

PLATINUM GROUP METALS LTD
Form 6-K
December 13, 2013

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the period of: December 12, 2013

PLATINUM GROUP METALS LTD.

(SEC File No. 001-33562)

Suite 788 550 Burrard Street, Vancouver BC, V6C 2B5, CANADA

Address of Principal Executive Office

Indicate by check mark whether the registrant files or will file annual reports under cover: Form 20-F [] Form 40-F [X]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): []

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): []

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes [] No [X]

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUBMITTED HEREWITH

Exhibits

99.1 Technical Report dated December 9, 2013

99.2 Consent of QP dated December 12, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: **December 12, 2013**

R. Michael Jones
R. MICHAEL JONES
DIRECTOR & CEO

p style="margin-bottom:0pt;margin-top:0pt;margin-left:0pt;;text-indent:0pt;;color:#000000;font-family:Times New Roman;font-size:10pt;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">Exercisable, December 31, 2014

173,332

0.48

0.59

210,833

Exercised

(151,666

)

0.38

-

-

Forfeited

(5,000

)

1.15

-

-

Outstanding, December 31, 2014

16,666

1.27

0.62

17,166

Exercisable, December 31, 2014

16,666

1.27

0.62

17,166

Granted

8,333

2.70

4.83

22,499

Exercised

(16,666

)

-

-

-

Outstanding, December 31, 2015

8,333

2.70

4.83

-

Exercisable, December 31, 2015

2,777

2.70

4.83

-

Number of Options

Weighted Averaged

Exercise Price \$

VESTED OPTIONS

Outstanding, January 1, 2014

173,332

0.48

Exercised

151,666

0.38

Forfeited

5,000

1.15

Outstanding, December 31, 2014

16,666

1.27

Vested

5,556

2.70

Exercised

166,666

1.27

Forfeited

-

-

Outstanding, December 31, 2015

2,777

2.70

NONVESTED OPTIONS

Nonvested January 1, 2014

-

-

Granted

8,333

2.70

Vested during 2015

2,777

3.70

Outstanding, December 31, 2015

5,556

2.70

The fair value of the options was estimated on the date of grant using the Black Scholes option-pricing model. There were 8,333 non-employee options granted for the years ending December 31, 2015 and none granted during 2014. During the years ended December 31, 2015 and 2014, Milestone Scientific recognized \$7,050 expense related to non-employee options that vested. At December 31, 2015 there was \$15,000 of total unrecognized compensation cost related to non-vested options which Milestone Scientific expects to recognize over weighted average of 4.83 years.

NOTE L — EMPLOYMENT CONTRACT AND DEFERRED COMPENSATION

Employment Contracts

As of September 1, 2009 Milestone Scientific entered into a five-year employment agreement with Leonard Osser as its Chief Executive Officer. The term of the 2009 agreement is automatically extended for successive one-year periods unless prior to August 1 of any year, either party notifies the other that he or it chooses not to extend the term. Under the 2009 agreement, the CEO receives base compensation of \$300,000 per year. In addition, the CEO, may earn annual bonuses up to an aggregate of \$400,000, payable one half in cash and one half in common stock, contingent upon achieving targets set for each year by the Compensation Committee of the Board of Directors. In addition, if in any year of the term of the agreement the CEO earns a bonus, he shall also be granted five-year stock options to purchase twice the number of bonus shares earned. Each such option is to be exercisable at a price per share equal to the fair market value of a share on the date of grant (110 %) of the fair market value if the CEO is a 10% or greater stockholder on the date of grant). The options shall vest and become exercisable to the extent of one-third of the shares covered at the end of each of

the first three years following the date of grant, but shall only be exercisable while the CEO is employed by Milestone Scientific or within 30 days after the termination of his employment. In 2012 the CEO waived the option component of his bonus for that year.

In accordance with the employment contract, 735,369 shares of common stock are to be paid out at the end of the contract in settlement of 730,985 at December 31, 2015 and 706,716 shares of common stock are to be paid out at the end of the contract in settlement of \$630,985 at December 31, 2014 of accrued deferred compensation and, accordingly, such shares have been classified in stockholders' equity with the common shares classified as to be issued.

NOTE M — INCOME TAXES

Due to Milestone Scientific's history of operating losses, a full valuation allowances has been provided for all of Milestone Scientific's deferred tax assets at December 31, 2015 and 2014, no recognition was given to the utilization of the remaining net operating loss carryforwards.

Deferred tax attributes resulting from differences between financial accounting amounts and tax bases of assets and liabilities at December 31, 2015 and 2014 are as follows:

	2015	2014
Current Assets		
Allowance for doubtful accounts-short term	\$2,000	\$2,000
Warranty reserve	43,000	12,000
Deferred officers compensation	643,000	392,000
Subtotal	688,000	406,000
Valuation allowance	(688,000)	(406,000)
Non-current assets		
Depreciation and Amortization	\$149,000	\$-
Net operating loss carryforward	16,160,000	15,686,000
Federal tax effect of state deferred tax assets	(117,000)	
Subtotal	16,192,000	15,686,000
Valuation allowance	(16,192,000)	(15,686,000)

As of December 31, 2015 and 2014, Milestone Scientific has federal net operating loss carryforwards of approximately \$46,875,000 and \$44,478,000, respectively that will be available to offset future taxable income, if any, through December 2032. Milestone Scientific has state net operating losses of \$3,771,000 and \$1,374,000 in 2015 and 2014, respectively, expiring through December 2035. The utilization of Milestone Scientific's net operating losses may be subject to a substantial limitation due to the "change of ownership provisions" under Section 382 of the Internal Revenue Code and similar state provisions. Such limitation may result in the expiration of the net operating loss carryforwards before their utilization. Milestone Scientific has established a 100% valuation allowance for all of its deferred tax assets due to uncertainty as to their future realization.

Edgar Filing: PLATINUM GROUP METALS LTD - Form 6-K

For the year ended December 31, 2015 and 2014, state tax liability was approximately \$62,000 and \$27,000. Such expense was recognized in the accompanying consolidated financial statements as of December 31, 2015. Due to Milestone Scientific's history of past operating losses, which required a full valuation allowances for all of Milestone Scientific's deferred tax assets at December 31, 2015 and 2014, no recognition was given to the utilization of the remaining Federal and State net operating loss carryforwards

A reconciliation of the statutory tax rates for the years ended December 31, is as follows:

	2015	2014
Statutory rate	34 %	34 %
State income tax - all states	6 %	6 %
	40 %	40 %
Current year valuation allowance	(40 %)	(40 %)
Benefit for income taxes	0 %	0 %

F-20

Accounting for Uncertain Tax Positions:

Milestone Scientific follows the Income Taxes Topic of the FASB Accounting Standards Codification, which provides clarification on accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. At December 31, 2015, and 2014, we had no uncertain tax positions that required recognition in the consolidated financial statements. Milestone Scientific's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense in the Statements of Operations. No interest and penalties are present for periods open. Tax returns for the 2012, 2013, and 2014 years are subject to audit by federal and state jurisdictions.

NOTE N — PRODUCT SALES AND SIGNIFICANT CUSTOMERS AND VENDORS

Milestone Scientific's consolidated dental sales by product and by geographical region are as follows:

	Year Ending December	
	31	
	2015	2014
Instruments	\$2,911,614	\$2,569,102
Handpieces	6,409,924	7,627,140
Other	170,031	136,848
	\$9,491,569	\$10,333,090
United States	\$3,295,307	\$4,655,648
Canada	211,035	100,321
Other Foreign	5,985,227	5,577,121
	\$9,491,569	\$10,333,090

Milestone Scientific has informal arrangements with the manufacturer of the STA, CompuDent® and CompuMed® instruments, one of the principal manufacturers for those instruments pursuant to which they manufacture these products under specific purchase orders but without any long-term contract or minimum purchase commitment. Purchases from this supplier were \$1,745,619 (28%) and \$948,024 (26%) in 2015 and 2014, respectively. Milestone Scientific has a manufacturing agreement with one of the principal manufacturers, which is a related party, of its handpieces pursuant to which they manufacture products under specific purchase orders but without minimum purchase commitments. Purchases of handpieces from this vendor in China were \$2,698,522 (72%) and \$2,698,043 (74%) in 2015 and 2014, respectively. A five percent shareholder of Milestone Scientific is also a shareholder of this vendor. All other purchases from other suppliers were not significant in either 2015 or 2014. Milestone Scientific owed \$716,520 and \$455,573 to this supplier as of September 30, 2015 and December 31, 2014, respectively.

For the year ended December 31, 2015, Milestone Scientific had two customers (distributors) at December 31, 2015, that had approximately 33% (15% and 18%), of its net product sales. Accounts receivable for the two major customers amounted to approximately \$784,690 or 45% of gross accounts receivable. For the year ended December 31, 2014 Milestone had two customers (distributors) had approximately 45% (17% and 28%), of its net product sales. Accounts receivable for the two major customers amounted to approximately \$1,100,000 or 69% of gross accounts receivable.

NOTE O — COMMITMENTS AND OTHER

(1) Lease Commitments

The headquarters for Milestone Scientific is located at 220 South Orange Ave, Livingston, New Jersey. Milestone Scientific leases approximately 7,625 square feet of office space. The lease term expires January 31, 2020 at a monthly cost of \$12,522. Additionally, Milestone Scientific has other smaller insignificant leases ending through 2017. A third party distribution and logistics center in Pennsylvania handles shipping and order fulfillment on a month-to-month basis.

F-21

Aggregate minimum rental commitments under noncancelable operating leases are as follows:

	Year Ending December 31,
2016	170,108
2017	170,108
2018	170,108
2019	170,108
2020	156,879
	\$ 837,311

For the years ended December 31, 2015 and 2014, respectively, rent expense amounted to \$121,866 and \$86,348 respectively.

(2) Contract Manufacturing Arrangement

Milestone Scientific has informal arrangements for the manufacture of its products. STA, single tooth anesthesia, and CompuDent® instruments are manufactured for Milestone Scientific by Tricor Systems, Inc. pursuant to specific purchase orders. The STA and the Wand® Handpiece with Needle is supplied to Milestone Scientific by a contractor in the United States, which arranges for its manufacture with two factories in China.

The termination of the manufacturing relationship with any of the above manufacturers could have a material adverse effect on Milestone Scientific's ability to produce and sell its products. Although alternate sources of supply exist and new manufacturing relationships could be established, Milestone Scientific would need to recover its existing tools or have new tools produced. Establishment of new manufacturing relationships could involve significant expense and delay. Any curtailment or interruption of the supply, whether or not as a result of termination of such a relationship, would adversely affect Milestone Scientific.

(3) Other Commitments and Subsequent Events

Other Commitments

The technology underlying the SafetyWand and CompuFlo®, and an improvement to the controls for CompuDent® were developed by the Director of Clinical Affairs and assigned to us. Milestone Scientific purchased this technology pursuant to an agreement dated January 1, 2005. The Director will receive additional payments of 2.5% of the total sales of products using certain of these technologies, and 5% of the total sales of products using certain other of the technologies. In addition, the Director is granted, pursuant to the agreement, an option to purchase, at fair market value on the date of the grant, 8,333 shares of the common stock upon the issuance of each additional patent relating to these technologies. If products produced by third parties use any of these technologies (under license from us) then the Director will receive the corresponding percentage of the consideration received by Milestone Scientific for such sale or license. Milestone Scientific expensed the Director's royalty fee of \$313,751 and \$404,828 the years ended December 31, 2015 and 2014, respectively. Additionally, Milestone Scientific expensed consulting fees to the Director of \$260,000 and \$200,000 the years ended December 31, 2015 and 2014, respectively.

In January 2010, Milestone Scientific issued a purchase order to Tricor Systems Inc. for the purchase of 12,000 STA Instruments to be delivered over the next three years. The purchase order is for \$5,261,640. Wand Dental Inc, a wholly-owned subsidiary of Milestone Scientific was assigned this commitment on October 1, 2014. As of September 30, 2015, this commitment was completed. In the second quarter of 2015, Wand Dental Inc. entered into a new purchase commitment for 3,000 STA instruments, (\$1,785,750) for the delivery of these instruments beginning October 2015 and into 2016. The balance of the advances at December 31, 2015 and December 31, 2014 is \$1,215,127 and \$721,197, respectively.

In August 2013, a shareholder of Milestone Scientific entered a three year agreement with the Milestone Scientific to provide financial and business strategic services. The fee for these services are \$100,000 annually.

NOTE P — PENSION PLAN

Milestone Scientific has a Defined Contribution Plan that allows eligible employees to contribute part of their salary through payroll deductions. Milestone Scientific does not contribute to this plan, but does pay the administrative costs of the plan, which were not significant.

F-23