



PLG:NYSE American
PTM:TSX

Platinum Group Metals Ltd.

Interim Condensed Consolidated Financial Statements

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

For the period ended May 31, 2021

Filed: July 15, 2021

PLATINUM GROUP METALS LTD.Condensed Consolidated Interim Statements of Financial Position
(in thousands of United States Dollars)

	May 31, 2021	August 31, 2020
ASSETS		
Current		
Cash	\$ 8,989	\$ 1,308
Amounts receivable	251	218
Prepaid expenses	240	385
Total current assets	9,480	1,911
Performance bonds and other assets	167	108
Mineral Properties and Exploration Assets (Note 3)	44,414	34,939
Property, plant and equipment	436	457
Total assets	\$ 54,497	\$ 37,415
LIABILITIES		
Current		
Accounts payable and other liabilities	\$ 1,449	\$ 1,412
Loan payable (Note 5)	1,300	-
Bank advisory fees payable (Note 9)	-	2,890
Total current liabilities	2,749	4,302
Loan payable (Note 5)	9,791	19,337
Convertible notes (Note 6)	18,909	17,212
Share based liabilities	1,655	509
Lease liability	167	198
Total liabilities	\$ 33,271	\$ 41,558
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	\$ 888,123	\$ 861,890
Contributed surplus	29,663	28,278
Accumulated other comprehensive loss	(157,994)	(164,124)
Deficit	(755,335)	(746,313)
Total shareholders' equity (deficit) attributable to shareholders of Platinum Group Metals Ltd.	4,457	(20,269)
Non-controlling interest	16,769	16,126
Total shareholders' equity (deficit)	21,226	(4,143)
Total liabilities and shareholders' equity	\$ 54,497	\$ 37,415

Going Concern (Note 1)
Contingencies and Commitments (Note 9)

Approved by the Board of Directors and authorized for issue on July 15, 2021

/s/ Stuart Harshaw
Stuart Harshaw, Director

/s/ Diana Walters
Diana Walters, Director

PLATINUM GROUP METALS LTD.

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

	Three months ended		Nine months ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Expenses				
General and administrative	\$ 967	\$ 803	\$ 2,909	\$ 2,712
Interest	1,105	1,376	3,629	4,084
Foreign exchange (gain) loss	(981)	842	(1,654)	1,204
Share of joint venture expenditures – Lion Battery (Note 4)	-	-	343	-
Stock compensation expense (Note 7)	1,167	408	2,774	1,144
	\$ 2,258	\$ 3,429	\$ 8,001	\$ 9,144
Other Income				
Loss (Gain) on fair value derivatives & other instruments (Note 7)	\$ 49	\$ (49)	\$ 607	\$ (3,112)
Loss on the partial settlement of the Sprott Facility	-	-	300	-
Net finance income	(25)	(28)	(73)	(134)
Net Loss for the period	\$ 2,282	\$ 3,352	\$ 8,835	\$ 5,898
Items that may be subsequently reclassified to net loss:				
Currency translation adjustment	(2,805)	3,140	(6,130)	4,034
Comprehensive (income) loss for the period	\$ (523)	\$ 6,492	\$ 2,705	\$ 9,932
Net Loss attributable to:				
Shareholders of Platinum Group Metals Ltd.	\$ 2,282	\$ 3,352	\$ 8,835	\$ 5,898
Non-controlling interests	-	-	-	-
	\$ 2,282	\$ 3,352	\$ 8,835	\$ 5,898
Comprehensive (income) loss attributable to:				
Shareholders of Platinum Group Metals Ltd.	\$ (523)	\$ 6,492	\$ 2,705	\$ 9,932
Non-controlling interests	-	-	-	-
	\$ (523)	\$ 6,492	\$ 2,705	\$ 9,932
Basic and diluted loss per common share	\$ 0.03	\$ 0.05	\$ 0.12	\$ 0.10
Weighted average number of common shares outstanding:				
Basic and diluted	\$ 74,013,641	\$ 62,347,102	\$ 71,003,263	\$ 60,815,363

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Consolidated Interim 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, 2019	58,575,787	\$ 855,270	\$ 26,777	\$ (159,637)	\$ (739,018)	\$ (16,608)	\$ 15,451	\$ (1,157)
Stock based compensation	-	-	1,143	-	-	1,143	-	1,143
Shares issued for interest on Convertible Notes	517,468	687	-	-	-	687	-	687
Share issuance – financing	3,225,807	4,000	-	-	-	4,000	-	4,000
Share issuance costs	-	(284)	-	-	-	(284)	-	(284)
Warrants exercised	28,040	55	-	-	-	55	-	55
Contributions of Waterberg JV Co.	-	-	-	-	(214)	(214)	1,447	1,233
Foreign currency translation adjustment	-	-	-	(4,034)	-	(4,034)	-	(4,034)
Net loss for the period	-	-	-	-	(5,898)	(5,898)	-	(5,898)
Balance May 31, 2020	62,347,102	859,728	27,920	(163,671)	(745,130)	(21,153)	16,898	(4,255)
Stock based compensation	-	-	358	-	-	358	-	358
Shares issued for interest on Convertible Notes	526,471	687	-	-	-	687	-	687
Share issuance – financing	1,221,500	1,705	-	-	-	1,705	-	1,705
Share issuance costs	-	(230)	-	-	-	(230)	-	(230)
Contributions of Waterberg JV Co.	-	-	-	-	47	47	(772)	(725)
Foreign currency translation adjustment	-	-	-	(453)	-	(453)	-	(453)
Net loss for the period	-	-	-	-	(1,230)	(1,230)	-	(1,230)
Balance August 31, 2020	64,095,073	861,890	28,278	(164,124)	(746,313)	(20,269)	16,126	(4,143)
Stock based compensation	-	-	2,439	-	-	2,439	-	2,439
Restricted Share Units redeemed	121,668	189	(281)	-	-	(92)	-	(92)
Share options exercised	793,344	2,155	(773)	-	-	1,382	-	1,382
Share issuance – financing	9,339,276	25,325	-	-	-	25,325	-	25,325
Share issuance costs	-	(1,436)	-	-	-	(1,436)	-	(1,436)
Contributions of Waterberg JV Co.	-	-	-	-	(187)	(187)	643	456
Foreign currency translation adjustment	-	-	-	6,130	-	6,130	-	6,130
Net loss for the period	-	-	-	-	(8,835)	(8,835)	-	(8,835)
Balance May 31, 2021	74,349,361	\$ 888,123	\$ 29,663	\$ (157,994)	\$ (755,335)	\$ 4,457	\$ 16,769	\$ 21,226

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

PLATINUM GROUP METALS LTD.Condensed Consolidated Interim Statements of Cash Flows
(in thousands of United States Dollars)

	For the nine months ended	
	May 31, 2021	May 31, 2020
OPERATING ACTIVITIES		
Loss for the period	\$ (8,835)	\$ (5,898)
Add items not affecting cash / adjustments:		
Depreciation	98	146
Interest expense	3,629	4,091
Unrealized foreign exchange (loss)	(107)	419
Loss (Gain) on fair value of derivatives and other instruments	607	(3,112)
Loss on partial settlement of Sprott Facility	300	-
Stock compensation expense	2,774	1,144
Share of joint venture expenditures	343	-
Directors' fees paid in deferred share units	120	97
Net change in non-cash working capital (Note 10)	(2,753)	(256)
	\$ (3,824)	\$ (3,369)
FINANCING ACTIVITIES		
Share issuance – warrant exercise	\$ -	\$ 48
Proceeds from issuance of equity	25,325	4,000
Equity issuance costs	(1,437)	(284)
Cash received from option exercises	1,382	-
Sprott Facility principal repayments	(8,670)	-
Sprott Facility interest paid	(1,301)	(1,680)
Convertible note interest paid	(687)	-
Lease payments made	(78)	(62)
Share unit cash settlement	(191)	-
Cash received from Waterberg partners	1,321	945
	15,664	2,967
INVESTING ACTIVITIES		
Performance bonds	\$ (36)	\$ (52)
Investment in Lion	(350)	-
Expenditures incurred on Waterberg Project	(2,916)	(4,492)
	(3,302)	(4,544)
Net increase (decrease) in cash	8,538	(4,946)
Effect of foreign exchange on cash	(857)	726
Cash, beginning of period	1,308	5,550
Cash end of period	\$ 8,989	\$ 1,330

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Notes to the Condensed Consolidated Interim 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 May 31, 2021 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			May 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. ⁽³⁾	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.
- (3) Lion is accounted for using the equity method as the Company jointly controls the investee despite owning the majority of the shares.

These interim condensed 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 the foreseeable future. During the nine month period ended May 31, 2021, the Company incurred a loss of \$8.8 million, used cash of \$3.8 million in operating activities and at period end had cash of \$8.9 million and was indebted \$11.3 million pursuant to the Sprott Facility (as defined below). The Sprott Facility originally matured on August 14, 2021, however subsequent to period end the Company exercised an option to extend the maturity date for \$10.0 million in principal by one year in exchange for a payment in cash of \$0.3 million, being three percent of the outstanding principal amount not required to be repaid on the original maturity date. The \$1.3 million payment on the non-deferred portion is due on the original maturity date of August 14, 2021. Early repayment before the amended maturity date of August 14, 2022 is permitted. Additional payments/interest are also due on the Convertible Notes (defined below). 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 and related negative public health developments have adversely affected workforces, economies and financial markets globally, potentially leading to a period of economic downturn. It is not possible for the Company to predict the duration or magnitude of the 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.

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These condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Company’s significant accounting policies and critical accounting estimates applied in these interim financial statements are the same as those applied in Note 2 of the Company’s annual consolidated financial statements as at and for the year ended August 31, 2020.

Presentation Currency

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

Foreign Exchange Rates Used

Rand/USD

Period end rate:	R13.7463 (August 31, 2020 R16.8916)
9-month period average rate:	R15.2150 (May 31, 2020 R15.7345)

CAD/USD

Period end rate:	C\$1.2072 (August 31, 2020 C\$1.3042)
9-month period average rate:	C\$1.2772 (May 31, 2020 C\$1.3468)

3. 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 quarter ended February 28, 2021 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		1,950
Recoveries from 100% Implats funded implementation budget		(242)
Foreign exchange movement		7,767
Balance May 31, 2021	\$	44,414

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Prior to reclassification, the Company performed an impairment test whereby the recoverable amount of Waterberg was compared to the carrying value of the asset and determined that no impairment charge was required.

Key assumptions used to assess impairment included the use of spot and 3 year average palladium, platinum and gold prices as well as an 8% discount rate.

Waterberg Project

At May 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 was advised that several notices of appeal to the decision of the South African Department of Mineral Resources and Energy (“DMR”) granting the Waterberg Mining Right have been filed by groups of appellants from local communities. The Company is opposing these appeals. The Waterberg Mining Right currently remains active, was notarially executed by the DMR on April 13, 2021 and has been filed for title registration.

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., the 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%.

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. 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 arms-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 their Offtake ROFR. The Company retains a controlling 50.02% direct and indirect interest in the Waterberg Project.

Acquisition and Development of the Waterberg Project

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.

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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 (\$6.3 million at May 31, 2021). The portion of Mnombo not owned by the Company is accounted for as a non-controlling interest, calculated at \$7.2 million at May 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 May 31, 2021, an aggregate total of \$78.1 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 Company, all costs incurred by other parties were treated as cost recoveries by the Company.

4. 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. The agreed funding into Lion by the Company and Amplats is to be in exchange for preferred shares of Lion at a price of \$0.50 per share over an approximate three to four-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 May 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. 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, 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 May 31, 2021.

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

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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.

5. 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. Subsequent to period end 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. A further payment of \$1.3 million is due to be paid to Sprott by August 14, 2021 and is classified as a current liability, with the Company continuing to have the option to repay further amounts at its discretion. During the nine-month period the Company made principal repayments of \$8.7 million to Sprott, reducing the principal balance due at May 31, 2021 to \$11.3 million. Scheduled interest payments are made monthly with interest of \$1,282 having been paid to Sprott during the nine-month period ended May 31, 2021 (May 31, 2020 - \$1,674).

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 period end. As the Company held a right at May 31, 2021 to defer maturity of the entire balance for one year, the balance due is classified as long term for financial reporting purposes.

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. In connection with the original principal advance the Company issued Sprott 800,000 common shares worth \$1,000. Effective interest of \$1,454 was recognized during the nine month period ended May 31, 2021 (May 31, 2020 - \$2,096).

6. 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 May 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 100.1111 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.

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-

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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	(687)
Accretion and interest incurred during the period	2,195
Loss on embedded derivatives during the period ended May 31, 2021	189
Convertible Note balance May 31, 2021	\$ 18,909

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. The fair value of the Convertible Note Derivatives was \$229 at May 31, 2021 and \$40 at August 31, 2020 resulting in a loss of \$189 for the period.

7. SHARE CAPITAL

- (a) Authorized
Unlimited common shares without par value.
- (b) Issued and outstanding

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At May 31, 2021, the Company had 74,349,361 common shares outstanding.

Fiscal 2021

On February 5, 2021, the Company entered into a second at-the-market offering (the “**2021 ATM**”). At May 31, 2021, the Company had sold an aggregate of 1,631,224 shares pursuant to the 2021 ATM at an average price of \$5.10 per share for gross proceeds of \$8,327. Total fees and expenses of \$844 have been incurred as of May 31, 2021 in relation to the 2021 ATM, including brokerage fees of \$208. Subsequent to the end of the period, to July 14, 2021 the Company sold a further 113,315 shares pursuant to the 2021 ATM at an average price of US\$3.84 for gross proceeds before fees and expenses of \$435.

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 finished 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, including brokerage fees of \$300.

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.

(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:

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	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	1,497,500	\$ 6.58
Cancelled	(113,336)	\$ 2.28
Exercised	(793,344)	\$ 2.19
Options outstanding at May 31, 2021	3,773,320	\$ 3.94

Number Outstanding at May 31, 2021	Number Exercisable at May 31, 2021	Exercise Price in CAD	Average Remaining Contractual Life (Years)
1,497,500	-	\$ 6.58	4.55
1,110,301	140,968	\$ 2.61	2.86
1,165,519	126,519	\$ 1.81	3.51
3,773,320	267,487		3.73

During the period ended May 31, 2021, the Company granted 1,497,500 stock options. The stock options granted during the period 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 nine month period ended May 31, 2021, the Company recorded \$1,953 of stock compensation expense (May 31, 2020 - \$878), of which \$1,793 was expensed (May 31, 2020 - \$781) and \$33 was capitalized to mineral properties (May 31, 2020 - \$97).

(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 period ended May 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 May 31, 2021 was \$1,655. During the period ended May 31, 2021 an expense of \$657 was recorded in relation to outstanding DSUs (May 31, 2020 - \$323), with \$546 recorded as share-based compensation (May 31, 2020 - \$137) and \$111 recorded as director fees (May 31, 2020 - \$186). During the period ended May 31, 2021 fully vested DSUs were revalued and an additional \$421 of expense was recorded to reflect the increased value of the fully vested DSUs due to the Company’s share price appreciation. At May 31, 2021, a total of 493,600 DSUs were issued and outstanding, of which 294,641 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 May 31, 2021 was \$658. During the nine-month period ended May 31, 2021, a stock compensation expense of \$487 was recorded (May 31, 2020 - \$266) of which \$435 expensed (May 31, 2020 - \$226) and \$52 was capitalized (May 31, 2020 - \$40). During the period, 155,977 RSUs were settled and 24,188 were cancelled. At May 31, 2021, 514,992 RSUs were issued and outstanding, with 68,565 of these being vested.

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8. 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 period ended May 31, 2021, \$745 (May 31, 2020 - \$353) was paid or accrued to independent directors for directors' fees and services.
- (b) During the period ended February 28, 2021, the Company paid or accrued payments of \$42 (May 31, 2020 - \$40) from West Vault Mining Inc., a company with two directors in common, for accounting and administrative services.
- (c) In May 2018, Deepkloof made a strategic investment in the Company by way of participation in a public 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 period HCI reported the sale of 1,052,328 common shares of the Company. At May 31, 2021, HCI's ownership of the Company was reported at 21,297,526 common shares, representing a 28.65% interest in the Company.

9. CONTINGENCIES AND COMMITMENTS

The Company's remaining minimum payments under its office and equipment lease agreements in Canada and South Africa total approximately \$298 to March 2022.

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

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Payments Due by Year					
	< 1 Year	1 – 3 Years	4 – 5 Years	> 5 Years	Total
Lease Obligations	\$ 126	\$ 172	\$ -	\$ -	\$ 298
Environmental Bonds	44	87	87	-	218
Convertible Notes (Note 6) ⁽¹⁾	1,374	20,677	-	-	22,051
Sprott Facility (Note 5) ^{(1),(2)}	2,564	10,310	-	-	12,874
Totals	\$ 4,108	\$ 31,246	\$ 87	\$ -	\$ 35,441

Notes:

⁽¹⁾ Includes unamortized deferred finance fees.

⁽²⁾ The Company has deferred payment of \$10 million for one year

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 are expected to be filed during calendar 2021 and a provisional trial date has been allocated for the period October 4 to October 12, 2021.

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 period, the Company paid the deferred bank advisory fees in full.

10. SUPPLEMENTARY CASH FLOW INFORMATION

Net change in non-cash working capital:

Period ended	May 31, 2021	May 31, 2020
Amounts receivable, prepaid expenses and other assets	\$ 188	\$ 617
Payment of bank advisory fees ¹	(2,890)	-
Accounts payable and other liabilities	(51)	(873)
	\$ (2,753)	\$ (256)

¹These amounts were disclosed as a financing cash flow in the period ended November 30, 2020 and have been reclassified to be included within operating activities in the current period.

11. 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. This represents a change from prior years and comparative information has been represented to reflect the way the CODM currently reviews the information.

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

At May 31, 2021		Assets		Liabilities
Canada	\$	9,823	\$	32,168
South Africa		44,674		1,103
	\$	54,497	\$	33,271

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		May 31, 2021		May 31, 2020
Canada	\$	10,530	\$	9,253
South Africa		(7,825)		679
	\$	2,705	\$	9,932