other lenders party thereto (the "**Sprott Lenders**") pursuant to which the Sprott Lenders advanced the Company \$20.0 million in principal (the "**Sprott Facility**"). The loan was immediately drawn and was originally scheduled to mature on August 14, 2021. Principal amounts of the Sprott Facility outstanding are charged interest at a rate of 11% per annum, compounded monthly. The Company elected to exercise an option to extend the maturity date of \$10.0 million in principal by one year in exchange for a payment in cash of \$300, being equal to three percent of the outstanding principal amount not being repaid on the original maturity date. During fiscal 2021 the Company made principal repayments of \$10.6 million to Sprott, reducing the principal balance due at August 31, 2021 to \$9.4 million. Subsequent to year end, the Company has made further principal repayments of \$4.9 million, bringing the principal balance due down to \$3.6 million as of the date of publication for these consolidated financial statements. Scheduled interest payments are made monthly with interest of \$1,590 having been paid to Sprott during the year ended August 31, 2021 (August 31, 2020 - \$2,237).

The Company is required to maintain certain minimum working capital and cash balances under the Sprott Facility and is in compliance with these covenants at year end.

All fees directly attributable to the Sprott Facility are recorded against the loan balance and amortized using the effective interest method over the life of the loan, with the exception of \$300 fee paid to Sprott to extend \$10.0 million of the loan for one year which was offset by the accounting gain recognized of \$348. In connection with the original principal advance the Company issued Sprott 800,000 common shares worth \$1,000. Effective interest of \$2,120 was recognized during the year ended August 31, 2021 (August 31, 2020 - \$2,809).

7. CONVERTIBLE NOTES

On June 30, 2017, the Company closed a private placement of \$20 million aggregate principal amount of convertible senior subordinated notes due in 2022, of which \$19.99 million remained outstanding at August 31, 2021 (the "**Convertible Notes**"). The Convertible Notes bear interest at a rate of 6 7/8% per annum, payable semi-annually on January 1 and July 1 of each year in cash or at the election of the Company, in common shares of the Company or a combination of cash and common shares, and will mature on July 1, 2022, unless earlier repurchased, redeemed or converted.

Upon maturity the Convertible Notes are to be settled by the Company in cash. The Convertible Notes are convertible at any time prior to maturity at the option of the holder, and conversion may be settled, at the Company's election, in cash, common shares, or a combination of cash and common shares. The conversion rate of the Convertible Notes is 100.111 common shares per \$1.0 thousand principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately \$9.989 per common share, representing a conversion premium of approximately 15% above the NYSE American closing sale price for the Company's common shares on June 27, 2017.

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The Convertible Notes contain multiple embedded derivatives (the “**Convertible Note Derivatives**”) relating to the conversion and redemption options. The Convertible Note Derivatives were valued upon initial recognition at fair value using partial differential equation methods at \$5.381 million (see below). At inception, the debt portion of the Convertible Notes were reduced by the estimated fair value of the Convertible Note Derivatives of \$5.381 million and transaction costs relating to the Convertible Notes of \$1.049 million resulting in an opening balance of \$13.570 million. The Convertible Notes are measured at amortized cost and will be accreted to maturity over the term using the effective interest method.

On January 2, 2018, the Company issued 244,063 common shares in settlement of \$0.691 million of bi-annual interest payable on the outstanding Convertible Notes.

On July 3, 2018, the Company issued 757,924 common shares in settlement of \$0.724 million of bi-annual interest payable on the outstanding Convertible Notes.

On January 2, 2019, the Company issued 545,721 common shares in settlement of \$0.687 million of bi-annual interest payable on the outstanding Convertible Notes.

On July 1, 2019, the Company paid \$0.687 million in cash for bi-annual interest payable on the outstanding Convertible Notes.

On January 2, 2020, the Company issued 517,468 common shares in settlement of \$0.687 million of bi-annual interest payable on the outstanding Convertible Notes.

On July 2, 2020, the Company issued 526,471 common shares in settlement of \$0.687 million of bi-annual interest payable on the outstanding Convertible Notes.

On January 2, 2021, the Company paid \$0.687 million in cash for bi-annual interest payable on the outstanding Convertible Notes.

On July 2, 2021, the Company paid \$0.687 million in cash for bi-annual interest payable on the outstanding Convertible Notes.

Due to a limitation on conversion contained in the indenture governing the Convertible Notes, dated June 30, 2017 between the Company and The Bank of New York Mellon, no more than 2,954,278 common shares, being 19.9% of the number of common shares outstanding on June 30, 2017, may be issued in settlement of interest payments or conversions related to the Convertible Notes. Currently, a total of 361,312 common shares remain available for settlement of future interest payments or conversions.

The components of the Convertible Notes are as follows:

Convertible Note balance August 31, 2019	\$ 16,075
Interest payments	(1,374)
Accretion and interest incurred during the year	2,668
Gain on embedded derivatives during the year ended August 31, 2020	(157)
Convertible Note balance August 31, 2020	\$ 17,212
Interest payment	(1,374)
Accretion and interest incurred during the year	2,930
Gain on embedded derivatives during the year ended August 31, 2021	(52)
Convertible Note balance August 31, 2021	\$ 18,716

Embedded Derivatives

The Convertible Note Derivatives were valued upon initial recognition at a fair value of \$5.381 million using partial differential equation methods and are subsequently re-measured at fair value at each period-end through the consolidated statement of net loss and comprehensive loss. A gain of \$52 was recognized on the fair value of the Convertible Note Derivatives at August 31, 2021, (August 31, 2020 -

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\$157 gain).

8. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Issued and outstanding

At August 31, 2021, the Company had 75,271,126 common shares outstanding including 81,409 shares sold for the net proceeds of \$218 on or before August 31, 2021 and issued September 1 and 2, 2021 pursuant to an at-the-market offering ("ATM Offering") governed by the terms of an equity distribution agreement with BMO Capital Markets.

Fiscal 2021

On February 5, 2021, the Company entered into a second at-the-market offering (the "**2021 ATM**"). At August 31, 2021, the Company had sold an aggregate of 2,502,790 shares pursuant to the 2021 ATM at an average price of \$4.38 per share for gross proceeds of \$10,951. Total fees and expenses of \$701 have been incurred as of August 31, 2021 in relation to the 2021 ATM. Subsequent to the end of the fiscal year, to November 24, 2021 the Company has issued a further 4,433,448 shares pursuant to the 2021 ATM at an average price of US\$2.63 for net proceeds of \$11.4 million.

On December 8, 2020, the Company closed a non-brokered private placement with Deepkloof Limited ("**Deepkloof**"), a subsidiary of existing major shareholder Hosken Consolidated Investments Limited ("**HCI**") for 1,121,076 common shares at a price of \$2.23 each for gross proceeds of \$2,500 maintaining HCI's ownership in the Company at approximately 31% at that time.

On November 30, 2020, the Company completed the sale of common shares pursuant to an at-the-market offering (the "**2020 ATM**"). Final sales were settled, and the 2020 ATM completed, on December 2, 2020. An aggregate of 5,440,186 common shares were sold at an average price of \$2.21 per share for gross proceeds of \$12.0 million. Total fees and expenses of \$592 were incurred.

On October 15, 2020, the Company closed a non-brokered private placement for 1,146,790 common shares at a price of \$2.18 per share for gross proceeds of \$2.5 million. All shares were subscribed for by Deepkloof, maintaining HCI's ownership in the Company at approximately 31% at that time.

Fiscal 2020

On July 2, 2020, the Company issued 526,471 common shares in settlement of \$687 of bi-annual interest payable on \$19.99 million of outstanding Convertible Notes.

On June 17, 2020, the Company closed a non-brokered private placement for 1,221,500 common shares at a price of \$1.40 each for gross proceeds of \$1.7 million, of which 500,000 common shares were subscribed for by HCI, bringing HCI's ownership in the Company to approximately 32%. A 6% finders fee in the amount of \$38 was paid on a portion of this private placement.

On January 2, 2020, the Company issued 517,468 shares in settlement of \$0.687 million of bi-annual interest payable on \$19.99 million outstanding on the Convertible Notes.

On December 19, 2019, the Company closed a non-brokered private placement for 3,225,807 common shares at a price of \$1.24 each for gross proceeds of \$4.0 million, of which 1,612,931 common shares were subscribed for by Deepkloof on behalf of HCI. A 6% finders fee in the amount of \$54 was paid on a portion of this private placement.

Prior to their expiry on November 15, 2019, the Company issued 28,040 shares upon the exercise of 28,040 warrants.

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(c) Incentive stock options

The Company has entered into Incentive Stock Option Agreements under the terms of its share compensation plan with directors, officers, consultants and employees. Under the terms of the stock option agreements, the exercise price of each option is set, at a minimum, at the fair value of the common shares at the date of grant. Stock options of the Company are subject to vesting provisions. All exercise prices are denominated in Canadian Dollars.

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

	Number of Share Options	Average Exercise Price in CAD
Options outstanding at August 31, 2019	1,554,000	\$ 2.61
Granted	1,628,500	\$ 1.81
Options outstanding at August 31, 2020	3,182,500	\$ 2.20
Granted	1,596,500	\$ 6.41
Forfeited	(126,936)	\$ 2.27
Exercised	(843,543)	\$ 2.21
Options outstanding at August 31, 2021	3,808,521	\$ 3.96

Number Outstanding at August 31, 2021	Number Exercisable at August 31, 2021	Exercise Price in CAD	Average Remaining Contractual Life (Years)
1,497,500	-	\$ 6.58	4.30
99,000	-	\$ 3.90	4.94
1,058,502	94,769	\$ 2.61	2.61
1,153,519	122,519	\$ 1.81	3.26
3,808,521	217,288		3.40

During the year ended August 31, 2021, the Company granted 1,596,500 stock options. The stock options granted during the year vest in three tranches on the first, second and third anniversary of their grant.

During the year ended August 31, 2020, the Company granted 1,628,500 stock options. The stock options granted during the year vest in three tranches on the first, second and third anniversary of their grant.

During the year ended August 31, 2021, the Company recorded \$2,230 of stock compensation expense (August 31, 2020 - \$1,157), of which \$1,987 was expensed (August 31, 2020 - \$1,032) and \$243 was capitalized to mineral properties (August 31, 2020 - \$125).

The Company used the Black-Scholes model to determine the grant date fair value of stock options granted. The following assumptions were used in valuing stock options granted during the years ending August 31, 2021 and August 31, 2020:

Year ended	August 31, 2021	August 31, 2020
Risk-free interest rate	0.41%	1.56%
Expected life of options	3.9 years	3.9 years
Annualized volatility ¹	88%	82%
Forfeiture rate	2.0%	2.1%
Dividend rate	0.0%	0.0%

¹The Company uses its historical volatility as the basis for the expected volatility assumption in the Black Scholes option pricing model.

(d) Deferred Share Units

The Company has established a deferred share unit ("DSU") plan for non-executive directors. Each DSU has the same value as one of the Company's common shares. DSU's must be retained until each non-executive director leaves the board of directors, after which time the DSU's are to be paid. During the

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year ended August 31, 2021, a total of 23,166 DSUs were redeemed by a former director at a price of \$3.23 per DSU, calculated using the 5-day volume weighted average trading price immediately prior to the payout.

The DSU liability recognized at August 31, 2021 was \$1,223. During the year ended August 31, 2021 an expense of \$742 was recorded in relation to outstanding DSUs (August 31, 2020 - \$387), with \$591 recorded as share-based compensation (August 31, 2020 - \$245) and \$151 recorded as director fees (August 31, 2020 - \$142). During the year ended August 31, 2021 fully vested DSUs were revalued and a \$9 recovery was recorded to reflect the increased value of the fully vested DSUs due to the Company's share price appreciation. At August 31, 2021, a total of 503,951 DSUs were issued and outstanding, of which 304,991 DSUs had vested.

(e) **Restricted Share Units**

The Company has established a restricted share unit ("RSU") plan for officers and certain employees of the Company. Each RSU represents the right to receive one Company common share following the attainment of vesting criteria determined at the time of the award. RSUs vest over a three-year period.

The recognised RSU liability at August 31, 2021 was \$770. During the year ended August 31, 2021, a stock compensation expense of \$675 was recorded (May 31, 2020 - \$266) of which \$598 expensed (May 31, 2020 - \$226) and \$77 was capitalized (May 31, 2020 - \$40). During the period, 121,668 RSUs were settled and 24,188 were cancelled. At August 31, 2021, 547,992 RSUs were issued and outstanding, with 53,438 of these being vested.

9. NON-CONTROLLING INTEREST

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Company	Proportion of ownership and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2021	2020	2021	2020	2021	2020
Mnombo Wethu Consultants (Pty) Limited	50.1%	50.1%	-	-	7,445	7,064
Waterberg JV Co ¹	63.05%	63.05%	-	-	10,140	9,062
				Total	\$17,585	\$ 16,126

¹Includes the 26% owned by Mnombo

10. RELATED PARTY TRANSACTIONS

All amounts receivable and amounts payable owing to or from related parties are non-interest bearing with no specific terms of repayment. Transactions with related parties are in the normal course of business and are recorded at consideration established and agreed to by the parties. Transactions with related parties are as follows:

- (a) During the year ended August 31, 2021, \$858 (August 31, 2020 - \$313) was paid or accrued to independent directors for directors' fees and services.
- (b) During the year ended August 31, 2021, the Company paid or accrued payments of \$57 (August 31, 2020 - \$54) from West Vault Mining Inc., for accounting and administrative services. During the year the Company's former President, CEO and Board Member Michael Jones resigned from all positions at both the Company and West Vault Mining leaving the Company and West Vault Mining with one officer in common at year end.
- (c) In May 2018, Deepkloof made a strategic investment in the Company by way of participation in a public

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offering and a private placement. Through the terms of the May 2018 private placement, HCI acquired a right to nominate one person to the board of directors of the Company and a right to participate in future equity financings of the Company to maintain its pro-rata interest. HCI has exercised its right to nominate one person to the board of directors. A summary of HCI's share acquisitions from the Company follows:

Common Shares Acquired from the Company by HCI				
Date	Placee	Shares	Price USD	Acquisition Method
May 2018	Deepkloof	2,490,900	\$1.50	Prospectus Offering
May 2018	Deepkloof	1,509,099	\$1.50	Private Placement
February 2019	Deepkloof	2,141,942	\$1.33	Private Placement
April 2019	Deepkloof	177,000	\$1.70	Exercise of Warrants
June 2019	Deepkloof	80,000	\$1.70	Exercise of Warrants
June 2019	Deepkloof	1,111,111	\$1.17	Private Placement
August 2019	Deepkloof	6,940,000	\$1.32	Private Placement
August 2019	Deepkloof	2,856,000	\$1.25	Prospectus Offering
December 2019	Deepkloof	1,612,931	\$1.24	Private Placement
June 2020	Deepkloof	500,000	\$1.40	Private Placement
October 2020	Deepkloof	1,146,790	\$2.18	Private Placement
December 2020	Deepkloof	1,121,076	\$2.23	Private Placement
		21,686,849		

During 2018 and 2019, HCI also acquired 663,005 shares of the Company in the public market. During the year ended August 31, 2021 HCI reported the sale of 1,052,328 common shares of the Company. At August 31, 2021, HCI's ownership of the Company was reported at 21,297,526 common shares, representing a 28.33% interest in the Company.

Key Management Compensation

The remuneration the CEO, CFO and other key management personnel and the directors during the years ended August 31, 2021 to 2019 is as follows:

Year ended	August 31, 2021	August 31, 2020	August 31, 2019
Salaries	\$ 1,236	\$ 916	\$ 927
Severance ¹	828	-	-
Directors fees	241	261	171
Share-based payments – management	2,556	907	393
Share-based payments - directors	617	52	155
Total	\$ 5,478	\$ 2,136	\$ 1,646

¹During the year, the Company's former President and CEO resigned from the Company.

11. CONTINGENCIES AND COMMITMENTS

The Company's remaining minimum payments under its office and equipment lease agreements in Canada and South Africa total approximately \$282 to February 2024.

From period end the Company's aggregate commitments are as follows:

Payments Due by Year					
	< 1 Year	1 – 3 Years	4 – 5 Years	> 5 Years	Total
Lease Obligations	\$ 120	\$ 162	\$ -	\$ -	\$ 282

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Environmental Bonds	41	83	83	-	207
Discovery Drilling	266	-	-	-	266
Convertible Notes (Note 7) ⁽¹⁾	21,364	-	-	-	21,364
Sprott Facility (Note 6) ⁽¹⁾	10,578	-	-	-	10,578
Totals	\$ 32,369	\$ 245	\$ 83	\$ -	\$ 32,697

Notes:

⁽¹⁾ Includes unamortized deferred finance fees.

Africa Wide Legal Action

In April 2018, the Company completed a transaction whereby Maseve Investments 11 (Pty) Ltd. (“**Maseve**”) was acquired (the “**Maseve Sale Transaction**”) by Royal Bafokeng Platinum Ltd. (“**RBPlats**”). Maseve owned and operated the Maseve Mine. In September 2018, the Company reported receipt of a summons issued by Africa Wide Mineral Prospecting and Exploration Proprietary Limited (“**Africa Wide**”) whereby Africa Wide instituted legal proceedings in South Africa against PTM RSA, RBPlats and Maseve in relation to the Maseve Sale Transaction. Africa Wide held 17.1% of the shares in Maseve prior to completion of the Maseve Sale Transaction. Africa Wide is seeking, at this late date, to set aside the closed Maseve Sale Transaction. RBPlats consulted with senior counsel, both during the negotiation of the Maseve Sale Transaction and in regard to the current Africa Wide legal proceedings. The Company has received legal advice to the effect that the Africa Wide action is factually and legally defective. Various statements and documents were filed during calendar 2021 and a trial to hear evidence occurred in the High Court of South Africa October 4 to October 8, 2021. Final Heads of Argument were filed on November 9, 2021 and final arguments are to be heard by the Court in January 2022.

Bank Advisory Fees Payable

Certain deferred bank advisory fees related to the Maseve Sale Transaction and the Implats Transaction became payable as soon as practicable after the Company repaid a \$40 million secured loan facility due to Liberty Metals & Mining Holdings, LLC, which was repaid on August 21, 2019. During the year, the Company paid the deferred bank advisory fees in full.

12. SUPPLEMENTARY CASH FLOW INFORMATION

Net change in non-cash working capital:

Period ended	August 31, 2021	August 31, 2020	August 31, 2019
Amounts receivable, prepaid expenses and other assets	\$ 30	\$ 234	\$ 195
Payment of bank advisory fees	(2,890)	-	-
Accounts payable and other liabilities	(102)	(973)	(697)
	\$ (2,962)	\$ (739)	\$ (502)

13. SEGMENTED REPORTING

Segmented information is provided on the basis of geographical segments as the Company manages its business through two geographical regions – Canada and South Africa. The Chief Operating Decision Makers (“**CODM**”) reviews information from the below segments separately so the below segments are separated.

The Company evaluates performance of its operating and reportable segments as noted in the following table:

At August 31, 2021	Assets	Liabilities
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Canada	\$	7,038	\$	29,625
South Africa		44,161		2,101
	\$	51,199	\$	31,726

At August 31, 2020		Assets		Liabilities
Canada	\$	2,101	\$	40,922
South Africa		35,314		636
	\$	37,415	\$	41,558

Comprehensive Loss (Income) for the period ended		August 31, 2021		August 31, 2020
Canada	\$	15,202	\$	10,681
South Africa		(7,037)		934
	\$	8,165	\$	11,615

14. GENERAL AND ADMINISTRATIVE EXPENSES

GENERAL AND ADMINISTRATIVE EXPENSES		Year Ending August 31, 2021		Year Ending August 31, 2020
Salaries and benefits	\$	1,794	\$	1,644
Severance ¹		828		-
Legal		505		245
Technical consulting fees		405		194
Accounting		331		284
Insurance		311		241
Regulatory Fees		252		214
Shareholder relations		235		284
Depreciation		122		177
Travel		96		174
Other		242		269
Total	\$	5,121	\$	3,726

¹During the year, the Company's former President and CEO resigned from the Company.

15. CAPITAL RISK MANAGEMENT

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of share capital, contributed surplus, accumulated other comprehensive loss and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company regularly updates the Board of Directors with regard to budgets, forecasts, results of capital deployment and general industry conditions. The Company does not currently declare or pay out dividends.

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As at August 31, 2021, the Company is subject to externally imposed capital requirements under the Sprott Facility. Please see Note 6 for further details.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other price risks.

(a) Credit risk

Credit risk arises from the risk that the financial asset counterparty, may default or not meet its obligations timely. The Company minimizes credit risk by monitoring the reliability of counterparties to settle assets. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets. There is no material concentration of credit risk in cash and cash equivalents, trade and other receivables and loans.

(i) Cash

In order to manage credit and liquidity risk the Company holds cash only with Canadian chartered and South African banks.

(ii) Performance Bonds

In order to explore and develop its properties in South Africa, the Company was required to post performance bonds as financial guarantees against future reclamation work. These funds are held with Standard Bank of South Africa Limited with the DMR as beneficiary in accordance with the Mineral and Petroleum Resources Development Act (the "MPRDA") and the Company's environmental management programme.

(b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and its exploration and development plans. The Company regularly updates the Board of Directors with regard to budgets, forecasts, results of capital deployment and general industry conditions.

The Company may be required to source additional financing by way of private or public offerings of equity or debt or the sale of project or property interests in order to have sufficient cash to make debt repayments and working capital for continued exploration on the Waterberg Projects, as well as for general working capital purposes.

Any failure by the Company to obtain additional required financing on acceptable terms could cause the Company to delay development of its material projects or could result in the Company being forced to sell some of its assets on an untimely or unfavourable basis. Any such delay or sale could have a material and adverse effect on the Company's financial condition, results of operations and liquidity. Also refer to Note 1 for discussion of going concern risk.

(c) Currency risk

The Company's functional currency is the Canadian dollar, while the consolidated presentation currency is the United States Dollar. The functional currency of all South African subsidiaries is the Rand, while the functional currency of Lion Battery Technology Inc. is the US Dollar. The Company's operations are in both Canada and South Africa; therefore, the Company's results are impacted by fluctuations in the value of foreign currencies in relation to the Rand and Canadian and United States dollars. The Company's significant foreign currency exposures on financial instruments comprise cash, loans payable, warrants, convertible notes, accounts payable and accrued liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

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The Company is exposed to foreign exchange risk through the following financial instruments denominated in a currency other than Canadian dollars:

Year ended	August 31, 2021	August 31, 2020
Cash (Rand)	\$ 192	\$ 100
Cash (USD)	5,729	1,189
Accounts receivable (Rand)	439	140
Accounts payable (Rand)	1,686	636
Loan Payable (USD)	9,089	19,337
Convertible Note (USD)	18,716	17,212

The Company's comprehensive loss is affected by changes in the exchange rate between its operating currencies and the United States dollar. At August 31, 2021, based on this exposure a 10% strengthening/weakening in the United States dollar versus Rand foreign exchange rate and Canadian dollar would give rise to a decrease/increase in comprehensive loss for the year presented of approximately \$3.6 million, (August 31, 2020 - \$3.5 million).

(d) *Interest rate risk*

The Company's interest income earned on cash and on short term investments is exposed to interest rate risk. At August 31, 2021, based on this exposure a 1% change in the average interest rate would give rise to an increase/decrease in the net loss for the year of approximately \$61.

At August 31, 2021, the carrying amounts of cash, amounts receivable, performance bonds and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments.

17. INCOME TAXES

The income taxes shown in the consolidated earnings differ from the amounts obtained by applying statutory rates to the earnings before provision for income taxes due to the following:

	2021	2020	2019
Loss before income taxes	\$ 13,008	\$ 7,056	\$ 16,670
Income tax recovery at statutory rates	(3,512)	(1,905)	(4,503)
Difference of foreign tax rates	19	(8)	(2)
Non-deductible expenses and non-taxable portion of capital gains	1,061	(216)	1,316
Changes in unrecognized deferred tax assets and other	2,487	2,201	3,295
Income tax expense (recovery)	55	72	106
Income tax expense consists of:			
Current income taxes	\$ -	\$ -	\$ -
Deferred income taxes	55	72	106
	\$ 55	\$ 72	\$ 106

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The gross movement on the net deferred income tax account is as follows:

	2021	2020	2019
Deferred tax liability at the beginning of the year	\$ -	\$ -	\$ -
Tax (expense) relating to the loss from continuing operations	(55)	(72)	(106)
Tax recovery relating to components of other comprehensive loss	55	72	106
Tax recovery recorded in deficit	-	-	-
Deferred tax liability at the end of the year	\$ -	\$ -	\$ -

The significant components of the Company's net deferred income tax liabilities are as follows:

	2021	2020	2019
Convertible notes	\$ (389)	\$ (661)	\$ (1,024)
Loans payable	(180)	(247)	(339)
Mineral properties	(2,597)	(2,221)	(2,354)
Loss carry-forwards	3,166	3,129	3,717
	\$ -	\$ -	\$ -

Unrecognized deductible temporary differences, unused tax losses and unused tax credits are attributed to the following:

	2021	2020	2019
<i>Tax Losses:</i>			
Operating loss carry-forwards – Canada	\$ 158,619	\$ 137,037	\$ 125,851
Operating loss carry-forwards – South Africa	35,958	100,415	28,925
Net capital loss carry-forwards	-	-	204
	\$ 194,577	\$ 237,452	\$ 154,980
<i>Temporary Differences:</i>			
Mineral properties	\$ 7,931	\$ 7,672	\$ 7,526
Financing Costs	3,611	7,539	13,357
Property, plant and equipment	728	697	807
Other	800	603	381
	\$ 13,070	\$ 16,511	\$ 22,071
<i>Investment Tax Credits:</i>	\$ 329	\$ 318	\$ 312

The Company's Canadian operating loss carry-forwards expire between 2026 and 2040. The Company's South African operating loss carry-forwards do not expire. The Company's Canadian unused investment tax credit carry-forwards expire between 2029 and 2035. The Company's Canadian net capital loss carry-forwards do not expire.